
Basel III – Pillar 3 Reconciliation requirements September 30, 2014

Reconciliation requirements – September 30, 2014

RECONCILIATION REQUIREMENTS

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

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

This document should be read in conjunction with the Credit Suisse Annual Report 2013 and the Credit Suisse 3Q14 Financial Report, which includes important information on regulatory capital.

Balance sheet

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

Balance sheet

	Balance sheet		
	Financial statements	Regulatory scope of consolidation	Reference to composition of capital
end of 9M14			
Assets (CHF million)			
Cash and due from banks	78,119	76,660	
Interest-bearing deposits with banks	1,211	2,484	
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	187,261	185,481	
Securities received as collateral, at fair value	22,246	22,246	
Trading assets, at fair value	245,829	238,986	
Investment securities	2,484	2,436	
Other investments	8,275	8,078	
Net loans	265,243	272,341	
Premises and equipment	4,875	4,875	
Goodwill	8,435	8,435	a
Other intangible assets	251	251	
of which other intangible assets (excluding mortgage servicing rights)	183	183	b
Brokerage receivables	61,519	61,496	
Other assets	68,614	49,527	
of which tax charges deferred as other assets related to regulatory adjustments	1,313	1,313	c
of which deferred tax assets related to net operating losses	990	990	d
of which deferred tax assets from temporary differences	4,843	4,843	e
of which defined-benefit pension fund net assets	2,318	2,318	f
Assets of discontinued operations held-for-sale	0	0	
Total assets	954,362	933,296	

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Balance sheet (continued)

	Balance sheet		
	Financial statements	Regulatory scope of consolidation	Reference to composition of capital
end of 9M14			
Liabilities (CHF million)			
Due to banks	30,548	31,263	
Customer deposits	363,220	372,317	
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	89,905	97,104	
Obligation to return securities received as collateral, at fair value	22,246	22,246	
Trading liabilities, at fair value	77,902	78,120	
Short-term borrowings	32,310	22,000	
Long-term debt	163,676	151,424	
Brokerage payables	76,708	76,805	
Other liabilities	52,896	38,088	
Liabilities of discontinued operations held-for-sale	0	0	
Total liabilities	909,411	889,367	
of which additional tier 1 instruments, fully eligible	10,931	10,931	g
of which additional tier 1 instruments subject to phase-out	2,343	2,343	h
of which tier 2 instruments, fully eligible	6,759	6,759	i
of which tier 2 instruments subject to phase-out	5,063	5,063	j
Common shares ¹	64	64	
Additional paid-in capital ¹	26,851	26,851	
Retained earnings	31,417	31,375	
Treasury shares, at cost	(163)	(163)	
Accumulated other comprehensive income/(loss)	(14,305)	(14,241)	
Total shareholders' equity	43,864	43,886	
Noncontrolling interests ²	1,087	43	
Total equity	44,951	43,929	
Total liabilities and equity	954,362	933,296	

¹ Eligible as CET1 capital.² The difference between the accounting and regulatory scope of consolidation primarily represents private equity and other fund type vehicles, which FINMA does not require to consolidate for capital adequacy reporting.

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Composition of regulatory capital

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

Composition of BIS regulatory capital

end of	9M14
Eligible capital (CHF million)	
Shareholder's equity (US GAAP)	43,864
Regulatory adjustments	(669) ¹
Adjustments subject to phase-in	(1,359) ²
CET1 capital	41,836
Additional tier 1 instruments	10,884 ³
Additional tier 1 instruments subject to phase-out	2,345 ⁴
Deductions from additional tier 1 capital	(6,889) ⁵
Additional tier 1 capital	6,340
Total tier 1 capital	48,176
Tier 2 instruments	6,735 ⁶
Tier 2 instruments subject to phase-out	4,150
Deductions from tier 2 capital	(248)
Tier 2 capital	10,637
Total eligible capital	58,813

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

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

³ Additional tier 1 instruments consist of high-trigger and low-trigger capital instruments. Of this amount, CHF 6.0 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.9 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.

⁴ Includes hybrid capital instruments that are subject to phase-out.

⁵ Includes 80% of goodwill and other intangible assets (CHF 6.9 billion) and other capital deductions, including gains/(losses) due to changes in own credit risk on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

⁶ Tier 2 instruments consist of high-trigger and low-trigger capital instruments. Of this amount, CHF 2.6 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.1 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

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The following tables provide details on CET1 capital adjustments subject to phase-in and details on additional tier 1 capital and tier 2 capital. The column “Transition amount” represents the amounts that have been recognized in eligible capital as of September 30,

2014. The column “Amount to be phased in” represents those amounts that are still to be phased in as CET1 capital adjustments through year-end 2018.

Details on CET1 capital adjustments subject to phase-in

end of 9M14	Balance sheet	Reference to balance sheet ¹	Regulatory adjustments	Total	Transition amount	Amount to be phased in
CET1 capital adjustments subject to phase-in (CHF million)						
Adjustment for accounting treatment of defined benefit pension plans	–		–	–	1,415 ²	(1,415)
Common share capital issued by subsidiaries and held by third parties	–		–	–	41	(41)
Goodwill	8,435	a	(76) ³	8,359	(1,672)	(6,687) ⁴
Other intangible assets (excluding mortgage-servicing rights)	183	b	(44) ⁵	139	(28)	(111) ⁴
Deferred tax assets that rely on future profitability (excluding temporary differences)	2,303	c, d	–	2,303	(461)	(1,842) ⁶
Shortfall of provisions to expected losses	–		–	–	(124)	(495) ⁷
Gains and losses due to changes in own credit risk on fair valued liabilities	–		–	–	24	95 ⁸
Defined-benefit pension fund net assets	2,318	f	(480) ⁵	1,838	(368)	(1,470) ⁶
Other adjustments ⁹	–		–	–	(6)	(29) ⁴
Amounts above 10% threshold	4,843		(3,943)	900	(180)	(720)
of which deferred tax assets from temporary differences	4,843	e	(3,943) ¹⁰	900	(180)	(720) ⁶
Adjustments subject to phase-in to CET1 capital					(1,359)	(12,715)

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

² Reflects 80% of an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements.

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

⁴ Deducted from additional tier 1 capital.

⁵ Includes related deferred tax liability.

⁶ Risk-weighted.

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

⁸ CHF 186 million related to debt instruments deducted from additional tier 1 capital.

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

¹⁰ Includes threshold adjustments of CHF (4,202) million and an aggregate of CHF 259 million related to the add-back of deferred tax liabilities on goodwill, other intangible assets and pension that are netted against deferred tax assets under US GAAP.

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Details on additional tier 1 capital and tier 2 capital

end of 9M14	Balance sheet	Reference to balance sheet ¹	Regulatory adjustments	Total	Transition amount
Additional tier 1 capital (CHF million)					
Additional tier 1 instruments ²	10,931	g	(47) ³	10,884	10,884
Additional tier 1 instruments subject to phase-out ²	2,343	h	2	2,345	2,345
Total additional tier 1 instruments					13,229
Transitional deductions from additional tier 1 capital					(6,889)
of which goodwill					(6,687) ⁴
of which other intangible assets (excluding mortgage-servicing rights)					(111) ⁴
of which shortfall of provisions to expected losses					(248)
of which gains/(losses) due to changes in own credit risk on fair valued financial liabilities					186
of which other adjustments ⁵					(29)
Deductions from additional tier 1 capital					(6,889)
Additional tier 1 capital					6,340
Tier 2 capital (CHF million)					
Tier 2 instruments	6,759	i	(24) ⁶	6,735	6,735
Tier 2 instruments subject to phase-out	5,063	j	(913) ⁷	4,150	4,150
Total tier 2 instruments					10,885
Transitional deductions from tier 2 capital					(248)
of which shortfall of provisions to expected losses					(248)
Deductions from tier 2 capital					(248)
Tier 2 capital					10,637

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

² Classified as liabilities under US GAAP.

³ Includes the reversal of gains/(losses) due to changes in own credit spreads on fair valued capital instruments that will be deducted from CET1 once Basel III is fully implemented, a regulatory haircut for Contingent Capital Awards that qualify as additional tier 1 and high-trigger capital instruments for regulatory capital purposes as well as the impact of the regulatory treatment of own holdings.

⁴ Net of related deferred tax liability.

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

⁶ Includes the reversal of gains/(losses) due to changes in own credit spreads on fair valued capital instruments that will be deducted from CET1 once Basel III is fully implemented as well as the impact of the regulatory treatment of own holdings.

⁷ Primarily includes the impact of the prescribed amortization requirements as instruments move closer to their maturity.

Additional information

end of	9M14
Risk-weighted assets related to amounts subject to phase-in (CHF million)¹	
Adjustments for accounting treatment of pension plans	1,835
Defined-benefit pension fund net assets	1,470
Deferred tax assets	255
Risk-weighted assets related to amounts subject to phase-in	3,560
Amounts below the thresholds for deduction (before risk weighting) (CHF million)	
Non-significant investments in BFI entities	3,563
Significant investments in BFI entities	632
Mortgage servicing rights	69 ²
Deferred tax assets arising from temporary differences	4,202 ²
Exposures below 15% threshold	4,903

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

² Net of related deferred tax liability.