CREDIT SUISSE
Part of UBS Group

Annual Report 2023

Credit Suisse (Schweiz) AG

For purposes of this report, unless the context otherwise requires, the term "Credit Suisse" means Credit Suisse AG and its consolidated subsidiaries. The terms "UBS" and "UBS Group" are used for UBS Group AG and its consolidated subsidiaries. The term "UBS Group AG" is used when referring to UBS Group AG on a standalone basis or to the legal entity.

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

In various tables, the use of "–" indicates not meaningful or not applicable.

Annual Report 2023

Credit Suisse (Schweiz) AG

Notes to the financial statements

Report of the statutory auditor

to the General Meeting of Credit Suisse (Schweiz) AG, Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Credit Suisse (Schweiz) AG (the Company), which comprise the statement of income, balance sheet, statement of changes in equity and notes for the year then ended December 31, 2023, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 7 to 42) comply with Swiss law and the Company's articles of association.

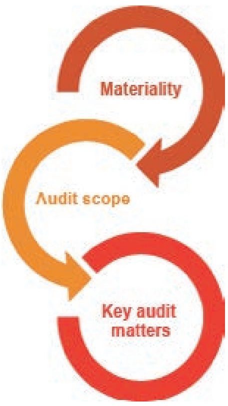
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 104 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of allowance for loan losses

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 104 million
Benchmark applied	Common Equity Tier (CET1)
Rationale for the materiality benchmark applied	We chose CET1 as the benchmark because, in our view, it is the benchmark that best represents the solvency and stability of Credit Suisse (Schweiz) AG, which is of major relevance for economic decisions made by management and the Board of Directors and in line with targets that are set by Credit Suisse AG and the external regulator.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

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

Valuation of allowance for loan losses

Key audit matter	How our audit addressed the key audit matter
As described in Note 11 to the financial statements, Credit Suisse (Schweiz) AG recorded gross loans held at amortized cost of CHF 155,261 million and an allowance for credit losses of CHF 626 million. Current expected credit losses ("CECL") are estimated using a forward-looking methodology over the lifetime of the exposure. CECL models use forecasts of future economic conditions across multiple scenarios to estimate expected credit losses. Expected credit losses are not solely derived from macroeconomic factors. Model overlays based on expert judgment are also applied, considering historical loss experience and industry and counterparty reviews. Expected credit losses for individually impaired credit exposures are measured by performing an in-depth review and analysis of these exposures, considering factors such as recovery and exit options as well as collateral and the risk profile of the borrower. We identified the assessment of the allowance for loan losses as a key audit matter. The principal considerations for our determination are (i) the significant judgment and estimation by management in developing future macroeconomic scenarios and related probability weights, (ii) a high degree of auditor judgment, subjectivity, and effort in per-	The primary procedures we performed to address the key audit matter included the following: • Testing the effectiveness of controls relating to management's expected credit loss process, including controls over the Company's models, data, macroeconomic scenarios and related probability weights. • Testing management's process for estimating expected credit losses, including (i) evaluating the appropriateness of the methodologies used to determine the allowance for credit losses, (ii) testing the completeness and accuracy of data used in the estimate, (iii) evaluating the reasonableness of certain macroeconomic factors, (iv) evaluating the reasonableness of management's probability weighting of macroeconomic scenarios, and (v) for a sample, evaluating the reasonableness of management's model overlays. The procedures included the use of professionals with specialized skill and knowledge to assist in evaluating the appropriateness of model methodologies and assist in evaluating the audit evidence. • For individually impaired loans we tested controls over the individual impairment process, including management's quality control over the process. • We tested individually impaired loans on a sample basis. This included obtaining audit evidence for key

forming procedures and in evaluating audit evidence obtained, (iii) the audit effort involved the use of professionals with specialized skill and knowledge, and (iv) judgment by management to estimate the recoverable amount and the collateral value for loans that are individually evaluated for impairment.	assumptions such as future cash flow estimates and valuation of underlying collateral.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate to the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them regarding all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with art. 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit according to article 728a para. 1 item 2 CO, we confirm that the Board of Directors' proposals comply with Swiss law and the Company's articles of association and recommend that these annual financial statements be approved.

PricewaterhouseCoopers AG

Roman Berlinger	Corinne Schmid
Licensed audit expert Auditor in charge	Licensed audit expert

Zurich, March 28, 2024

Financial statements

Statement of income

	Note	in 2023	2022
Statement of income (CHF million)			
Interest and discount income		4,995	2,492
Interest and dividend income from financial investments		15	5
Interest expense		(3,972)	(651)
Gross income from interest activities		**1,038**	**1,846**
(Increase)/release of allowance for default risks and losses from interest activities		(316)	(62)
Net income from interest activities	4	**722**	**1,784**
Commission income from securities trading and investment activities		1,358	1,549
Commission income from lending activities		163	193
Commission income from other services		755	388
Commission expense		(804)	(439)
Net income from commission and service activities		**1,472**	**1,691**
Net income/(loss) from trading activities and fair value option	5	**984**	**498**
Income from participations		355	135
Income from real estate		1	2
Other ordinary income		285	345
Other ordinary expenses		(13)	0
Net income from other ordinary activities		**628**	**482**
Personnel expenses	6	1,402	1,228
General and administrative expenses	7	1,437	1,664
Total operating expenses		**2,839**	**2,892**
Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets		276	137
Increase/(release) of provisions and other valuation adjustments, and losses	8	31	(4)
Operating profit		**660**	**1,430**
Extraordinary income	8	16	14
Taxes	9	(80)	(253)
Net profit		**596**	**1,191**

Balance sheet

	Note	end of 2023	2022
Assets (CHF million)			
Cash and other liquid assets		50,561	17,308
Due from banks		7,976	15,540
Securities borrowing and reverse repurchase agreements	10	10,368	6,232
Due from customers	11	30,367	34,485
Mortgage loans	11	124,268	135,499
Trading assets	12	867	918
Positive replacement values of derivative financial instruments	13	619	494
Financial investments	14	132	2,792
Accrued income and prepaid expenses		548	404
Participations		978	966
Tangible fixed assets		195	427
Other assets	15	264	342
Total assets		**227,143**	**215,407**
Total subordinated receivables		109	112
of which receivables subject to contractual mandatory conversion and/or cancellation		40	40
Liabilities and shareholders' equity			
Due to banks		50,881	27,558
Securities lending and repurchase agreements	10	9,011	2,068
Customer deposits		113,201	135,048
Negative replacement values of derivative financial instruments	13	1,351	1,108
Medium-term notes		37	66
Bonds and mortgage-backed bonds		39,087	33,246
Accrued expenses and deferred income		837	707
Other liabilities	15	1,516	2,597
Provisions	18	97	80
Total liabilities		**216,018**	**202,478**
Share capital	20	100	100
Legal capital reserves		10,244	11,544
of which capital contribution reserves		9,222	10,522
Retained earnings carried forward		185	94
Net profit		596	1,191
Total shareholders' equity		**11,125**	**12,929**
Total liabilities and shareholders' equity		**227,143**	**215,407**
Total subordinated liabilities		12,138	13,110
of which liabilities subject to contractual mandatory conversion and/or cancellation		3,110	3,108

Off-balance sheet transactions

end of	2023	2022
CHF million		
Contingent liabilities	10,471	13,580
Irrevocable commitments	14,064	15,963
Obligations for calls on shares and additional payments	99	111

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 held assets at a carrying value of CHF 908 million and CHF 1,196 million as of December 31, 2023 and 2022, respectively, which were pledged under the international covered bond program of Credit Suisse AG and for which the related liabilities of CHF 534 million and CHF 565 million as of December 31, 2023 and 2022 were reported by Credit Suisse AG. As of December 31, 2023 and 2022, the contingent liabilities of Credit Suisse (Schweiz) AG under this covered bond program of Credit Suisse AG were CHF 534 million and CHF 565 million, respectively. These contingent liabilities were fully collateralized through cash deposits from Credit Suisse AG. Credit Suisse (Schweiz) AG entered into a contractual arrangement under which it assumed joint and several liability in connection with Credit Suisse (Schweiz) AG's roles under the international covered bonds program.

Credit Suisse (Schweiz) AG was a member of the Swiss value added tax (VAT) group "VAT Group, Credit Suisse" until its resolution on December 31, 2023. With effect from January 1, 2024, Credit Suisse (Schweiz) AG was included in the VAT tax group "UBS VAT Group". As a member of the "UBS VAT Group", Credit Suisse (Schweiz) AG is 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 protected deposits in case of specified restrictions or the forced liquidation of a deposit-taking bank. In Switzerland, under the amended Swiss deposit insurance guarantee program, the jointly guaranteed amount is determined as the higher of CHF 6 billion or 1.6% of all protected deposits. As per notification from esisuisse, the administrator of the Swiss deposit insurance program, Credit Suisse (Schweiz) AG's respective share was CHF 518 million for the period July 1, 2023 to June 30, 2024. This deposit insurance guarantee was reflected in irrevocable commitments.

→ Refer to "Note 16 – Assets pledged" for further information on assets pledged in connection with the Swiss deposit insurance program.

→ Refer to "Note 23 – Amounts receivable from and amounts payable to related parties" for further information on off-balance sheet transactions.

Statement of changes in equity

		Legal capital reserves				
	Share capital	Total	of which: capital contribution reserves [1]	Retained earnings carried forward	Net profit	**Total shareholders' equity**
2023 (CHF million)						
Balance at beginning of period	**100**	**11,544**	**10,522**	**94**	**1,191**	**12,929**
Appropriation of net profit	–	–	–	1,191	(1,191)	–
Dividends and other distributions	–	(1,300) [2]	(1,300) [2]	(1,100)	–	(2,400)
Net profit	–	–	–	–	596	596
Balance at end of period	**100**	**10,244**	**9,222**	**185**	**596**	**11,125**

1 Distributions from capital contribution reserves are free of Swiss withholding tax.
2 Includes a distribution out of capital contribution reserves of CHF 1,300 million approved by an Extraordinary General Meeting of shareholders on November 24, 2023.

Notes to the financial statements

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. Since June 12, 2023, Credit Suisse AG is a wholly owned subsidiary of UBS Group AG; both entities are domiciled in Switzerland.

Number of employees

end of	**2023**	2022
Full-time equivalents		
Switzerland	6,578	7,281
Total	**6,578**	**7,281**

Business developments

Acquisition by UBS
On June 12, 2023, UBS Group AG completed the acquisition of Credit Suisse Group AG (the former parent company of Credit Suisse AG), which resulted in changes that had significant impacts on Credit Suisse (Schweiz) AG's standalone results for 2023 under accounting standards applicable to Swiss banks. These acquisition-related effects included fair valuation adjustments, impairments of internally developed software, integration costs, acquisition-related compensation expenses and other acquisition-related adjustments.

Due to the acquisition, Credit Suisse (Schweiz) AG reviewed the valuation of certain financial assets applying alternative valuation models and parameter updates. As a result of this review, Credit Suisse (Schweiz) AG recorded negative fair valuation adjustments of CHF 34 million related to derivative financial instruments and participation impairments of CHF 3 million in the interim Financial Report 6M23 published on September 29, 2023. Subsequently, the valuation review of derivative financial instruments was further refined based on a more detailed basis of information. As a result of this further analysis, the historic valuation approach was reconfirmed and the negative valuation adjustment of CHF 34 million recorded in the first half of 2023 was reversed in December 2023.

As a result of the acquisition, a detailed review of internally developed software applications and an assessment of their fair value have been performed reflecting the usability and useful life for UBS. Following this assessment, which included a number of applications that were found to be overlapping with UBS systems, an impairment of CHF 158 million was recorded in 2023.

2023 was further impacted by certain compensation-related developments in connection with the acquisition. As a result of the alignment of certain Credit Suisse processes to those of UBS, including the variable incentive framework, acquisition-related personnel expenses of CHF 41 million were recognized.

Compensation
In addition to the acquisition-related impacts on personnel expenses discussed above, on April 5, 2023, the Swiss Federal Council instructed the Swiss Federal Department of Finance to cancel or reduce the outstanding variable remuneration for the top three levels of management at Credit Suisse. The net impact of these cancellations and reductions of variable remuneration on Credit Suisse (Schweiz) AG's personnel expenses in 2023 was a credit of CHF 3 million.

Furthermore, 2023 included the cancellation of the prior-year contingent capital awards (CCA), resulting in a credit of CHF 23 million recognized in personnel expenses.

Internal control over financial reporting
Credit Suisse (Schweiz) AG's Board of Directors is responsible for establishing and maintaining adequate internal control over financial reporting which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Swiss law. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As reported in Credit Suisse AG's and Credit Suisse (Schweiz) AG's Annual Report 2022, prior to the acquisition by UBS, Credit Suisse had identified certain material weaknesses in its internal control over financial reporting. As Credit Suisse (Schweiz) AG relies on Credit Suisse AG's internal control framework designed for the preparation of the financial statements, the Board of Directors of Credit Suisse (Schweiz) AG concluded as of December 31, 2022, that one material weakness relating to the design and maintenance of a risk assessment process to identify and analyze the risk of material misstatements could result in a material misstatement to the annual financial statements of Credit Suisse (Schweiz) AG that would not be prevented or detected.

In 2023, Credit Suisse AG's management enhanced the risk assessment process component of the internal control system and performed additional design and implementation testing. Based on the remediation program in 2023, the Board of Directors and management of Credit Suisse (Schweiz) AG concluded that under the requirements of Swiss law, an internal control system is designed, implemented and maintained at Credit Suisse (Schweiz) AG as of December 31, 2023.

Liquidity developments
In the second half of March 2023, Credit Suisse (Schweiz) AG experienced significant withdrawals of cash deposits as well as non-renewal of maturing time deposits. Customer deposits declined by CHF 22 billion in 2023. The deposit outflows, which were most acute in the days immediately preceding and following the announcement of Credit Suisse's acquisition by UBS Group AG, have only partially reversed as of the end of the reporting period.

Emergency liquidity assistance
In accordance with article 9 paragraph 1(e) of the National Bank Act, Credit Suisse (Schweiz) AG met the requirements to receive liquidity assistance from the Swiss National Bank (SNB). An Emergency Liquidity Assistance (ELA) facility was granted in the second half of March 2023. As of December 31, 2023, the amount outstanding under the ELA facility was CHF 38 billion. The ELA facility is fully collateralized by a portfolio of Swiss mortgages pledged to SNB.

Outflows in assets under management
In 2023, Credit Suisse (Schweiz) AG's net asset outflows were CHF 36.4 billion or 6% of assets under management as of December 31, 2022. While particularly pronounced in the first half of the year, outflows stabilized at a lower level during the second half.
→ Refer to "Note 26 – Assets under management" for further information.

Supply chain finance fund matter
As previously reported, in early March 2021, the boards of four supply chain finance funds (SCFF) managed by certain Credit Suisse subsidiaries decided to suspend redemptions and subscriptions of those funds to protect the interests of the funds' investors, to terminate the SCFF and to proceed to their liquidation. Credit Suisse (Schweiz) AG continues to analyze this matter, including with the assistance of external counsel and other experts. Certain clients have threatened litigation and, as this matter develops, Credit Suisse (Schweiz) AG may become subject to litigation, disputes or other actions. In 2023, the SCFF matter did not have a material impact on the financial results of Credit Suisse (Schweiz) AG.

Subsequent events

The board of directors of UBS Group AG has approved the execution of a merger of UBS Switzerland AG and Credit Suisse (Schweiz) AG. Following approvals from their respective boards, both entities have entered into a definitive merger agreement on February 9, 2024. The completion of the merger is, inter alia, subject to regulatory approvals and the completion of the merger between Credit Suisse AG and UBS AG. The merger is expected to be completed in the third quarter of 2024.

On March 22, 2024, following a comprehensive review with UBS of the funding situation, Credit Suisse (Schweiz) AG repaid loans drawn under the ELA facility, reducing the amount of loans outstanding under the ELA from CHF 38 billion to CHF 19 billion as of that date.

2 Accounting and valuation principles

Summary of significant accounting and valuation principles

Basis for accounting
The Credit Suisse (Schweiz) AG standalone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks (Bank Law), the corresponding Implementing Ordinance (Banking Ordinance), the Swiss Financial Market Supervisory Authority's Accounting Ordinance (FINMA Accounting Ordinance) and FINMA circular 2020/1, "Accounting – banks" (Swiss GAAP statutory) as applicable for the preparation of reliable assessment statutory single-entity financial statements *(Statutarischer Einzelabschluss mit zuverlässiger Darstellung)*. The financial year for Credit Suisse (Schweiz) AG ends on December 31. These financial statements were prepared applying the valuation basis of a going concern.

Credit Suisse (Schweiz) AG is included in the scope of the published annual report of Credit Suisse AG, which includes a management report for Credit Suisse AG and consolidated financial statements prepared in accordance with accounting principles generally accepted in the US (US GAAP). Credit Suisse (Schweiz) AG has no listed shares outstanding. Accordingly, Credit Suisse (Schweiz) AG is exempt from providing certain disclosures in its standalone annual report, such as a management report, a statement of cash flows and certain notes to the financial statements.

Certain reclassifications were made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit/(loss) or total shareholders' equity.

Recording of transactions
Transactions are generally recognized on a trade date basis at the point in time when they become legally binding, unless specific guidance is provided for settlement date accounting, such as for issuances of debt and structured notes.

Foreign currency translations
The functional currency of Credit Suisse (Schweiz) AG is the Swiss franc (CHF). Transactions denominated in currencies other than the functional currency are recorded using the foreign exchange rates at the date of the transaction.

Receivables and payables denominated in foreign currency are translated to Swiss francs using spot rates as of the balance sheet date. Gains and losses from foreign exchange rate differences are recorded in the statement of income in net income/(loss) from trading activities and fair value option. Participations, tangible fixed assets and intangible assets denominated in foreign currency are translated to Swiss francs using the historical exchange rates.

The following table provides the foreign exchange rates applied for the preparation of the Credit Suisse (Schweiz) AG standalone financial statements.

Foreign exchange rates

end of	**2023**	2022
1 USD / 1 CHF	0.84	0.92
1 EUR / 1 CHF	0.93	0.99
1 GBP / 1 CHF	1.07	1.12
100 JPY / 1 CHF	0.59	0.70

Cash and other liquid assets
Cash and other liquid assets are recognized at their nominal value less any necessary allowance for credit losses.

Due from banks
Amounts due from banks, including interest due but not paid, are recognized at their nominal value less any necessary allowance for credit losses.

Securities lending and borrowing, repurchase and reverse repurchase agreements
Securities lending and borrowing as well as repurchase and reverse repurchase agreements are recorded at the nominal value of the cash amounts exchanged less any necessary allowance for credit losses.

Due from customers and mortgage loans
Amounts due from customers and mortgage loans, including interest due but not paid, are recognized at their nominal value less any necessary allowance for credit losses.

Allowance for credit losses and non-accrual financial assets
The current expected credit loss (CECL) requirements in accordance with US GAAP as allowed under the Swiss GAAP statutory accounting rules for banks apply to all financial assets and off-balance sheet exposures measured at amortized cost or nominal value less allowance for credit losses. The expected credit loss amounts are based on a forward-looking, lifetime CECL model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. The expected credit loss amounts are estimated over the contractual term of the financial assets, taking into account the effect of prepayments. This requires considerable judgment over how changes in macroeconomic factors (MEFs) as well as changes in forward-looking borrower-specific characteristics will affect the expected credit loss amounts.

Credit Suisse (Schweiz) AG measures expected credit losses of financial assets on a collective (pool) basis when similar risk characteristics exist. For financial assets which do not share similar risk characteristics, expected credit losses are evaluated on an individual basis. Expected credit loss amounts are probability-weighted estimates of potential credit losses based on historical frequency, current trends and conditions as well as forecasted MEFs, such as gross domestic product (GDP), unemployment rates and interest rates.

For financial assets that are performing at the reporting date, the allowance for credit losses is generally measured using a probability of default (PD)/loss given default (LGD) approach under which PD, LGD and exposure at default (EAD) are estimated. For financial assets that are credit-impaired at the reporting date, Credit Suisse (Schweiz) AG generally applies a discounted cash flow approach to determine the difference between the gross carrying amount and the present value of estimated future cash flows.

An allowance for credit losses is deducted from the amortized cost base or nominal value, respectively, of the financial asset. Changes in the allowance for credit losses are recorded in the statement of income in (increase)/release of allowance for default risks and losses from interest activities, or, if related to provisions for off-balance sheet credit exposures, in increase/(release) of provisions and other valuation adjustments, and losses.

Accrued interest from financial assets is recognized in the balance sheet in accrued income and prepaid expenses. Current expected credit losses are calculated on accrued interest receivables and any uncollectible accrued interest receivables are written off by reversing the related interest income.

Write-off of a financial asset occurs when it is considered certain that there is no possibility of recovering the outstanding principal. If the amount of loss on write-off is greater than the accumulated allowance for credit losses, the difference results in an additional credit loss. The additional credit loss is first recognized as an addition to the allowance; the allowance is then applied against the gross carrying amount. Any repossessed collateral is initially measured at fair value. The subsequent measurement depends on the nature of the collateral.

Expected recoveries on financial assets previously written off have to be reflected in the allowance for credit losses; for this purpose, the amount of expected recoveries cannot exceed the aggregate amounts previously written off. Accordingly, expected recoveries from financial assets previously written off may result in an overall negative allowance for credit loss balance.

Credit Suisse (Schweiz) AG's loan portfolios are reflected in the balance sheet in due from customers, due from banks and mortgage loans. A loan is classified as non-performing and thus considered credit impaired no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. Credit Suisse (Schweiz) AG continues to add accrued interest receivable to the loan's unpaid principal balance for collection purposes; however, a credit provision is recorded, resulting in no interest income recognition. A loan can be further downgraded to non-interest-earning when the collection of interest is considered so doubtful that further accrual of interest is deemed inappropriate. Generally, non-performing loans and non-interest-earning loans may be restored to performing status only when delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain performance criteria are met. Interest collected on non-performing loans and non-interest-earning loans is accounted for using the cash basis or the cost recovery method or a combination of both.

Trading assets and liabilities

In order to qualify as trading activity, positions (assets and liabilities) have to be actively managed with the objective of realizing gains from fluctuations in market prices, which includes an ongoing willingness to increase, decrease, close or hedge risk positions. The designation as trading position has to be made, and documented accordingly, upon conclusion of the transaction.

Trading securities are carried at fair value with changes in fair value recorded in the statement of income in net income/(loss) from trading activities and fair value option. The fair value is determined using either the price set on a price-efficient and liquid market or a price calculated using a valuation model.

Interest and dividend income resulting from trading positions is recorded in gross income from interest activities. Refinancing costs are not charged to net income from trading activities and fair value option.

Reclassifications between trading assets, financial investments and participations are allowed. Reclassifications between financial investments and participations are recorded at the carrying value. Reclassifications between trading assets and financial investments or participations, respectively, are recorded at the fair value valid at the time when the decision to reclassify is made. Resulting gains or losses are recognized applying the same accounting principles as for the recognition of results from the disposal of such assets.

Derivative financial instruments and hedge accounting

Derivative financial instruments consist of trading and hedging instruments.

Positive and negative replacement values of outstanding derivative financial instruments arising from transactions for Credit Suisse (Schweiz) AG's own account are disclosed as separate line items in the balance sheet, with related fair value changes recorded in net income from trading activities and fair value option.

Replacement values of derivative financial instruments arising from transactions for the account of customers are recognized only if a risk exists that a customer or other counterparty (e.g., exchange, exchange member, issuer of the instrument or broker) of a transaction is no longer able to meet its obligations, resulting in an exposure to loss for Credit Suisse (Schweiz) AG during the remaining term of the contract.

Hedge accounting is determined, tested for effectiveness and disclosed in accordance with US GAAP as allowed under the Swiss GAAP statutory accounting rules for banks. Derivative financial instruments used as hedging instruments in hedging relationships are always recorded at fair value. The effectiveness of hedging relationships is assessed both prospectively and retrospectively. The prospective assessment is performed both at the inception of a hedging relationship and on an ongoing basis, and requires the justification that the relationship will be highly effective over future periods. The retrospective assessment is performed on an ongoing basis and requires the confirmation whether or not the hedging relationship has actually been effective.

For fair value hedges, gains and losses resulting from the valuation of the hedging instruments are recorded in the same statement of income line items in which gains and losses from the hedged items are recognized. Valuation impacts resulting from fair valuing the risk being hedged of the hedged items are not recorded as an adjustment to the carrying value of the hedged items, but are recorded in the compensation account included in other assets or other liabilities.

For cash flow hedges, gains and losses resulting from the valuation of the hedging instruments are deferred and recorded in the compensation account included in other assets or other liabilities. The deferred amounts are released and recorded in the statement of income in the same period when the cash flows from the hedged transactions or hedged items are recognized in earnings.

Other financial instruments held at fair value and liabilities from other financial instruments held at fair value

Financial instruments which are not part of the trading portfolio may be measured at fair value and classified in other financial instruments held at fair value or liabilities from other financial instruments held at fair value if all of the following conditions are met:

- The financial instruments are valued at fair value and are subject to risk management corresponding to that for trading positions including a documented risk management and investment strategy which ensures appropriate recognition, measurement and limitation of the miscellaneous risks.
- An economic hedging relationship between the financial instruments on the asset side and the financial instruments on the liability side exists and gains and losses from the fair valuation of these financial instruments are largely offset (avoidance of an accounting mismatch).
- Impacts of changes in own credit spreads on the fair value of an issued debt instrument following initial recognition cannot be reflected in the statement of income. Impacts of changes in own credit spreads are recognized in the compensation account.

Changes in fair value are recorded in net income from trading activities and fair value option.

Financial investments
Equity securities which do not qualify as trading securities are included in financial investments and measured at the lower of cost or market value (LOCOM). Valuation adjustments are recorded in other ordinary income or other ordinary expenses.

Debt securities which do not qualify as trading securities are included in financial investments and further classified into debt securities held-to-maturity, which Credit Suisse (Schweiz) AG intends to hold until maturity, and debt securities available-for-sale, which Credit Suisse (Schweiz) AG does not intend to hold until maturity.

Debt securities held-to-maturity are measured at amortized cost less allowance for credit losses. An allowance for credit losses related to default risk is reported in the statement of income in increase/(release) of allowance for default risks and losses from interest activities. If debt securities held-to-maturity are sold or repaid before original maturity, the interest component of any realized gains or losses is deferred and amortized over the remaining original life of the debt security.

Debt securities available-for-sale are measured at the lower of amortized cost or market value (LOACOM). Valuation adjustments for credit- and market-related adjustments are recorded in other ordinary income or other ordinary expenses.

Participations
Equity securities in a company which are owned by Credit Suisse (Schweiz) AG qualify as a participation if these securities are held for the purpose of permanent investment, irrespective of the percentage of voting shares held, or, if these equity securities are in a banking and financial market infrastructure enterprise, in particular participations in joint organizations.

Participations are measured at acquisition cost less any impairments. Goodwill and intangible assets related to the acquisition of a participation are part of the participation's historical cost under Swiss GAAP statutory and not separately identified and recorded. Impairment is assessed individually for each participation at each balance sheet date or at any point in time when facts and circumstances would indicate that an event has occurred which triggers an impairment review. An impairment is recorded if the carrying value exceeds the fair value of a participation. If the fair value of a participation recovers significantly and is considered sustainable, a prior period impairment can be reversed up to the historical cost value of the participation.

Tangible fixed assets
Tangible fixed assets mainly include bank premises, equipment, IT- and communication hardware and capitalized software and are measured at cost less accumulated depreciation. Tangible fixed assets are depreciated on a straight-line basis over their estimated useful lives and tested for impairment at each balance sheet date or at any point in time when facts and circumstances would indicate that an event has occurred which triggers an impairment review. The remaining useful live is also reviewed together with the impairment assessment. For cases where the asset will not be used until the end of the lifetime initially planned, the useful life will be reduced and the remaining unamortized balance is depreciated over the shorter remaining life on a prospective basis which results in an increase of the periodic amortization expenses. Depreciations are recognized in the income statement line item "Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets". Realized gains or losses from the sale of assets originally classified as tangible fixed assets are reported as extraordinary income or extraordinary expense.

Other assets and other liabilities
Other assets and other liabilities are generally recorded at cost or nominal value. Other assets and other liabilities include the net balance of the compensation accounts. The compensation account assets and liabilities include changes in the book values of assets and liabilities that are not recognized in the statement of income of a reporting period. In particular, the compensation accounts are used to record the hedge effectiveness, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity. The gross amounts of compensation account assets and liabilities are offset and reported net on the balance sheet either in other assets or in other liabilities.

Due to banks
Amounts due to banks are recognized at their nominal value.

Customer deposits
Amounts due in respect of customer deposits are recognized at their nominal value.

Bonds and mortgage-backed bonds
Bonds and mortgage-backed bonds are carried at amortized cost. Debt issuance costs are recorded in accrued income and prepaid expenses.

Provisions
Provisions are recorded to cover specific risks related to a past event prior to the balance sheet date. Further, provisions for probable obligations and for expected credit losses on off-balance sheet credit exposures are recorded. Provisions represent a probable obligation for which the amount and/or due date are uncertain but can be reasonably estimated. Where the time factor has a material impact, the amount of the provision is discounted.

Provisions which are no longer economically necessary and which are not used in the same reporting period to cover probable obligations of the same nature are released to income:
- tax provisions through line item taxes;
- provisions for pension benefit obligations through personnel expenses; and
- provisions for current and expected credit losses related to off-balance sheet credit exposures and other provisions including litigation provisions through line item increase/(release) of provisions and other value adjustments, and losses.

Commission income
Commission income is recognized when arrangements exist, services have been rendered, the revenue is fixed or determinable and collectability is reasonably assured. As applicable, commissions and fees are recognized ratably over the service period and either accrued or deferred in the balance sheet in the line items accrued income and prepaid expenses and accrued expenses and deferred income, respectively.

Commission income and commission expense are generally recorded on a gross basis in the statement of income.

Income tax accounting
Income taxes are based on the tax laws of each tax jurisdiction and are expensed in the period in which the taxable profits are made.

Tax provisions are recognized in the statement of income in the line item taxes and included in provisions on the balance sheet.

In line with the accounting rules for single-entity statutory financial statements, deferred tax assets on net operating losses are not recognized. Deferred taxation items for temporary differences between the carrying value of an asset or a liability under Swiss GAAP statutory and the respective value for tax reporting, i.e., its tax base, are also not recognized.

Extraordinary income and expense
The recognition of extraordinary income or expense is limited to transactions which are non-recurring and non-operating, such as the disposal of fixed assets or participations, the reversal of prior-period impairment on participations, or income and expense related to other reporting periods if they account for the correction of errors with regard to non-operating transactions of prior periods.

Contingent liabilities and irrevocable commitments
Contingent liabilities are recorded as off-balance sheet transactions at their maximum potential payment amounts. Irrevocable commitments are recorded as off-balance sheet transactions at their nominal values, except for irrevocable loan commitments that are cancellable with a notice period of six weeks or less. As necessary, related provisions are recorded on the balance sheet in line item provisions.

For undrawn irrevocable loan commitments, the expected credit loss amount is calculated based on the difference between the contractual cash flows that are due to Credit Suisse (Schweiz) AG if the commitment is drawn and the cash flows that Credit Suisse (Schweiz) AG expects to receive, in order to estimate the provision for expected credit losses. For credit guarantees, expected credit losses are recognized for the contingency of the credit guarantee. Provisions for off-balance sheet credit exposures are recognized on the balance sheet in provisions.

Regulatory information

Capital adequacy disclosures
Capital adequacy disclosures for Credit Suisse AG and Credit Suisse (Schweiz) AG are presented in the publication “Pillar 3 Report – UBS Group and significant regulated subsidiaries and sub-groups”, which is available on UBS’s website.

→ Refer to *ubs.com/global/en/investor-relations/financial-information/pillar-3-disclosures* for further information.

Due diligence and transparency in relation to minerals and metals from conflict-affected areas and child labor
An assessment of our due diligence and reporting duties pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor has been performed at the level of UBS Group AG.

→ Refer to “Information on UBS Group AG pursuant to the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor” in “Managing sustainability and climate risks”, as included in the Supplement of the UBS Group AG Sustainability Report 2023, available from March 28, 2024, under “Annual reporting” at *ubs.com/investors*, for further information.

Prior period information

For 2022, contingent liabilities secured by other collateral have been revised from CHF 6,382 million to CHF 6,947 million and unsecured contingent liabilities have been revised from CHF 6,880 million to CHF 6,315 million to reflect collateral held in the form of a bank deposit on contingent liabilities of CHF 565 million previously reported as unsecured.

→ Refer to “Note 11 – Collateral and impaired loans and receivables” for further information.

3 Risk management, derivatives and hedging activities

Risk management

Risk governance

As a subsidiary of Credit Suisse AG and an indirect subsidiary of UBS Group AG, the ultimate parent company, Credit Suisse (Schweiz) AG is part of a financial group which is subject to consolidated supervision in accordance with Swiss regulation. To enable effective coordinated group-wide management and control of its subsidiaries, UBS Group AG defines the overall strategic direction as well as general organizational structures and management principles. As such, risk management of Credit Suisse AG and Credit Suisse (Schweiz) AG is aligned to the overall risk management governance of UBS Group AG. Credit Suisse (Schweiz) AG’s risk governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board of Directors (Board), the Executive Board, their respective committees, the Chief Risk Officer (CRO), the Chief Financial Officer (CFO) and the Chief

Compliance Officer (CCO) in accordance with their respective responsibilities and levels of authority.

The risk governance framework of Credit Suisse (Schweiz) AG is based on a "three lines of defense" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.

The first line of defense represents the business area or the function that allows the risk to enter Credit Suisse (Schweiz) AG from clients, employees or other third parties or events and is responsible for identifying, measuring, managing and reporting risks on a front-to-back basis in line with the Board's risk appetite. The first line of defense is fully accountable for managing risks inherent in its activities.

The second line of defense consists of independent risk management, compliance and control functions which are responsible for establishing a risk management framework and associated control standards, and providing independent challenge to the activities, processes and controls carried out by the first line of defense. In this context, the CRO function (Risk), for example, is responsible for articulating and designing the risk appetite framework across Credit Suisse (Schweiz) AG. The second line of defense can perform and complement the responsibility of identification, measurement, management and reporting of risks, while the first line of defense retains the overall accountability for risk management related to its activities. Independent risk management in the second line of defense is not limited to the Risk and Compliance functions.

The third line of defense is the Internal Audit function, which monitors the effectiveness of controls across various functions and operations, including risk management, compliance and governance practices.

Board of Directors
The Board is responsible for the overall strategic direction, supervision and control of Credit Suisse (Schweiz) AG, and for defining its overall tolerance for risk. In particular, the Board approves the risk management framework and sets overall risk appetite for the bank in consultation with its Risk Committee (Risk Committee), among other responsibilities and authorities defined in the Organizational Guidelines and Regulations (OGR).

The Board has two standing committees: the Risk Committee and the Audit Committee. These committees assist the Board in fulfilling its oversight responsibilities, including risk management.

Executive Board
The Executive Board is responsible for developing and implementing the strategic business plans of Credit Suisse (Schweiz) AG, subject to approval by the Board. It further reviews and coordinates significant initiatives and approves the bank-wide policies. The CRO of Credit Suisse (Schweiz) AG is a member of the Executive Board and represents the risk management function with a primary reporting line to the Credit Suisse AG Chief Risk Officer (Credit Suisse AG CRO) and an additional reporting line to the Chief Executive Officer (CEO) of Credit Suisse (Schweiz) AG.

The Executive Board currently has two standing committees: the Capital Allocation and Liability Management Committee (CALMC) and the Risk Management Committee (RMC). The responsibilities of the previously disclosed Capital Allocation & Risk Management Committee (CARMC) have been assumed by the CALMC and the RMC. The previously disclosed Risk Processes & Standards Committee (RPSC) has been set up as a sub-committee of the RMC.

Risk appetite framework

Credit Suisse (Schweiz) AG maintains a comprehensive bank-wide risk appetite framework which provides a robust foundation for risk appetite setting and management. A key element of the framework is a detailed statement of the Board-approved risk appetite which is aligned to the bank's financial and capital plans. The framework also encompasses the processes and systems for assessing the appropriate level of risk appetite required to constrain the overall risk profile of Credit Suisse (Schweiz) AG. The Credit Suisse (Schweiz) AG risk appetite framework is aligned to and reflected as a distinct part of a group-wide risk appetite framework, which is governed by overarching global policies that encompass the suite of specific policies, processes and systems with which the risk constraints are calibrated and the risk profile is managed.

Credit Suisse (Schweiz) AG's risk appetite is derived from strategic risk objectives (SROs). The SROs are reviewed and approved by the Board on at least an annual basis, to ensure they remain current, adequate and aligned with the Group's SROs. For 2024, the following SROs have been defined for Credit Suisse (Schweiz) AG:
- ensuring sound management of funding and liquidity risk in normal and stressed conditions;
- maintaining capital adequacy under both normal and stressed conditions;
- maintaining the integrity of Credit Suisse (Schweiz) AG's business and operations, and supporting group-wide ambitions in relation to climate and sustainability risks;
- controlling concentrations within position risk or revenues which may pose a material risk to the bank;
- managing intercompany risks.

The risk appetite of Credit Suisse (Schweiz) AG is reviewed in conjunction with the financial and capital planning process. Scenario-based stress testing of financial, liquidity and capital plans is an essential element in the risk appetite calibration process through which the strategic risk objectives, financial resources and business plans are aligned.

A key element of the framework is a detailed risk appetite statement that is embedded across the organization through a suite of different types of risk constraints. The risk constraints may be both quantitative and qualitative, and restrict the maximum amount of a specific risk that Credit Suisse (Schweiz) AG is allowed to take at a legal entity, portfolio, product and/or single client level. Risk constraints are classified according to type and authority, with the principal constraint types consisting of limits, flags and tolerances.

The risk appetite is approved through internal governance forums, including the RMC of Credit Suisse (Schweiz) AG, the Board's Risk Committee and subsequently the Board of Credit Suisse (Schweiz) AG. Ad-hoc risk appetite reviews may be triggered by material market events, material loss events, material revisions to the financial and capital plans, the internal stress capital adequacy assessment results as well as following breaches of Board-level risk constraints.

Risk coverage and management

Credit Suisse (Schweiz) AG uses a wide range of risk management practices to address the variety of risks that arise from its business activities. Policies, processes, standards, risk assessment and measurement methodologies, risk appetite constraints, and risk monitoring and reporting are key components of Credit Suisse (Schweiz) AG's risk management practices. The risk management practices of Credit Suisse (Schweiz) AG complement each other in the analysis of potential loss, support the identification of interdependencies and interactions of risks across the organization and provide a comprehensive overview of its exposures. Credit Suisse (Schweiz) AG regularly reviews and updates its risk management practices to promote consistency with its business activities and relevance to its business and financial strategies. The main risk types of Credit Suisse (Schweiz) AG include the following:
- Capital risk;
- Credit risk;
- Market risk;
- Funding liquidity risk;
- Non-financial risk;
- Model risk;
- Reputational risk;
- Sustainability and climate risk; and
- Business risk.

Capital risk
Capital risk is the risk that Credit Suisse (Schweiz) AG does not have adequate capital to support its activities and maintain the minimum capital requirements. Capital risk results from Credit Suisse (Schweiz) AG's risk exposures and available capital resources and needs to consider regulatory requirements and accounting standards.

Credit Suisse (Schweiz) AG maintains a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with Credit Suisse (Schweiz) AG's overall risk profile and the current operating environment.

A multi-scenario stress testing framework is used by Credit Suisse (Schweiz) AG to evaluate and manage capital risk. The capital management framework is designed to ensure that Credit Suisse (Schweiz) AG meets all regulatory capital requirements for Credit Suisse (Schweiz) AG and its regulated subsidiaries.

Stress testing framework
Stress testing (or scenario analysis) represents a risk management approach that formulates hypothetical questions, including what would happen to the bank's portfolio if, for example, historic or adverse forward-looking events were to occur.

Stress testing is a fundamental element of Credit Suisse (Schweiz) AG's risk appetite framework included in overall risk management to ensure that Credit Suisse (Schweiz) AG's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. Stress testing results are monitored against limits, and are used in risk appetite discussions and strategic business planning. Within the risk appetite framework, the RMC and the Board set bank-wide stressed loss limits to correspond to minimum post-stress capital ratios. As required, Credit Suisse (Schweiz) AG also conducts externally defined stress tests that meet the specific requirements of regulators.

Credit risk
Credit risk is the risk of financial loss arising as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty.

The majority of the credit risk of Credit Suisse (Schweiz) AG is concentrated in the Swiss retail and private banking, corporate and institutional businesses. Credit risk arises from lending products, irrevocable loan commitments, credit guarantees and letters of credit, and results from counterparty exposure arising from mortgages, loans, other financing transactions and, to a limited extent for Credit Suisse (Schweiz) AG, also from derivatives and foreign exchange transactions.

Credit Suisse (Schweiz) AG uses a credit risk management framework which provides for the consistent evaluation, measurement and management of credit risk across Credit Suisse (Schweiz) AG. Assessment of credit risk exposures for internal risk estimates and risk-weighted assets are calculated based on PD, LGD and EAD models. The credit risk framework incorporates the following core elements:
- counterparty and transaction assessments: application of internal credit ratings (using PD), assignment of LGD and EAD values in relation to counterparties and transactions;
- credit limits: establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations;
- credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact; and
- risk mitigation: active management of credit exposures through the use of cash sales, participations, collateral, guarantees, single name and portfolio insurance or hedging instruments.

In addition to traditional credit exposure measurement, monitoring and management using current and potential future exposure metrics, Credit Risk performs counterparty and portfolio credit risk assessments of the impact of various internal stress test scenarios. Credit Risk assesses the impact to credit risk exposures arising from market movements in accordance with the scenario narrative, which can further support the identification of concentration or tail risks. Its scenario suite includes historical scenarios as well as forward-looking scenarios.

Counterparty and transaction assessments
Credit officers evaluate and assess counterparties and clients to whom it has credit exposures. For the majority of counterparties and clients, this is supported by internally developed statistical rating models to determine internal credit ratings, which are intended to reflect the PD of each counterparty.

For the remaining counterparties where statistical rating models are not used, internal credit ratings are assigned on the basis of a structured expert approach using a variety of inputs such as peer analyses, industry comparisons, external ratings and research as well as the judgment of expert credit officers.

→ Refer to "Credit quality information" in Note 19 – Expected credit losses and credit quality for further information on counterparty transaction assessments.

Credit limits
Credit exposures are managed at the counterparty and ultimate parent level in accordance with credit limits which are applied primarily in relation to notional exposure and potential future exposure. Credit limits are established to constrain the lending business where exposure is typically related to committed loan amounts, and similarly in relation to the trading business where exposure is typically subject to model-based estimation of future exposure amounts. Credit limits to counterparties and groups of connected companies are subject to formal approval under delegated authority, and where significant in terms of size or risk profile, are subject to further escalation to a higher authority such as the CRO.

In addition to counterparty and ultimate parent exposures, credit limits and flags are also applied at the portfolio level to monitor and manage risk concentrations, such as to specific industries, countries or products. In addition, credit risk concentration is regularly supervised by risk management committees. Breaches of credit limits and other risk constraints are monitored on a regular basis with formal escalation procedures in place. Limit breaches require escalation to the relevant limit setting authority.

Credit monitoring, impairments and provisions
A credit quality monitoring process is performed to provide for early identification of possible changes in the creditworthiness of clients, and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. The Risk function maintains regularly updated watchlists to review and re-assess counterparties that could be subject to adverse changes in creditworthiness. The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment.

In the event that a deterioration in creditworthiness is likely to result in a default, credit exposures are transferred to the recovery management function within the Risk function. The determination of any allowance for credit losses in relation to such exposures is based on an assessment of the exposure profile and expectations for recovery. The recoverability of loans in recovery management is regularly reviewed. The frequency of the review depends on the individual risk profile of the respective positions.

Credit Suisse (Schweiz) AG has an impairment process for loans valued at amortized cost that are specifically classified as potential problem loans, non-performing loans or non-interest-earning loans. Credit Suisse (Schweiz) AG maintains specific allowances for credit losses, which Credit Suisse (Schweiz) AG considers to be a reasonable estimate of losses identified in the existing credit portfolio, and provides for credit losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration, where applicable. If uncertainty exists as to the repayment of either principal or interest, a specific allowance for credit losses is either created or adjusted accordingly. The specific allowance for credit losses is revalued regularly by the recovery management function depending on the risk profile of the borrower or credit-relevant events. Credit Suisse (Schweiz) AG regularly reviews the appropriateness of allowances for credit losses.

→ Refer to "Estimating expected credit losses" in Note 19 – Expected credit losses and credit quality for further information on expected credit losses under the CECL accounting guidance.

Risk mitigation
Drawn and undrawn credit exposures are managed by taking financial and non-financial collateral supported by enforceable legal documentation, as well as by utilizing credit hedging techniques. Financial collateral in the form of cash, marketable securities (e.g., equities, bonds or funds) and guarantees serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default. Financial collateral received in the form of securities is subject to controls on eligibility and is supported by frequent market valuation depending on the asset class and is monitored to determine whether any margin calls are required to ensure exposures remain adequately collateralized. Depending on the quality of the collateral, appropriate haircuts are applied for risk management purposes. Collateral monitoring, management and margining are applied to credit exposures resulting from both on balance sheet financing of securities and synthetic financing of positions for clients through derivative contracts.

For the mortgage lending portfolio in the private banking, corporate and institutional businesses, real estate property is valued at the time of credit approval and periodically thereafter, according to internal policies and controls of Credit Suisse (Schweiz) AG, depending on the type of loan (e.g., residential or commercial loan), characteristics of the property, current developments in the relevant real estate market and the current level of credit exposure to the borrower (loan-to-value ratio). If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macroeconomic research.

Other non-financial collaterals such as tangible assets (e.g., ships, yachts and aircraft), inventories and commodities are valued at the time of credit approval and periodically thereafter depending on the type of credit exposure and collateral coverage ratio.

In addition to collateral, Credit Suisse (Schweiz) AG also utilizes credit hedging in the form of protection provided by single-name and index credit default swaps as well as structured hedging and insurance products referencing a portfolio of credit risks. Credit hedging is used to mitigate risks arising from the loan portfolio, loan underwriting exposures and counterparty credit risk. Hedging is intended to reduce the risk of loss from specific counterparty defaults or broader downturn in markets that impacts the overall credit risk portfolio. Credit hedging contracts are typically bilateral or centrally cleared derivative transactions and are subject to collateralized trading arrangements. Hedging risk mitigation is evaluated so that basis or tenor risk can be appropriately identified and managed.

In addition to collateral and hedging strategies, Credit Suisse (Schweiz) AG also actively manages its loan portfolio and may sell or sub-participate positions in the loan portfolio as a further form of risk mitigation.

Country risk

As part of Credit Suisse (Schweiz) AG's overall risk management process, credit risk exposures to countries are managed under a comprehensive country risk framework. Under the country risk framework, individual potential exposure flags are set on an individual country basis, and exposures are managed on an ongoing basis by a dedicated country risk team. Defined stress scenario analyses are performed on a regular basis. Credit Suisse (Schweiz) AG monitors the concentration of collateral underpinning its OTC derivative and reverse repurchase agreement exposures through monthly reporting, and also monitors the impact of sovereign rating downgrades on collateral eligibility.

Market risk

Market risk is the risk of financial loss arising from movements in market risk factors. The movements in market risk factors that generate financial losses are considered to be adverse changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices and other factors such as market volatility and the correlation of market prices across asset classes. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors. Market risks of Credit Suisse (Schweiz) AG arise from both trading and non-trading activities.

Traded market risk primarily relates to trading activities of Credit Suisse (Schweiz) AG to support and provide market access to its Swiss clients. Trading book activities of Credit Suisse (Schweiz) AG carry no significant market risk. In line with the requirements of its banking license, Credit Suisse (Schweiz) AG hedges its market risk related to trading activities with other affiliated entities or external counterparties.

Non-traded market risk primarily relates to asset and liability mismatch exposures in the banking book. The bank's businesses and Treasury have non-traded portfolios that carry market risks, mainly related to changes in interest rates, but also to changes in foreign exchange rates. Interest rate risks are assumed through lending and deposit-taking as well as money market and funding activities. Non-maturing products, such as savings accounts, have no contractual maturity date or direct market-linked interest rate and are risk-managed on a pooled basis using replication portfolios on behalf of the business divisions. Replication portfolios transform non-maturing products into a series of fixed-term products that approximate the re-pricing and volume behavior of the pooled client transactions.

Credit Suisse (Schweiz) AG uses market risk measurement and management methods capable of calculating comparable exposures across its many activities and employs focused tools that can model specific characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. Credit Suisse (Schweiz) AG's principal market risk measures for traded market risk are value-at-risk (VaR), scenario analyses, as included in the stress testing framework, and sensitivity analyses. These measures complement each other in the bank's market risk assessment and are used to measure traded market risk at the bank level.

Credit Suisse (Schweiz) AG measures risk from non-traded portfolios mainly by estimating the impact of changes in interest rates both in terms of risk to earnings as well as risk to the economic value of the bank's asset and liability position.

Funding liquidity risk

Funding liquidity risk is the risk that Credit Suisse (Schweiz) AG, although solvent, either does not have sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive costs.

Following the legal close of the acquisition of Credit Suisse Group AG by UBS Group AG, Credit Suisse became part of the overall UBS liquidity and funding management. Credit Suisse now leverages the market access of UBS and engages in secured and unsecured intercompany transactions to facilitate funding between entities. Credit Suisse is reliant on funding from UBS, which has provided a letter of support that confirms its intent to keep Credit Suisse AG in good standing and in compliance with its regulatory capital, liquidity requirements as well as debt covenants and to fully support its operating, investing and financing activities through at least March 28, 2025, or a merger with UBS AG, if earlier.

Non-financial risk
Non-financial risk is the risk of undue monetary loss and/or non-monetary adverse consequences resulting from inadequate or failed internal processes, people and/or systems, failure to comply with laws and regulations and internal policies and procedures, or external events (deliberate, accidental or natural) that have an impact, monetary or non-monetary, on Credit Suisse (Schweiz) AG, its clients or its markets.

Credit Suisse (Schweiz) AG follows a Credit Suisse-wide non-financial risk framework (NFRF) that establishes requirements for identifying, managing, assessing and mitigating operational, compliance and financial crime risks to achieve an agreed balance between risk and return. Non-financial risk appetites are established and monitored under the bank-wide risk appetite framework, aligned with the NFRF, which sets common minimum standards across the bank for non-financial risk and control processes and review and challenge activities.

Each business area and function within Credit Suisse (Schweiz) AG is responsible for identification and monitoring of its non-financial risks and the provision of adequate resources and procedures for the management of those risks. They are supported by the designated second line of defense functions responsible for providing an independent and objective view of the adequacy of non-financial risk management across the bank and for ensuring compliance risk, financial crime risk and operational risk are understood, owned and managed in accordance with Credit Suisse (Schweiz) AG's risk appetite. Businesses and relevant control functions meet regularly to discuss risk issues and identify required actions to mitigate risks.

Credit Suisse (Schweiz) AG's operational risk exposure is measured and operational risk regulatory capital is calculated using the advanced measurement approach (AMA) in accordance with FINMA and international requirements. The entity-specific AMA model is subject to an independent validation performed by Model Risk Management in line with the bank's model risk management framework.

Model risk
Model risk is the risk of adverse consequences from decisions made based on model results that may be incorrect, misinterpreted or used inappropriately. All models and qualitative estimation approaches are imperfect approximations and assumptions that are subject to varying degrees of uncertainty in their output depending on, among other factors, the model's complexity and its intended application. As a result, modeling and estimation errors may result in inappropriate business decisions, financial loss, regulatory and reputational risk and incorrect or inadequate capital reporting. Model errors, intrinsic uncertainty and inappropriate use are the primary contributors to aggregate bank-wide model risk.

Through the global model risk management and governance framework, Credit Suisse (Schweiz) AG seeks to identify, measure and mitigate significant risks arising from the use of models embedded within its global model ecosystem. Model risks can be managed through a well-designed and robust model risk management framework, encompassing model governance policies and procedures, model validation best practices and actionable model risk reporting.

Reputational risk
Reputational risk is the risk that negative perception by stakeholders of Credit Suisse (Schweiz) AG, including clients, counterparties, employees, shareholders, regulators and the general public, may adversely impact client acquisition and damage the business relationships of Credit Suisse (Schweiz) AG with clients and counterparties, affecting staff morale and reducing access to funding sources.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity or activity of a potential client, the regulatory or political climate in which the business will be transacted, and significant public attention surrounding the transaction itself or the potential sustainability risks of a transaction. Sustainability risks have potentially adverse impacts on the environment, on people or society, which may be caused by, contributed to or directly linked to financial service providers, usually through the activities of their clients. These may manifest themselves as reputational risks, but potentially also other risk types such as credit or non-financial risks. Reputational risk may also arise from reputational damage in the aftermath of a non-financial risk incident, such as cyber crime or the failure by employees to meet expected conduct and ethical standards.

Reputational risk is included in the risk appetite framework to ensure that risk-taking is aligned with the approved risk appetite. Credit Suisse (Schweiz) AG highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking and a responsible approach to business, in line with regulatory expectations. This is achieved through a culture of risk awareness as well as dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved by applying the highest standards of personal accountability and ethical conduct as set out in the Code of Conduct of UBS Group and the approach to cultural values and behaviors. Reputational risk potentially arising from proposed business transactions, client activity or joining initiatives or affiliations (including joining third party groups, providing support to causes, speaking engagements, charitable donations, political donations directly or through sponsorships) is assessed in the reputational risk review process. UBS Group's global policy on reputational risk requires employees to be conservative when assessing potential reputational impact and, where certain indicators give rise to potential reputational risk, the relevant business proposal or service must be submitted through the reputational risk review process.

For transactions with potential sustainability risks, the internal specialist unit Sustainability Risk evaluates the nature of the transaction and Credit Suisse's role, the identity and activities of the client and the regulatory context of its operations, and assesses the environmental and social aspects of the client's operations, products or services. The team determines whether the client's activities are consistent with the relevant industry standards and whether the potential transaction is compatible with Credit Suisse's policies and guidelines for sensitive sectors. The outcome of this analysis is submitted to the responsible business unit and/or entered into the reputational risk review process for evaluation by a reputational risk approver.

Sustainability and climate risk

Credit Suisse (Schweiz) AG's climate strategy and governance is determined and overseen at the UBS Group level. Similarly, identification and management of climate risks, including climate-related financial risks, in Credit Suisse (Schweiz) AG's own operations, balance sheet, client assets and supply chain, is conducted at the UBS Group level.

→ Refer to "Our focus on sustainability and climate" in the "How we create value for our stakeholders" section and to "Sustainability and climate risk" in the "Risk management and control" section of the UBS Group AG Annual Report 2023 for further information.
→ Refer to "Our sustainability and impact strategy" in the "Strategy" section of the UBS Group AG Sustainability Report 2023, available from March 28, 2024, under "Annual reporting" at *ubs.com/investors*, for further information.

Business risk

In connection with the acquisition by UBS, the bank's management of business risks has been integrated into UBS's group-wide risk management process. Business risk is the risk of not achieving the financial goals and ambitions in connection with UBS's group-wide strategy and how the business is managed in response to the external operating environment. External factors include both market and economic conditions, as well as shifts in the regulatory environment. Internally, Credit Suisse (Schweiz) AG faces risks arising from inappropriate strategic decisions, ineffective implementation of business strategies or an inability to adapt business strategies in response to changes in the operating environment, including in relation to client and competitor behavior.

The Credit Suisse (Schweiz) AG financial plan, which is derived from UBS's group-wide financial plan, serves as the basis for the financial goals and ambitions against which the businesses are assessed regularly throughout the year.

Use of derivative financial instruments and hedge accounting

Business policy for use of derivative financial instruments

Derivatives are generally either privately negotiated over-the-counter (OTC) contracts or standard contracts transacted through regulated exchanges. Credit Suisse (Schweiz) AG's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, credit default and cross-currency swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

On the date a derivative contract is entered into, Credit Suisse (Schweiz) AG designates it as belonging to one of the following categories: trading activities; a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); a hedge of the fair value of a recognized asset or liability; or a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction.

Economic hedges

Economic hedges arise when Credit Suisse (Schweiz) AG enters into derivative contracts for its own risk management purposes, but the economic relationships do not qualify for hedge accounting. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain core banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain core banking business revenue and expense items as well as core banking business assets and liabilities against adverse movements in foreign exchange rates;
- credit derivatives to manage credit risk on certain loan portfolios; and
- futures to manage risk on equity positions including convertible bonds.

Derivatives used in economic hedges are included as trading assets or trading liabilities in the balance sheet and the respective gains and losses included in net income/(loss) from trading activities and fair value option.

→ Refer to "Note 5 – Net income/(loss) from trading activities and fair value option" for further information on economic hedging of foreign exchange risk by the Treasury function.

Hedge accounting

Hedge accounting for Credit Suisse (Schweiz) AG is determined, recorded and disclosed in accordance with US GAAP as allowed under Swiss GAAP statutory accounting rules for banks.

Credit Suisse (Schweiz) AG designates fair value hedges for individual mortgages, loans and mortgage-backed bonds as part of an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility.

Credit Suisse (Schweiz) AG designates cash flow hedges as part of its strategy to mitigate its risk to interest rate variability in relation to pools of identified future interest-related cash flows with the same underlying risks on mortgages and loans by using interest rate swaps to convert variable rate assets to fixed rates.

→ Refer to "Derivative financial instruments and hedge accounting" in Note 2 – Accounting and valuation principles and "Note 13 – Derivative financial instruments" for further information on hedge accounting.

4 Net income from interest activities

Negative interest income and expense

in	2023	2022
CHF million		
Negative interest income debited to interest income	(2)	(39)
Negative interest expenses credited to interest expense	1	237

5 Net income/(loss) from trading activities and fair value option

in	2023	2022
By risk of underlying instruments (CHF million)		
Interest rate products [1]	(63)	(21)
Equity products	0	1
Foreign exchange	1,090	612
of which foreign exchange risk hedging activities by treasury function [2]	1,068	571
Precious metals	29	11
Credit products	(71)	(103)
Other products	(1)	(2)
Net income/(loss) from trading activities and fair value option	**984**	**498**
of which net income/(loss) from fair value option	–	–

1 Includes trading income/(loss) from related fund investments.

2 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.

Trading activities at the level of Credit Suisse (Schweiz) AG are monitored and managed for legal entity-specific treasury, risk management and capital adequacy purposes. For the purpose of performance management, trading activities are monitored and managed mainly at the level of Credit Suisse's Swiss Bank division on the basis of US GAAP financial metrics.

6 Personnel expenses

in	2023	2022
CHF million		
Salaries	1,130	979
of which variable compensation expenses [1]	218	91
Social benefit expenses	232	212
of which pension and other post-retirement expenses	143	131
Other personnel expenses	40	37
Personnel expenses	**1,402**	**1,228**

1 Includes current and deferred variable compensation expenses.

→ Refer to "Note 17 – Pension plans" for further information on pension expenses.

7 General and administrative expenses

in	2023	2022
CHF million		
Professional services	74	82
Occupancy expenses	67 [1]	169
Marketing and advertising	58	79
Travel and entertainment	40	43
Postage and courier services	9	9
Market data services	32	31
Information and communication technology expenses	29	29
Furniture and equipment	11	10
Fees to external audit companies	6	5
of which fees for financial and regulatory audits [2]	6	5
Operating expenses charged by related parties [3]	1,082	1,172
Other operating expenses	29	35
General and administrative expenses	**1,437**	**1,664**

1 A higher portion of the occupancy expenses are now charged by affiliated companies and reflected in "Operating expenses charged by related parties".

2 Represents total fees for financial statement, regulatory and related audit services paid by Credit Suisse (Schweiz) AG to external audit companies.

3 Includes operating expenses charged by Credit Suisse Services AG, Credit Suisse AG and other affiliated companies, mainly for IT, operations, business support services, occupancy and other central functions provided to Credit Suisse (Schweiz) AG.

8 Increase/(release) of provisions and other valuation adjustments, losses and extraordinary income

in	2023	2022
CHF million		
Increase/(release) of provisions	29 [1]	(6) [2]
Other losses	2	2
Increase/(release) of provisions and other valuation adjustments, and losses	**31**	**(4)**
Gains realized from the disposal of participations	16 [3]	0
Gains realized from the disposal of tangible fixed assets	0	14 [4]
Extraordinary income	**16**	**14**

1 Primarily related to provisions for off-balance sheet default risks.
2 Primarily related to a release of provisions for off-balance sheet default risks, partially offset by litigation provisions.
3 Related to the sale of shares in participations.
4 Includes realized gains from the sale of real estate (bank premises).

9 Taxes

in	2023	2022
CHF million		
Current income tax (expense)/benefit	(63)	(237)
Non-income-based tax (expense)/benefit [1]	(17)	(16)
Taxes	**(80)**	**(253)**

1 Includes capital taxes.

For the financial years ended December 31, 2023 and 2022, the average tax rate, defined as income tax expense divided by the sum of profit before income tax, was 10% and 17%, respectively. In 2023 and 2022, Credit Suisse (Schweiz) AG had no tax losses carried forward.

10 Assets and liabilities from securities lending and borrowing, repurchase and reverse repurchase agreements

end of	2023	2022
CHF million		
Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – gross	10,448	6,232
Impact from master netting agreements	(80)	0
Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – net	**10,368**	**6,232**
Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – gross	9,091	2,068
Impact from master netting agreements	(80)	0
Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – net	**9,011**	**2,068**
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	22,613	22,450
of which repledged	4,825	8,628
of which resold	2,348	1,468

11 Collateral and impaired loans and receivables

Collateralization of loans and receivables

	Secured[1]			Unsecured	Total
end of	Mortgages	Other collateral	Total		
2023 (CHF million)					
Due from customers	1,082	15,441	16,523	14,290	30,813
Residential property	103,931	0	103,931	34	103,965
Offices and commercial property	10,426	0	10,426	37	10,463
Manufacturing and industrial property	8,135	0	8,135	6	8,141
Other	1,879	0	1,879	0	1,879
Mortgage loans	124,371	0	124,371	77	124,448
Gross amount	**125,453**	**15,441**	**140,894**	**14,367**	**155,261**
Allowance for credit losses	(107)	(87)	(194)	(432)	(626)
Net amount	**125,346**	**15,354**	**140,700**	**13,935**	**154,635**
of which due from customers	1,078	15,354	16,432	13,935	30,367
of which mortgage loans	124,268	0	124,268	0	124,268
2022 (CHF million)					
Due from customers	937	19,167	20,104	14,674	34,778
Residential property	112,625	0	112,625	26	112,651
Offices and commercial property	11,948	0	11,948	0	11,948
Manufacturing and industrial property	8,784	0	8,784	6	8,790
Other	2,182	0	2,182	0	2,182
Mortgage loans	135,539	0	135,539	32	135,571
Gross amount	**136,476**	**19,167**	**155,643**	**14,706**	**170,349**
Allowance for credit losses	(46)	(74)	(120)	(245)	(365)
Net amount	**136,430**	**19,093**	**155,523**	**14,461**	**169,984**
of which due from customers	931	19,093	20,024	14,461	34,485
of which mortgage loans	135,499	0	135,499	0	135,499

1 Includes the market value of collateral up to the amount of the outstanding related loans and receivables. For mortgage loans, the market value of collateral is determined at the time of granting the loan and thereafter regularly reviewed according to the risk management policies and directives of Credit Suisse (Schweiz) AG, with maximum review periods determined by property type, market liquidity and market transparency. For impaired mortgage loans, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.

Collateralization of off-balance sheet transactions

	Secured[1]			Unsecured	Total
end of	Mortgages	Other collateral	Total		
2023 (CHF million)					
Contingent liabilities	151	5,313[2]	5,464	5,007	10,471
Irrevocable commitments	135	1,091	1,226	12,838	14,064
Obligations for calls on shares and additional payments	0	0	0	99	99
Off-balance sheet transactions	**286**	**6,404**	**6,690**	**17,944**	**24,634**
2022 (CHF million)					
Contingent liabilities	318	6,947[2]	7,265	6,315	13,580
Irrevocable commitments	399	1,382	1,781	14,182	15,963
Obligations for calls on shares and additional payments	0	0	0	111	111
Off-balance sheet transactions	**717**	**8,329**	**9,046**	**20,608**	**29,654**

1 Includes the market value of collateral up to the notional amount of the related off-balance sheet transaction. For mortgage-backed off-balance sheet exposures, the market value of collateral is determined at the time of granting the credit facility and thereafter regularly reviewed according to the risk management policies and directives of Credit Suisse (Schweiz) AG, with maximum review periods determined by property type, market liquidity and market transparency. For impaired exposures, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.

2 Includes a contingent liability of CHF 534 million and CHF 565 million as of December 31, 2023 and 2022, respectively, in favor of Credit Suisse AG representing the amount of actual liabilities recorded by Credit Suisse AG under the international covered bond program for which Credit Suisse (Schweiz) AG holds the underlying mortgages. Also refer to "Prior period information" in Note 2 – Accounting and valuation principles for further information.

Impaired loans and receivables

end of	Gross amount outstanding	Estimated realizable collateral value [1]	Net amount outstanding	Specific allowance
2023 (CHF million)				
Impaired loans and receivables	1,228	484	744	418
2022 (CHF million)				
Impaired loans and receivables	742	353	389	242

1 Represents the estimated realizable collateral value up to the related gross amount outstanding.

Changes in impaired loans and receivables

			2023			2022
	Due from customers	Mortgage loans	**Total**	Due from customers	Mortgage loans	**Total**
CHF million						
Balance at beginning of period	**478**	**264**	**742**	**426**	**308**	**734**
New impaired balances	476	355	831	229	156	385
Increase of existing impaired balances	74	8	82	29	13	42
Reclassifications to non-impaired status	(106)	(26)	(132)	(10)	(67)	(77)
Repayments	(134)	(35)	(169)	(109)	(93)	(202)
Liquidation of collateral, insurance and guarantee payments	(23)	(37)	(60)	(46)	(43)	(89)
Write-offs	(60)	(1)	(61)	(36)	(10)	(46)
Sales	(2)	0	(2)	0	0	0
Foreign exchange translation impact	(3)	0	(3)	(5)	0	(5)
Balance at end of period	**700**	**528**	**1,228**	**478**	**264**	**742**

Changes in impaired loan and receivable classification during the year are reflected on a gross basis.

→ Refer to "Note 18 – Provisions and allowance for credit losses" and "Note 19 – Expected credit losses and credit quality" for further information.

12 Trading assets

end of	**2023**	2022
CHF million		
Precious metals and commodities	867	918
Trading assets	**867**	**918**

13 Derivative financial instruments

end of	Notional amount	Trading Positive replacement value	Negative replacement value	Notional amount	Hedging[1] Positive replacement value	Negative replacement value
2023 (CHF million)						
Swaps	228,102	510	1,531	43,763	3	39
Options bought and sold (OTC)	540	10	10	0	0	0
Interest rate products	**228,642**	**520**	**1,541**	**43,763**	**3**	**39**
Forwards and forward rate agreements	189,700	2,317	3,474	0	0	0
Swaps	1,388	32	32	0	0	0
Options bought and sold (OTC)	3,498	93	93	0	0	0
Foreign exchange products	**194,586**	**2,442**	**3,599**	**0**	**0**	**0**
Forwards and forward rate agreements	2,145	28	29	0	0	0
Options bought and sold (OTC)	366	10	10	0	0	0
Precious metal products	**2,511**	**38**	**39**	**0**	**0**	**0**
Options bought and sold (OTC)	1,270	25	25	0	0	0
Equity/index-related products	**1,270**	**25**	**25**	**0**	**0**	**0**
Credit default swaps	1,160	9	10	0	0	0
Credit derivatives	**1,160**	**9**	**10**	**0**	**0**	**0**
Swaps	2	0	0	0	0	0
Other derivative products	**2**	**0**	**0**	**0**	**0**	**0**
Derivative financial instruments[2]	**428,171**	**3,034**	**5,214**	**43,763**	**3**	**39**
of which replacement value determined based on a valuation model	–	3,034	5,214	–	3	39
2022 (CHF million)						
Swaps	225,010	377	513	33,570	0	75
Options bought and sold (OTC)	1,218	31	28	0	0	0
Interest rate products	**226,228**	**408**	**541**	**33,570**	**0**	**75**
Forwards and forward rate agreements	348,009	2,850	3,936	0	0	0
Swaps	1,941	21	19	0	0	0
Options bought and sold (OTC)	6,698	116	117	0	0	0
Foreign exchange products	**356,648**	**2,987**	**4,072**	**0**	**0**	**0**
Forwards and forward rate agreements	2,514	12	9	0	0	0
Options bought and sold (OTC)	429	9	9	0	0	0
Precious metal products	**2,943**	**21**	**18**	**0**	**0**	**0**
Options bought and sold (OTC)	2,559	96	96	0	0	0
Equity/index-related products	**2,559**	**96**	**96**	**0**	**0**	**0**
Credit default swaps	1,441	9	8	0	0	0
Credit derivatives	**1,441**	**9**	**8**	**0**	**0**	**0**
Derivative financial instruments[2]	**589,819**	**3,521**	**4,735**	**33,570**	**0**	**75**
of which replacement value determined based on a valuation model	–	3,521	4,735	–	0	75

1 Relates to derivative financial instruments that qualify for hedge accounting.
2 Before impact of master netting agreements.

Positive and negative replacement values before and after consideration of master netting agreements

end of	**2023**	2022
Before consideration of master netting agreements (CHF million)		
Positive replacement values – trading and hedging	3,037	3,521
Negative replacement values – trading and hedging	5,253	4,810
After consideration of master netting agreements		
Positive replacement values – trading and hedging[1]	619	494
Negative replacement values – trading and hedging[1]	1,351	1,108

1 Netting includes counterparty exposure and cash collateral netting.

Net positive replacement values by counterparty type

end of	2023	2022
CHF million		
Banks and securities dealers	9	11
Other counterparties [1]	610	483
Positive replacement values	**619**	**494**

1 Primarily related to bilateral OTC derivative contracts with clients.

Gains/(losses) on fair value hedges

	2023		2022	
in	Interest and discount income	Interest expense	Interest and discount income	Interest expense
Interest rate products (CHF million)				
Hedged items	960	(150)	(2,034)	124
Derivatives designated as hedging instruments	(946)	150	1,982	(124)

Gains/(losses) on interest rate risk hedges, both from the hedged items and the derivatives designated as hedging instruments, are included in interest and discount income and interest expense. The accrued interest on fair value hedges is recorded in interest and discount income and interest expense and is excluded from this table.

Hedged items in fair value hedges

	2023			2022		
		Hedged items			Hedged items	
end of	Carrying value	Hedging adjustments [1]	Discontinued hedges [2]	Carrying value	Hedging adjustments [1]	Discontinued hedges [2]
Assets (CHF million)						
Due from customers	1,640	28	(73)	64	(66)	(23)
Mortgage loans	38,303	777	(1,512)	30,197	(1,277)	(637)
Liabilities						
Bonds and mortgage-backed bonds	3,683	120	10	2,146	(55)	30

1 Relates to the cumulative amount of fair value hedging adjustments included in the compensation account within other assets or other liabilities.
2 Relates to the cumulative amount of fair value hedging adjustments remaining for any hedged items for which hedge accounting has been discontinued and which is included in the compensation account within other assets or other liabilities.

Cash flow hedges

in	2023	2022
Deferred gains and losses on derivative financial instruments related to cash flow hedges (CHF million) [1]		
Deferred gains/(losses) at beginning of period	**(129)**	**(1)**
Interest rate products		
Gains/(losses) on derivatives deferred in the compensation account	61	(76)
Interest and discount income	(4)	(52)
(Gains)/losses reclassified from the compensation account into income or expense	(4)	(52)
Deferred gains/(losses) at end of period	**(72)**	**(129)**

1 Included in the compensation account within other assets or other liabilities.

As of December 31, 2023, the net loss associated with cash flow hedges expected to be reclassified from other assets and other liabilities to the statement of income within the next 12 months was CHF 28 million.

As of December 31, 2023, Credit Suisse (Schweiz) AG had no cash flow hedges that hedged any 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.

→ Refer to “Use of derivative financial instruments and hedge accounting” in Note 3 – Risk management, derivatives and hedging activities for further information.

14 Financial investments

end of	2023 Carrying value	2023 Fair value	2022 Carrying value	2022 Fair value
CHF million				
Debt securities	109 [1]	109	2,771 [1]	2,771
of which held-to-maturity	105	105	105	105
of which available-for-sale	4	4	2,666	2,666
Equity securities	0	6	0	10
of which qualified participations [2]	–	–	–	–
Real estate [3]	23	23	21	21
Financial investments	**132**	**138**	**2,792**	**2,802**
of which securities eligible for repurchase transactions in accordance with liquidity regulations	0	–	2,648	–

1 The position in debt securities held-to-maturity relates to a subsidiary of the bank and the position in debt securities available-for-sale relates to the Swiss National Bank. No ratings are available for these counterparties from the bank's rating agency, Standard & Poor's.
2 Includes participations held in financial investments with at least 10% in capital or voting rights.
3 Real estate acquired from the lending business (repossessed assets) and classified as held-for-sale is carried at lower of cost and liquidation value.

15 Other assets and other liabilities

end of	2023	2022
CHF million		
Coupons	29	40
Indirect taxes and duties	23	107
Receivables under documentary letters of credit	4	12
Other	208	183
Other assets	**264**	**342**

end of	2023	2022
CHF million		
Compensation account [1]	839	1,852
Indirect taxes and duties	178	204
Settlement accounts	0	7
Payables under documentary letters of credit	4	12
Other	495	522
Other liabilities	**1,516**	**2,597**

1 Includes changes in the book values of assets and liabilities that are not recognized in the statement of income, such as impacts from hedge accounting, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity.

16 Assets pledged

end of	2023 Carrying value	2023 Actual liabilities	2022 Carrying value	2022 Actual liabilities
CHF million				
Cash and other liquid assets	259 [1]	0	0	0
Due from customers	826	804	1,365	1,365
Mortgage loans	86,904 [2]	62,567	27,426 [2]	17,088
Assets pledged	**87,989**	**63,371**	**28,791**	**18,453**

Excludes assets pledged in connection with securities lending and borrowing, repurchase agreements and reverse repurchase agreements.
1 Includes cash held with the SNB in connection with the Swiss deposit insurance guarantee program which is callable by esisuisse upon a payout event.
2 Includes a portfolio of mortgage loans with a carrying value of CHF 908 million and CHF 1,196 million as of December 31, 2023 and 2022, respectively, which is pledged to Credit Suisse Hypotheken AG under the international covered bond program of Credit Suisse AG. The related actual liabilities of CHF 534 million and CHF 565 million as of December 31, 2023 and 2022, respectively, are recorded in the financial statements of Credit Suisse AG and recognized as a contingent liability by Credit Suisse (Schweiz) AG. Refer to "Joint and several liability" in Off-balance sheet transactions for further information.

17 Pension plans

Liabilities due to own pension plans of Credit Suisse (Schweiz) AG as of December 31, 2023 and 2022 of CHF 511 million and CHF 254 million, respectively, are reflected in various liability accounts in the balance sheet of Credit Suisse (Schweiz) AG.

Swiss pension plans

The employees of Credit Suisse (Schweiz) AG are covered by the pension plan of the "Pensionskasse der Credit Suisse Group (Schweiz)" and "Pensionskasse 2 der Credit Suisse Group (Schweiz)" (the Swiss pension plans). Most of the former Credit Suisse Group AG's Swiss subsidiaries and a few companies that had close business and financial ties with that company participate in both plans. The Swiss pension plans are independent self-insured pension plans set up as trusts and qualify as defined contribution plans (savings plans) under Swiss law.

The Swiss pension plans' annual financial statements are prepared in accordance with Swiss GAAP FER 26 based on the full population of covered employees. Individual annual financial statements for each participating company are not prepared. As multi-employer plans with unrestricted joint liability for all participating companies, the economic interest in the Swiss pension plans' over- or underfunding is allocated to each participating company based on allocation keys determined by the plans.

In December 2023, the Board of Trustees of the "Pensionskasse der Credit Suisse Group (Schweiz)" decided to align its Swiss pension scheme to that of the UBS pension fund, effective as of January 1, 2027. On that date, the Swiss pension plan of the "Pensionskasse der Credit Suisse Group (Schweiz)" will adopt the plan rules of the UBS pension fund. The retirement capital savings plan of the "Pensionskasse 2 der Credit Suisse Group (Schweiz)" will remain in place as of this date, however, it will be closed for further contributions. These changes had no impacts on the balance sheet or income statement of Credit Suisse (Schweiz) AG of 2023.

Employer contribution reserves

	Employer contribution reserves – notional		Amount subject to waiver		Employer contribution reserves – net [1]		Increase/(Release) of employer contribution reserves included in personnel expenses	
end of / in	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
CHF million								
Swiss pension plans	31	29	0	0	31	29	0	0
Total	**31**	**29**	**0**	**0**	**31**	**29**	**0**	**0**

1 In line with Swiss GAAP statutory accounting guidance, contributions to the employer contribution reserves are not recorded in the statutory balance sheet of Credit Suisse (Schweiz) AG.

Pension plan economic benefit/(obligation), pension contributions and pension expenses

	Over/(Under) -funding		Economic benefit/ (obligation) recorded			Pension contributions		Pension expenses included in personnel expenses	
end of / in	**2023**	2022	**2023**	2022	Change	**2023**	2022	**2023**	2022
CHF million									
Swiss pension plan – status overfunded	1,032 [1]	1,003 [1]	– [2]	– [2]	–	121	109	112	106
Swiss pension plan – without over-/underfunding	–	–	–	–	–	25	31	31	25
Total	**1,032**	**1,003**	**–**	**–**	**–**	**146**	**140**	**143**	**131**

1 Represents Credit Suisse (Schweiz) AG's share of 41.90% and 41.79% in the reserve for the fluctuation in net asset value of the Swiss pension plan of CHF 2,464 million and CHF 2,400 million as of December 31, 2023 and 2022, respectively.

2 In line with Swiss GAAP statutory accounting guidance, the economic benefit of Credit Suisse (Schweiz) AG from its share in the overfunding of the Swiss pension plan is not recorded in the statutory balance sheet of Credit Suisse (Schweiz) AG.

18 Provisions and allowance for credit losses

Provisions

	Balance at beginning of period	Utilized for purpose	Reclassifi- cations	Foreign exchange translation differences	New charges to income statement	Releases to income statement	**Balance at end of period**
2023 (CHF million)							
Provisions for off-balance sheet default risks	51	0	(5)	(2)	32	(4)	72 [1]
of which provisions for probable obligations (Art. 28 par. 1 FINMA-AO)	26	0	(5)	(1)	9	(4)	25
of which provisions for expected credit losses	25	0	0	(1)	23 [2]	0 [2]	47
Provisions for other business risks	6	(1)	0	0	2	(1)	6 [3]
Restructuring provisions	4	(10)	0	0	11	0	5 [3]
Other provisions	19	(3)	(1)	(1)	2	(2)	14 [4]
Provisions	**80**	**(14)**	**(6)**	**(3)**	**47**	**(7)**	**97**

1 Provisions are mainly related to irrevocable loan commitments and guarantees. Partially discounted at rates between 0.01% and 11.00%.
2 Changes in provisions for off-balance sheet default risks on non-impaired financial instruments are reflected as a net charge or a net release.
3 Provisions are not discounted due to their short-term nature.
4 Includes litigation provisions of CHF 1 million and CHF 3 million as of December 31, 2023 and 2022, respectively. Partially discounted at rates between 1.86% and 4.31%.

Allowance for credit losses

	Balance at beginning of period	Utilized for purpose [1]	Reclassifi- cations	Foreign exchange translation differences	Recoveries, interest past due [2]	New charges to income statement [3]	Releases to income statement [3]	**Balance at end of period**
2023 (CHF million)								
Due from banks	41	0	0	(3)	0	0	(10)	28
Due from customers	293	(60)	7	(12)	6	253	(43)	444
Mortgage loans	72	(1)	(1)	0	2	113	(3)	182
Allowance for credit losses	**406**	**(61)**	**6**	**(15)**	**8**	**366**	**(56)**	**654**
of which allowance for credit losses from impaired receivables	283	(61)	6	(11)	8	276	(56)	445
of which allowance for expected credit losses	123	0	0	(4)	0	90	0	209

1 Reflects write-offs.
2 Includes increases and releases of allowances for interest on non-accrual loans and receivables.
3 Changes in allowance for expected credit losses on non-impaired financial assets are recorded as a net charge or a net release per balance sheet position.

Write-offs

In Credit Suisse (Schweiz) AG's recovery management function, write-offs are made based on an individual counterparty assessment. An evaluation is performed on the need for write-offs of impaired loans individually and on a regular basis, if it is likely that parts of a loan or the entire loan will not be recoverable. Write-offs of residual loan balances are executed once available debt enforcement procedures are exhausted or, in certain cases, upon a restructuring.

Gross write-offs of loans included in the allowance for credit losses year-on-year movements are reflected in the column "Utilized for purpose". Gross write-offs of CHF 61 million in 2023 compared to gross write-offs of CHF 66 million in 2022. In 2023, gross write-offs included primarily small and medium-sized enterprises and reflected the completion of restructuring measures and foreclosure procedures. In 2022, gross write-offs mainly included an exposure to a financial institution impacted by sanctions imposed in connection with Russia's invasion of Ukraine, individual positions in small and medium-sized enterprises and large Swiss corporates.

Uncollectible accrued interest receivables are written off by reversing net interest income from interest activities.

19 Expected credit losses and credit quality

This disclosure provides an overview of Credit Suisse (Schweiz) AG's balance sheet positions that include financial assets subject to the CECL accounting guidance. It includes the following main subjects:

- A tabular overview of financial assets subject to the expected credit loss approach and related purchases and sales;
- A description of the main classes of financial assets subject to the expected credit loss approach, including the main risk characteristics (including the methodology for estimating expected credit losses on non-impaired and impaired financial assets and current-period estimates);
- A description of the methodology for estimating expected credit losses, including disclosures relevant for Credit Suisse (Schweiz) AG's current-period estimate of expected credit losses;
- Credit quality information (including monitoring of credit quality and internal ratings); and
- Past due financial assets.

As of December 31, 2023, Credit Suisse (Schweiz) AG had no purchased financial assets with more than insignificant credit deterioration since origination.

Financial receivables and debt securities held with entities under common control are not subject to the CECL accounting guidance and related disclosures.

Financial assets subject to the expected credit loss approach

			2023			2022
end of	Gross amount [1]	Allowance for credit losses [2]	Net carrying value	Gross amount [1]	Allowance for credit losses [2]	Net carrying value
CHF million						
Cash and other liquid assets	50,561	0	**50,561**	17,308	0	**17,308**
Due from banks	1,166 [2]	(28)	**1,138**	1,117 [3]	(42)	**1,075**
Securities borrowing and reverse repurchase agreements	6,038	0	**6,038**	3,636	0	**3,636**
Due from customers	30,749 [3]	(444)	**30,305**	34,716 [3]	(292)	**34,424**
Mortgage loans	124,392 [3]	(182)	**124,210**	135,540 [3]	(71)	**135,469**
Accrued income and prepaid expenses	397	0	**397**	263	(1)	**262**
Other assets [4]	204	0	**204**	289	0	**289**
Total	**213,507**	**(654)**	**212,853**	**192,869**	**(406)**	**192,463**

1 Excludes balances with entities under common control which are not subject to the CECL accounting guidance and related disclosures. Reflects the nominal value except where indicated.
2 Includes allowances for credit losses on impaired receivables (specific allowances for credit losses) and allowances for expected credit losses (non-specific allowances for credit losses).
3 Excludes accrued interest before allowance for credit losses in the total amount of CHF 107 million and CHF 75 million as of December 31, 2023 and 2022, respectively, with CHF 2 million and CHF 1 million related allowance for credit losses as of December 31, 2023 and 2022, respectively. These accrued interest balances are reported in the balance sheet in accrued income and prepaid expenses in accordance with Swiss GAAP statutory guidance.
4 The gross amount reflects the nominal value or cost base.

In 2023 and 2022, the following purchases and sales of financial assets subject to the CECL accounting guidance were carried out by Credit Suisse (Schweiz) AG and affected the asset base subject to the estimate of the allowances for expected credit losses.

Purchases and sales

		2023		2022
in	Purchases [1]	Sales [2]	Purchases [1]	Sales [2]
CHF million				
Due from customers	4,399	1	4,480	485
Mortgage loans	384	629	140	529

1 Includes drawdowns under purchased loan commitments.
2 Excludes the sub-participation of loans in syndication-like financings where Credit Suisse (Schweiz) AG is the originator of the loan.

Main classes of financial assets subject to expected credit loss measurement and risk characteristics

Loans

Credit Suisse (Schweiz) AG's loan portfolios, the main class of financial assets subject to the CECL accounting guidance, are reflected in the balance sheet in due from customers, due from banks and mortgage loans. For the US GAAP CECL accounting guidance applied by Credit Suisse, loans, which include sales-type and direct financing leases, are classified into two broad categories, consumer loans and corporate & institutional loans. Consumer loans include mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans include real estate loans, commercial and industrial loans, loans to financial institutions and loans to governments and public institutions. The main risk characteristics of each of these sub-categories and the line items of Credit Suisse (Schweiz) AG's balance sheet, which include these portfolios, are described below:

- Mortgages includes lending instruments secured by residential real estate; such credit exposure is sensitive to the level of interest rates and unemployment as well as real estate valuation. Mortgages are reported in mortgage loans, except for building loans, which are reported in due from customers.
- Loans collateralized by securities primarily includes lending secured by marketable financial collateral (e.g., equities, bonds, investment funds and precious metals); such credit exposure is sensitive to market prices for securities which impact the value of financial collateral. All loans collateralized by securities are reported in due from customers.
- Consumer finance includes lending to private individuals such as personal loans; such credit exposure is sensitive to MEFs including economic growth, unemployment and interest rates. All consumer finance loans are reported in due from customers.
- Real estate includes lending backed by commercial or income-producing real estate; such credit exposure is sensitive to MEFs including economic growth, unemployment, interest rates and industrial production as well as real estate valuation. Most of the real estate loans are reported in mortgage loans, with the remaining balance in due from customers.
- Commercial and industrial loans includes lending to corporate clients including small and medium-sized enterprises, large corporates and multinational clients; such credit exposure is sensitive to MEFs including economic growth, unemployment and industrial production. A majority of commercial and industrial loans is reported in due from customers, with the remaining balance in mortgage loans.
- Financial institutions includes lending to financial institutions such as banks and insurance companies; such credit exposure is sensitive to MEFs including economic growth. A majority of loans to financial institutions is reported in due from customers, with the remaining balances in mortgage loans and due from banks.
- Governments and public institutions includes lending to central government and state-owned enterprises; such credit exposure is sensitive to MEFs including economic growth. A majority of loans to governments and public institutions is reported in due from customers, with the remaining balance in mortgage loans.

As of December 31, 2023, mortgages, commercial and industrial loans and real estate loans were the largest sub-categories within the loan portfolio of Credit Suisse (Schweiz) AG.

Other classes of financial assets
Other classes of financial assets subject to the CECL accounting guidance, which are not reported as loans described above, include mainly the following balance sheet positions and related risk characteristics:
- Cash and other liquid assets includes cash balances held with the SNB; such credit exposure is sensitive to the credit rating and profile of the SNB.
- Due from banks includes balances held with banks. In addition to certain loans to financial institutions described further above, due from banks includes primarily nostro accounts as well as settlement accounts and margin accounts with broker banks; such credit exposure is sensitive to the credit rating and profile of the counterparty bank.
- Due from customers includes balances held with customers. In addition to the non-mortgage loans described further above, due from customers includes primarily settlement accounts and margin accounts with non-bank brokers; such credit exposure is sensitive to the credit rating and profile of the related counterparty.
- Securities borrowing and reverse repurchase agreements includes lending and borrowing of securities against cash or other financial collateral; such credit exposure is sensitive to the credit rating and profile of the counterparty and relative changes in the valuation of securities and financial collateral.

Estimating expected credit losses

The following key elements and processes of estimating expected credit losses apply to Credit Suisse (Schweiz) AG's major classes of financial assets that are subject to the CECL accounting guidance.

Expected credit losses on non-impaired credit exposures
Expected credit loss models for non-impaired credit exposures have three main inputs: (i) PD, (ii) LGD and (iii) EAD. These parameters are derived from internally developed statistical models, which are based on historical data and leverage regulatory models under the advanced internal ratings-based (A-IRB) approach. Expected credit loss models use forward-looking information to derive point-in-time estimates of forward-looking term structures.

PD estimates are based on statistical rating models and tailored to various categories of counterparties and exposures. These statistical rating models are based on internally and externally compiled data comprising both quantitative and qualitative factors. A migration of a counterparty or exposure between rating classes generally leads to a change in the estimate of the associated PD. Lifetime PDs are estimated considering the expected macroeconomic environment and the contractual maturities of exposures, adjusted for estimated prepayment rates where applicable. Internal credit ratings form a significant input to the model derived CECL PDs. For the majority of counterparties, internal credit ratings are determined via statistical rating models, which are developed under the A-IRB approach of the Basel framework. The models are tailored to the specific business of the respective obligor and are intended to reflect the risk of default over a one-year period of each counterparty. Credit Suisse (Schweiz) AG has received approval from its regulator to use, and has fully implemented, the A-IRB approach.

LGD estimates the size of the expected loss that may arise on a credit exposure in the event of a default. Credit Suisse (Schweiz) AG estimates LGD based on the history of recovery rates of claims against defaulted counterparties, considering, as appropriate, factors such as differences in product structure, collateral type, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. Certain LGD values are also calibrated to reflect the expected macroeconomic environment.

EAD represents the expected amount of credit exposure in the event of a default. It reflects the current drawn exposure with a counterparty and an expectation regarding the future evolution of the credit exposure under the contract or facility, including amortization and prepayments. The EAD of a financial asset is the gross carrying amount at default, which is modeled based on historical data by applying a term structure and considering portfolio-specific factors such as the drawn amount as of the reporting date, the facility limit, amortization schedules, financial collateral and product type. For certain financial assets, Credit Suisse (Schweiz) AG determines EAD by modeling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

Where a relationship to macroeconomic indicators is statistically sound and in line with economic expectations, the parameters are modeled accordingly, incorporating Credit Suisse (Schweiz) AG's forward-looking forecasts and applying regional segmentations where appropriate.

The ability to forecast credit losses over the reasonable and supportable period is based on the ability to forecast economic activity over a reasonable and supportable time window. Credit Suisse (Schweiz) AG's macroeconomic and market variable forecasts for the CECL scenarios cover a five-year time horizon. For periods beyond that reasonable and supportable forecast period, Credit Suisse (Schweiz) AG immediately reverts to average economic environment variables as model input factors. In the downside and upside scenarios, mean reversion to the base case projected paths will commence in year three, with full convergence occurring in years four and five for certain macroeconomic factors.

Alternative qualitative estimation approaches are used for certain products. For lombard loans (including share-backed loans), the PD/LGD approach used does not consider Credit Suisse (Schweiz) AG's forward-looking forecasts as these are not meaningful for the estimate of expected credit losses in light of the short timeframe considered for closing out positions under daily margining arrangements.

Credit Suisse (Schweiz) AG measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension options) during which it is exposed to credit risk, even if Credit Suisse (Schweiz) AG considers a longer period for risk management purposes. The maximum contractual period extends to the date at which Credit Suisse (Schweiz) AG has the right to require repayment of an advance or terminate an irrevocable loan commitment or a credit guarantee.

For off-balance sheet credit exposures, methodology, scenarios and MEFs used to estimate the provision for expected credit losses are the same as those used to estimate the allowance for credit losses for financial assets held at amortized cost. For the EAD models, a credit conversion factor or similar methodology is applied to off-balance sheet credit exposures in order to project the additional drawn amount between current utilization and the committed facility amount.

Expected credit losses on impaired credit exposures

Expected credit losses for individually impaired credit exposures are measured by performing an in-depth review and analysis of these exposures, considering factors such as recovery and exit options as well as collateral and the risk profile of the borrower. The individual measurement of expected credit losses for impaired financial assets also considers reasonable and supportable forward-looking information that is relevant to the individual counterparty (idiosyncratic information) and reflective of the macroeconomic environment that the borrower is exposed to, apart from any historical loss information and current conditions. If there are different scenarios relevant for the individual expected credit loss measurement, they are considered on a probability-weighted basis. The related allowance for credit losses is revalued by the recovery management function, at least annually or more frequently, depending on the risk profile of the borrower or credit-relevant events.

For credit-impaired financial assets, the expected credit loss is measured using (i) the present value of estimated future cash flows discounted at the contractual interest rate of the loan or (ii) the fair market value of collateral where the loan is collateral-dependent. The impaired credit exposures and related allowance are revalued to reflect the passage of time.

For all classes of financial assets, the trigger to detect an impaired credit exposure is non-payment of interest, principal amounts or other contractual payment obligations, or when, for example, Credit Suisse (Schweiz) AG may become aware of specific adverse information relating to a counterparty's ability to meet its contractual obligations, despite the current repayment status of its particular credit facility. For credit exposures where repayment is dependent on collateral, a decrease in collateral values can be an additional trigger to detect an impairment.

In addition, loans are reviewed depending on event-driven developments. All corporate and institutional loans are reviewed at least annually based on the borrower's financial statements and any indications of difficulties they may experience. Loans that are not impaired, but which are of special concern due to changes in covenants, downgrades, negative financial news and other adverse developments, are either transferred to recovery management or included on a watchlist. All loans on the watchlist are reviewed at least quarterly to determine whether they should be released, remain on the watchlist or be moved to recovery management. For loans in recovery management, larger positions are reviewed on a quarterly basis for any event-driven changes. Otherwise, these loans are reviewed at least annually.

Macroeconomic scenarios

The estimation and application of forward-looking information requires a combination of expert judgment and quantitative analysis. Since the acquisition by UBS, this estimation process and related analyses and procedures have been embedded in a group-wide process. As part of this group-wide process, Credit Suisse (Schweiz) AG has aligned its macroeconomic scenarios, related macroeconomic factor forecasts and scenario weightings to those used by UBS. As of December 31, 2023, Credit Suisse (Schweiz) AG's estimation of expected credit losses was based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios: a baseline scenario, a mild downside scenario (mild debt crisis) and a severe downside scenario (stagflationary geopolitical crisis). The baseline scenario represents the most likely outcome. The other scenarios represent more pessimistic outcomes. The scenarios are probability-weighted according to Credit Suisse (Schweiz) AG's best estimate of their relative likelihood based on historical frequency, an assessment of the current business and credit cycles as well as the macroeconomic factor trends.

→ Refer to "Note 19 – Expected credit losses and credit quality" in the Annual Report 2022 of Credit Suisse (Schweiz) AG for further information on macroeconomic scenarios applied by the bank prior to the acquisition by UBS.

Current-period estimate of expected credit losses on non-impaired credit exposures

One of the most significant judgments involved in estimating Credit Suisse (Schweiz) AG's allowance for credit losses relates to the macroeconomic forecasts used to estimate credit losses over the forecast period, with modeled credit losses being driven primarily by a set of 31 MEFs. The key MEFs used in each of the macroeconomic scenarios for the calculation of the expected credit losses include, but are not limited to, GDP growth rates. These MEFs are used in the portfolio- and region-specific CECL models and have been selected based on statistical criteria and expert judgment to explain expected credit losses. The table "Selected macroeconomic factors" includes Credit Suisse (Schweiz) AG's forecast of selected MEFs for 2024 and 2025, as estimated as of December 31, 2023. The comparative information includes the forecast of MEFs selected and estimated as of December 31, 2022. These MEFs forecasts are recalibrated on a quarterly basis. While GDP growth rates are significant inputs to the forecast models, a range of other inputs are also incorporated for all three scenarios to provide projections for future economic and market conditions. Given the complex nature of the forecasting process, no single economic variable is viewed in isolation or independently of other inputs.

As of December 31, 2023, the forecast macroeconomic scenarios were weighted 60% for the baseline, 15% for the mild debt crisis and 25% for the stagflationary geopolitical crisis scenario. As of December 31, 2022, for the previously applied scenarios, the forecast macroeconomic scenarios were weighted 50% for the baseline, 40% for the downside and 10% for the upside scenario.

Selected macroeconomic factors

end of 2023	Forecast 2024	Forecast 2025
Swiss nominal GDP growth rate (%)		
Baseline	2.7	3.2
Mild debt crisis	(1.0)	0.0
Stagflationary geopolitical crisis	0.7	2.0
EU nominal GDP growth rate (%)		
Baseline	3.9	3.2
Mild debt crisis	(1.0)	0.4
Stagflationary geopolitical crisis	3.3	2.1
end of 2022	Forecast 2023	Forecast 2024
Swiss nominal GDP growth rate (%)		
Downside	0.0	1.0
Baseline	2.7	2.0
Upside	3.2	2.1
EU nominal GDP growth rate (%)		
Downside	3.4	2.3
Baseline	5.2	4.1
Upside	5.5	3.8

Forecasts for GDP rates represent average annual growth rates.

Expected credit losses are not solely derived from MEF projections. Model overlays based on expert judgment are also applied, considering historical loss experience, industry, portfolio and counterparty reviews. Overlays are primarily impacting certain corporate and institutional loan portfolios. Certain overlays are designed to address circumstances where in management's judgment the CECL model outputs are overly sensitive to the effect of economic inputs that exhibit significant deviation from their long-term historical averages. Credit Suisse (Schweiz) AG's non-specific allowance for expected credit losses on balance sheet and off-balance sheet credit exposures as of December 31, 2023 increased compared to December 31, 2022. In 2023, the probability of default models for large corporates and financial institutions were enhanced, and the related overlays were decommissioned.

Interest income attributable to passage of time

For financial assets held at amortized cost, for which Credit Suisse (Schweiz) AG measures expected credit losses based on the discounted cash flow methodology, the entire change in present value is reported in the statement of income in (increase)/release of allowance for default risks and losses from interest activities.

Methodology changes

The probability of default models for large corporates and financial institutions were updated during the reporting period. The main changes include (i) updates to macroeconomic factors based on expert feedback, (ii) re-calibration of sensitivity to macroeconomic inputs, (iii) re-calibration of average default probabilities, and (iv) additional granularity of region and industry segmentations. The overall impact of this model change is an increase in the allowance for expected credit losses of CHF 9 million. The model adjustments were applied with a simultaneous release of model overlays. The model overlays were in place mainly to address overly sensitive outputs of former models.

Credit quality information

Credit Suisse (Schweiz) AG monitors the credit quality of financial assets held at amortized cost through its credit risk management framework, which provides for the consistent evaluation, measurement and management of credit risk across the bank. Evaluation, measurement and management of credit exposures recorded in Credit Suisse (Schweiz) AG follows the same approach as for Credit Suisse and reflects the specific exposure profile of the legal entity. Assessments of credit risk exposures for internal risk estimates and risk-weighted assets are calculated based on PD, LGD and EAD models.

→ Refer to "Expected credit losses on non-impaired credit exposures" for further information on PD, LGD and EAD.

The credit risk management framework incorporates the following core elements:
- counterparty and transaction assessments: application of internal credit ratings (using PD), assignment of LGD and EAD values in relation to counterparties and transactions;
- credit limits: establishment of credit limits, including limits based on notional exposure, potential future exposure and stress exposure, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent undue risk concentrations;
- credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact; and
- risk mitigation: active management of credit exposures through the use of cash sales, participations, collateral, guarantees, single name and portfolio insurance or hedging instruments.

In addition to traditional credit exposure measurement, monitoring and management using current and potential future exposure metrics, the Risk function performs counterparty and portfolio credit risk assessments of the impact of various internal stress test scenarios. The Risk function assesses the impact to credit risk exposures arising from market movements in accordance with the scenario narrative, which can further support the identification of concentration or tail risks. The scenario suite includes historical scenarios as well as forward-looking scenarios.

Credit officers evaluate and assess counterparties and clients to whom Credit Suisse (Schweiz) AG has credit exposures, primarily using internal rating models. These models are used to determine internal credit ratings which are intended to reflect the PD of each counterparty.

For a majority of counterparties and clients, internal ratings are based on internally developed statistical models that have been backtested against internal experience and validated by a function independent of model development. Findings from backtesting serve as a key input for any future rating model developments. Credit Suisse (Schweiz) AG's internally developed statistical rating models are based on a combination of quantitative factors (e.g., financial fundamentals, such as balance sheet information for corporates and loan-to-value (LTV) ratio and the borrower's income level for mortgage lending, and market data) and qualitative factors (e.g., credit histories from credit reporting bureaus and economic trends).

For the remaining counterparties where statistical rating models are not used, internal credit ratings are assigned on the basis of a structured expert approach using a variety of inputs, such as peer analyses, industry comparisons, external ratings and research as well as the judgment of senior credit officers.

In addition to counterparty ratings, the Risk function also assesses the risk profile of individual transactions and assigns transaction ratings which reflect specific contractual terms such as seniority, security and collateral.

Internal credit ratings may differ from external credit ratings, where available, and are subject to periodic review depending on exposure type, client segment, collateral or event-driven developments. Credit Suisse (Schweiz) AG's internal ratings are mapped to a PD band associated with each rating which is calibrated to historical default experience using internal data and external data sources. Credit Suisse (Schweiz) AG's internal rating bands are reviewed on an annual basis with reference to extended historical default data and are therefore based on stable long-run averages. Adjustments to PD bands are only made where significant deviations to existing values are detected. The last update was made in 2012 and since then no significant changes to the robust long-run averages have been detected.

Credit Suisse (Schweiz) AG uses internal rating methodologies consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic risk capital measurement and allocation and financial accounting.

A credit quality monitoring process is performed to provide for early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. The Risk function maintains regularly updated watchlists to review and re-assess counterparties that could be subject to adverse changes in creditworthiness. The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment.

→ Refer to "Expected credit losses on impaired credit exposures" for further information on credit monitoring.

Past due financial assets

Generally, a financial asset is deemed past due if the principal and/or interest payment has not been received on its due date.

Past due financial assets

end of	Current	Past due: Up to 30 days	31-60 days	61-90 days	More than 90 days	Total	Total
2023 (CHF million)							
Due from banks	104	0	0	0	0	0	**104** [1]
Due from customers	29,852	295	9	25	206	535	**30,387** [1]
Mortgage loans	123,970	57	91	12	262	422	**124,392** [1]
Total	**153,926**	**352**	**100**	**37**	**468**	**957**	**154,883**
2022 (CHF million)							
Due from banks	74	0	0	0	49	49	**123** [1]
Due from customers	33,900	252	18	28	167	465	**34,365** [1]
Mortgage loans	135,230	20	82	5	203	310	**135,540** [1]
Total	**169,204**	**272**	**100**	**33**	**419**	**824**	**170,028**

Reflects gross amounts before allowance for credit losses. Excludes balances with entities under common control which are not subject to the CECL accounting guidance and related disclosures. Excludes financing receivables with an original maturity of less than one year which are not subject to disclosure of past due amounts under the CECL accounting guidance.
1 Excludes accrued interest in the total amount of CHF 107 million and CHF 75 million as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, Credit Suisse (Schweiz) AG did not have any financial assets subject to the CECL accounting guidance that were more than 90 days past due and still accruing interest.

20 Composition of share capital, conversion and reserve capital

end of	2023 Quantity	2023 Total nominal value (CHF million)	2022 Quantity	2022 Total nominal value (CHF million)
Share capital				
Registered shares (at CHF 1 par value per share)	100,000,000	100 [1]	100,000,000	100 [1]
Total share capital		**100**		**100**
Conversion and reserve capital				
Unlimited conversion capital (at CHF 1 par value per share) [2]	unlimited	unlimited	unlimited	unlimited
Reserve capital (at CHF 1 par value per share) [3]	200,000,000	200	200,000,000	200
of which used for capital increases	0	0	0	0
of which reserved for planned capital increases	0	0	0	0

1 The dividend eligible capital equals the total nominal value. As of December 31, 2023 and 2022, the total nominal value of registered shares was CHF 100,000,000 and fully paid.
2 For information on principal characteristics of unlimited conversion capital, refer to Article 5a in the Articles of Association of Credit Suisse (Schweiz) AG.
3 For information on principal characteristics of reserve capital, refer to Article 5b in the Articles of Association of Credit Suisse (Schweiz) AG.

Non-distributable reserves

As of December 31, 2023, the amount of non-distributable reserves in accordance with the Swiss Code of Obligations and the articles of association of Credit Suisse (Schweiz) AG was CHF 50 million. Not reflected in this amount are reserves which Credit Suisse (Schweiz) AG is required to retain in order to meet the regulatory capital requirements as a going concern.

Transactions with shareholders

→ Refer to "Joint and several liability" in Off-balance sheet transactions for further information on transactions with shareholders.

21 Significant shareholders and groups of shareholders

	2023			2022		
end of	Number of shares (million)	Total nominal value (CHF million)	Share-holding (%)	Number of shares (million)	Total nominal value (CHF million)	Share-holding (%)
Direct shareholders						
Credit Suisse AG	100 [1]	100	100	100 [1]	100	100
Indirect shareholders						
UBS Group AG	100	100	100	–	–	–
Credit Suisse Group AG	–	–	–	100	100	100
Chase Nominees Ltd.	–	–	–	11	11	11 [2]
DTC (Cede & Co.)	7	7	7	–	–	–
Nortrust Nominees Ltd.	4	4	4	5	5	5 [2]
The Bank of New York Mellon	–	–	–	5	5	5 [2]

1 All shares with voting rights.
2 Nominee holdings in former Credit Suisse Group AG shares exceeding 2% were registered with a right to vote only if the nominee confirmed that no individual shareholder held more than 0.5% of the outstanding share capital or if the nominee disclosed the identity of any beneficial owner holding more than 0.5% of the outstanding capital.

The sole direct shareholder of Credit Suisse (Schweiz) AG is Credit Suisse AG, which holds 100% of the Credit Suisse (Schweiz) AG shares. These shares are entitled to voting rights. Indirect shareholders of Credit Suisse (Schweiz) AG, who do not have voting rights, include UBS Group AG, which holds 100% of the Credit Suisse AG shares. Included in the table above are also direct shareholders of UBS Group AG (acting in their own name or in their capacity as nominees for other investors or beneficial owners) that were registered in the UBS Group AG share register with 3% or more of the share capital of UBS Group AG as of December 31, 2023. The shares and share capital of Credit Suisse (Schweiz) AG held by indirect shareholders shown in the table below represent their relative holding of UBS Group AG shares. They do not have voting rights in Credit Suisse (Schweiz) AG.

Comparative information included in the table relates to shareholders and indirect shareholders under the former Credit Suisse Group AG where a threshold of 5% of the voting rights was applied to the disclosure of holdings in Credit Suisse Group AG shares registered in the share register as of December 31, 2022, in line with Swiss GAAP statutory guidance.

Shareholders with a qualified participation

As of December 31, 2023, Credit Suisse AG as direct shareholder of Credit Suisse (Schweiz) AG and UBS Group AG as direct shareholder of Credit Suisse AG are the only shareholders with a qualified participation in accordance with Bank Law.

→ Refer to "Note 23 – Amounts receivable from and amounts payable to related parties" for further information on shareholders with a qualified participation.

22 Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans

In 2023, certain members of the Board also served on the board of directors or executive board of UBS Group AG and/or Credit Suisse AG or in other functions at UBS. Compensation to such members of the Board was determined by UBS and/or Credit Suisse AG on the basis of their overall function and responsibilities at UBS or Credit Suisse AG and paid by different legal entities of UBS or Credit Suisse AG depending on work location, local contracts, laws and regulations. As of December 31, 2023, one member of the Board also served on the executive board of Credit Suisse AG. Board members who were neither on the board of directors nor the executive board of UBS Group AG or Credit Suisse AG received an annual base fee, committee fees and chair fees paid in cash. In 2023 and 2022, no shares of UBS Group AG and the former Credit Suisse Group AG, respectively, were awarded to these Board members for services provided in relation to Credit Suisse (Schweiz) AG.

Share-based awards outstanding

	2023		2022	
end of	Number of share-based awards outstanding in million	Fair value in CHF million	Number of share-based awards outstanding in million	Fair value in CHF million
Share-based awards [1]				
Members of the Executive Board [2]	0.1	1	2.5	7
Employees [2]	1.9	49	10.2	28
Share-based awards outstanding	**2.0**	**50**	**12.7**	**35**

1 All share-based compensation plans of Credit Suisse (Schweiz) AG are plans which are either settled in shares of UBS Group AG (2022: Credit Suisse Group AG) or in cash on the basis of the fair value of these shares.
2 Includes share-based awards of members of the Board of Directors that they earned in their previous roles as a member of the Executive Board or an employee of Credit Suisse (Schweiz) AG.

Compensation plans

Prior to the acquisition of Credit Suisse Group AG by UBS Group AG, Credit Suisse (Schweiz) AG granted shares in its ultimate parent to certain employees. Following the acquisition, any outstanding shares were converted to UBS Group AG shares (UBS Group shares) at the ratio of 1 UBS Group share for every 22.48 Credit Suisse Group AG shares (Credit Suisse Group shares) held.

In February 2023, Credit Suisse (Schweiz) AG granted 0.3 million share awards with a total value of CHF 4.6 million and 0.1 million transformation share awards with a total value of CHF 2.1 million as deferred variable incentive compensation, after reflecting the conversion to UBS Group shares following the acquisition.

All deferred compensation plans are subject to restrictive covenants, which generally include non-compete and non-solicit provisions. In 2023, deferred compensation was awarded to employees with total compensation for the performance year 2022 greater than or equal to CHF 250,000. With the alignment of compensation to UBS's compensation policies, the mandatory deferral approach applies to all employees with regulatory-driven deferral requirements or total compensation for the performance year 2023 greater than CHF 300,000. Certain regulated employees, such as senior management functions (SMFs) and material risk takers (MRTs), are subject to additional requirements (e.g., more stringent deferral requirements and additional blocking periods). In addition, SMFs and MRTs receive 50% of their cash portion in the form of immediately vested shares, which are blocked for 12 months after grant.

In 2023 and 2022, Credit Suisse (Schweiz) AG's total expenses related to deferred compensation plans were CHF 88 million and CHF 39 million, respectively.

For 2023, post acquisition, all share-based compensation plans of Credit Suisse (Schweiz) AG were either settled in UBS Group shares or in cash on the basis of the fair value of the UBS Group shares. For 2022, all share-based compensation plans of Credit Suisse (Schweiz) AG were either settled in Credit Suisse Group shares or in cash on the basis of the fair value of the Credit Suisse Group shares.

Share awards

Share awards granted prior to the acquisition vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting). Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the UBS Group share price at the time of delivery.

Share awards include other awards, such as special awards, which may be granted to new employees. These awards entitle the holder to receive one UBS Group share and are generally subject to continued employment with Credit Suisse (Schweiz) AG, contain restrictive covenants and cancellation provisions and generally vest between zero and five years.

Merger retention awards granted on the acquisition date are expensed over their applicable vesting periods. These share awards generally vest over 12 months, with the exception of awards granted to employees with awards over a certain value, which vest between two to seven years. With UBS Group AG as the grantor, the grant values of these awards are invoiced over their requisite service periods. No further payments are required to be made by Credit Suisse (Schweiz) AG at the time of settlement with employees.

The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Performance share awards

Prior to 2023, certain employees received a portion of their deferred variable compensation in the form of performance share awards. Performance share awards are similar to share awards, except that the full balance of outstanding performance share awards, including those awarded in prior years, are subject to performance-based malus provisions. The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

The conditions for the outstanding performance share awards granted for prior years were revised and are subject to a downward adjustment if UBS Group has a negative reported return on common equity tier 1 (CET1) for the year with effect from December 31, 2023.

Performance share awards are no longer used as a form of deferred compensation from the 2022 performance year and onwards.

Strategic Delivery Plan
Strategic Delivery Plan (SDP) awards were a one-off share-based award granted in February 2022. The SDP awards are subject to service conditions and performance-based metrics over the course of 2022-2024. SDP awards are scheduled to vest on the third anniversary of the grant date. Prior to settlement, the principal amount of the SDP awards will be written down to zero and forfeited if UBS Group's reported CET1 ratio falls below 7% as of December 31, 2023 or 2024. The majority of SDP awards granted include the right to receive dividend equivalents on vested shares.

Transformation awards
Transformation awards were granted to certain employees identified as being critical to the delivery of the transformation strategy in February 2023. Transformation share awards vest on the third anniversary of grant and are subject to a share price condition and performance conditions. The share price condition and performance conditions were revised. No payment will be made unless the UBS Group share price is at CHF 85.87 or higher on December 31, 2025. If the share price condition is achieved, the amount payable is based on the underlying UBS Group return on CET1 for calendar year 2025, with 100% of the transformation share award due if an underlying UBS Group return on CET1 of 8% is achieved.

Contingent Capital Awards
Contingent Capital Awards (CCA) have not been used as a form of deferred compensation since the 2021 performance year. In 2023, all outstanding CCAs were written down for both vested and unvested awards. Negative deferred compensation expenses of CHF 18 million for CCAs recognized during 2023 reflected the cancellation of the prior-year CCAs.

Deferred fixed cash awards
In 2023, Credit Suisse (Schweiz) AG granted CHF 0.4 million of deferred fixed cash compensation to certain employees. This compensation is expensed over a vesting period of one to three years from the grant date.

Upfront cash awards
In February 2023, Credit Suisse (Schweiz) AG granted CHF 56 million of upfront cash awards to certain employees as part of the cash component of their 2022 variable compensation. These awards are subject to repayment (clawback) by the employee in the event of voluntary resignation, termination for cause or in connection with other specified events or conditions within three years of the award grant. The amount subject to repayment is reduced in equal monthly instalments during the three-year period following the grant date. The related expenses are recognized over the three-year vesting period, subject to service conditions.

Other deferred cash awards
Other deferred cash awards include special awards, merger retention cash awards (vested 60 days after grant), transformation cash awards as well as certain share and performance share awards settled in cash. Compensation expenses were primarily driven by the vesting schedule of these awards as well as mark-to-market adjustments, where applicable.

23 Amounts receivable from and amounts payable to related parties

	2023		2022	
end of	Amounts receivable	Amounts payable	Amounts receivable	Amounts payable
CHF million				
Shareholders with a qualified participation	3,870	22,679	11,446	38,025
Group companies	4,394	331	4,413	248
Affiliated companies	3,259	10,002	1,524	2,084
Members of governing bodies [1]	32	30	70	38

1 Includes both the governing bodies of Credit Suisse (Schweiz) AG and the governing bodies of its direct and indirect holding companies. Governing bodies include members of the Board of Directors, the Executive Board and the statutory auditors and companies controlled by members of each of these bodies.

Significant off-balance sheet transactions

As part of the normal course of business, Credit Suisse (Schweiz) AG issues guarantees and loan commitments and enters into other agreements with group companies which are recorded as off-balance sheet transactions by Credit Suisse (Schweiz) AG. As of December 31, 2023 and 2022, Credit Suisse (Schweiz) AG had off-balance sheet transactions with related parties of CHF 559 million and CHF 589 million, respectively, primarily related to contingent liabilities in connection with the international covered bond program of Credit Suisse AG.

Additional information on related party transactions

For loans and other banking services, members of the Executive Board, employees and former employees may benefit from preferential terms available to all employees as part of Credit Suisse (Schweiz) AG's employee benefit plan. Transactions with related parties are entered into at prevailing market conditions.

→ Refer to "Off-balance sheet transactions" for further information on related party transactions.

24 Total assets by country rating

		2023		2022
end of	CHF million [2]	%	CHF million [2]	%
Internal country rating [1]				
AAA	5,306	2.4%	6,838	3.2%
AA	7,749	3.4%	6,533	3.0%
A	972	0.4%	490	0.2%
BBB	436	0.2%	419	0.2%
Investment grade	14,463	6.4%	14,280	6.6%
BB	147	0.1%	540	0.3%
B	63	0.0%	173	0.1%
CCC	8	0.0%	0	0.0%
D	34	0.0%	9	0.0%
Non-investment grade	252	0.1%	722	0.4%
Foreign assets	**14,715**	**6.5%**	**15,002**	**7.0%**
Domestic assets	**212,428**	**93.5%**	**200,405**	**93.0%**
Total assets	**227,143**	**100.0%**	**215,407**	**100.0%**

1 Internal ratings are calibrated to the long-term issuer credit ratings of Standard & Poor's for the respective sovereigns. Internal country ratings may differ from Standard & Poor's respective country ratings.
2 Balance sheet exposure by country rating of risk domicile.

25 Fiduciary transactions

end of	2023	2022
CHF million		
Fiduciary placements with third-party institutions	1,019	2,914
Fiduciary placements with group companies and affiliated institutions	6,507	3,400
Fiduciary transactions	**7,526**	**6,314**

26 Assets under management

Assets under management

Assets under management include assets for which Credit Suisse (Schweiz) AG provides investment advisory or discretionary asset management services. The classification of assets under management is conditional upon the nature of the services provided by Credit Suisse (Schweiz) AG and the clients' intentions. Assets are individually assessed on the basis of each client's intentions and objectives and the nature of the banking services provided to that client. In order to be classified as assets under management, Credit Suisse (Schweiz) AG must currently or in the foreseeable future expect to provide a service where the involvement of Credit Suisse (Schweiz) AG's banking or investment expertise (e.g., as asset manager or investment advisor) is not purely executional or custodial in nature.

Assets under custody are client assets held mainly for execution-related or safekeeping/custody purposes only and therefore are not considered assets under management since Credit Suisse (Schweiz) AG does not generally provide asset allocation or financial advice.

Assets of corporate clients and public institutions that are used primarily for cash management or transaction executional purposes for which no investment advice is provided are classified as commercial assets or assets under custody and therefore do not qualify as assets under management.

For the purpose of classifying assets under management, clients with multiple accounts are assessed from an overall relationship perspective. Accounts that are clearly separate from the remainder of the client relationship and represent assets held for custody purposes only are not included as assets under management.

The initial classification of the assets may not be permanent as the nature of the client relationship is reassessed on an on-going basis. If changes in client intent or activity warrant reclassification between client asset categories, the required reclassification adjustments are made immediately when the change in intent or activity occurs.

Reclassifications between assets under management and assets held for transaction-related or custodial purposes result in corresponding net asset inflows or outflows.

Assets under management

end of	**2023**	2022
CHF billion		
Assets with discretionary mandates	134.7	135.0
Other assets under management	480.6	498.1
Assets under management	**615.3**	**633.1**
of which double counting	0	0

Changes in assets under management

	2023	2022
CHF billion		
Balance at beginning of period	**633.1**	**731.0**
Net new assets/(Net asset outflows)	(36.4)	(11.3)
Market movements, interest, dividends and foreign exchange	20.2	(85.4)
of which market movements, interest and dividends [1]	31.1	(83.8)
of which foreign exchange	(10.9)	(1.6)
Other effects	(1.6)	(1.2)
Balance at end of period	**615.3**	**633.1**

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

Net new assets

Net new assets measure the degree of success in acquiring assets under management or changes in assets under management through warranted reclassifications. The calculation is based on the direct method, taking into account individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients and commissions, interest and fees charged for banking services are not taken into account when calculating net new assets, as such charges are not directly related to the success of Credit Suisse (Schweiz) AG in acquiring assets under management. Similarly, changes in assets under management due to currency and market volatility as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

→ Refer to "Business developments" in Note 1 – Company details, business developments and subsequent events for further information.

Proposed appropriation of retained earnings

Proposed appropriation of retained earnings

	2023
Retained earnings (CHF million)	
Retained earnings carried forward	185
Net profit	596
Retained earnings	**781**
Dividend	(700) [1]
Retained earnings to be carried forward	**81**

1 Includes a dividend in kind of CHF 1 out of retained earnings to Credit Suisse AG in connection with a transfer of certain business pursuant to a dividend and transfer agreement to be entered into by Credit Suisse (Schweiz) AG, Credit Suisse AG and UBS AG; such transfer and related dividend distribution shall become effective upon the merger between UBS AG and Credit Suisse AG becoming effective.

List of abbreviations

A

A-IRB	Advanced internal ratings-based approach
AMA	Advanced measurement approach

B

Board	Board of Directors

C

CARMC	Capital Allocation & Risk Management Committee
CCA	Contingent Capital Awards
CCO	Chief Compliance Officer
CECL	Current expected credit loss
CEO	Chief Executive Officer
CET1	Common equity tier 1
CFO	Chief Financial Officer
CRO	Chief Risk Officer

E

EAD	Exposure at default
ELA	Emergency Liquidity Assistance

F

FER	Swiss accounting standards (true & fair)
FINMA	Swiss Financial Market Supervisory Authority FINMA

G

GAAP	Generally accepted accounting principles
GDP	Gross domestic product

I

IT	Information technology

L

LGD	Loss given default
LOACOM	Lower of amortized cost or market value
LOCOM	Lower of cost or market value
LTV	Loan-to-value

M

MEFs	Macroeconomic factors
MRTs	Material risk takers

N

NFRF	Non-financial risk framework

O

OGR	Organizational Guidelines and Regulations
OTC	Over-the-counter

P

PD	Probability of default

R

RMC	Risk Management Committee
RPSC	Risk Processes & Standards Committee

S

SCFF	Supply chain finance funds
SDP	Strategic Delivery Plan
SMFs	Senior management functions
SNB	Swiss National Bank
SROs	Strategic risk objectives

U

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

V

VaR	Value-at-risk
VAT	Value added tax

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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