

CREDIT SUISSE GROUP AG
Form 6-K
February 14, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

February 14, 2018
Commission File Number 001-15244
CREDIT SUISSE GROUP AG
(Translation of registrant's name into English)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Commission File Number 001-33434
CREDIT SUISSE AG
(Translation of registrant's name into English)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Explanatory note

On February 14, 2018, the Credit Suisse Earnings Release 4Q17 was published. A copy of the Earnings Release is attached as an exhibit to this report on Form 6-K. This report on Form 6-K (including the exhibit hereto) is hereby (i) incorporated by reference into the Registration Statement on Form F-3 (file no. 333-218604) and the Registration Statements on Form S-8 (file nos. 333-101259, 333-208152 and 333-217856), and (ii) shall be deemed to be “filed” for purposes of the Securities Exchange Act of 1934, as amended, except, in the case of both (i) and (ii), the information under “Differences between Group and Bank” and “Selected financial data – Bank” shall not be incorporated by reference into, or be deemed “filed”, with respect to the Registration Statements on Form S-8 (file nos. 333-101259, 333-208152 and 333-217856).

Credit Suisse Group AG and Credit Suisse AG file an annual report on Form 20-F and file quarterly reports, including unaudited interim financial information, and furnish or file other reports on Form 6-K with the US Securities and Exchange Commission (SEC) pursuant to the requirements of the Securities Exchange Act of 1934, as amended. The SEC reports of Credit Suisse Group AG and Credit Suisse AG are available to the public over the internet at the SEC’s website at www.sec.gov and from the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (telephone 1-800-SEC-0330). The SEC reports of Credit Suisse Group AG and Credit Suisse AG are also available under “Investor Relations” on Credit Suisse Group AG’s website at www.credit-suisse.com and at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005.

Unless the context otherwise requires, references herein to “Credit Suisse Group,” “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries and the term “the Bank” means Credit Suisse AG, the direct bank subsidiary of the Group, and its consolidated subsidiaries.

SEC regulations require certain information to be included in registration statements relating to securities offerings. Such additional information for the Group and the Bank is included in this report on Form 6-K, which should be read together with the Group’s and the Bank’s annual report on Form 20-F for the year ended December 31, 2016 (Credit Suisse 2016 20-F) filed with the SEC on March 24, 2017, the Group’s financial report for the first quarter of 2017 (Credit Suisse Financial Report 1Q17), filed with the SEC on Form 6-K on May 4, 2017, the Group’s financial report for the second quarter of 2017 (Credit Suisse Financial Report 2Q17), filed with the SEC on Form 6-K on July 28, 2017 and the Group’s financial report for the third quarter of 2017 (Credit Suisse Financial Report 3Q17), filed with the SEC on Form 6-K on November 2, 2017 and the Group’s earnings release for the fourth quarter of 2017 (Credit Suisse Earnings Release 2017), filed with the SEC as Exhibit 99.1 hereto.

This report filed on Form 6-K also contains certain information about Credit Suisse AG (Bank) relating to its results as of and for the three and twelve months ended December 31, 2017. The Bank, a Swiss bank and joint stock corporation established under Swiss law, is a wholly-owned subsidiary of the Group. The Bank’s registered head office is in Zurich, and it has additional executive offices and principal branches in London, New York, Hong Kong, Singapore and Tokyo.

References herein to “CHF” are to Swiss francs.

Forward-looking statements

This Form 6-K and the information incorporated by reference in this Form 6-K include statements that constitute forward-looking statements. In addition, in the future the Group, the Bank and others on their behalf may make statements that constitute forward-looking statements.

When evaluating forward-looking statements, you should carefully consider the cautionary statement regarding forward-looking information, the risk factors and other information set forth in the Credit Suisse 2016 20-F, and subsequent annual reports on Form 20-F filed by the Group and the Bank with the SEC, the Group’s and the Bank’s reports on Form 6-K furnished to or filed with the SEC, and other uncertainties and events.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of the Group, and substantially all of the Bank's operations are conducted through the Swiss Universal Bank, International Wealth Management, Asia Pacific, Global Markets, Investment Banking & Capital Markets and the Strategic Resolution Unit segments. These segment results are included in Core Results, except for the Strategic Resolution Unit, which is part of the Credit Suisse results. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank. Certain other assets, liabilities and results of operations are managed as part of the activities of the six segments. However, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. These relate principally to (i) financing vehicles of the Group, which include special purpose vehicles for various funding activities of the Group, including for the purpose of raising capital; and (ii) hedging activities relating to share-based compensation awards.

These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

Comparison of consolidated statements of operations

| in | 4Q17 | Bank 4Q16 | 4Q17 | Group 4Q16 | 2017 | Bank 2016 | 2017 | Group 2016 |
|--|---------|--------------|---------|---------------|---------|--------------|--------|---------------|
| Statements of operations (CHF million) | | | | | | | | |
| Net revenues | 5,251 | 5,246 | 5,189 | 5,181 | 20,965 | 20,393 | 20,900 | 20,323 |
| Total operating expenses | 5,055 | 7,374 | 5,005 | 7,309 | 19,202 | 22,630 | 18,897 | 22,337 |
| Income/(loss) before taxes | 153 | (2,203) | 141 | (2,203) | 1,553 | (2,489) | 1,793 | (2,266) |
| Net loss | (2,110) | (2,662) | (2,093) | (2,617) | (1,228) | (2,889) | (948) | (2,707) |
| Net loss attributable to shareholders | (2,134) | (2,659) | (2,126) | (2,619) | (1,255) | (2,883) | (983) | (2,710) |

Comparison of consolidated balance sheets

| end of | 4Q17 | Bank 4Q16 | 4Q17 | Group 4Q16 |
|--|---------|--------------|---------|---------------|
| Balance sheet statistics (CHF million) | | | | |
| Total assets | 798,372 | 822,065 | 796,289 | 819,861 |
| Total liabilities | 754,822 | 778,207 | 754,100 | 777,550 |

Capitalization and indebtedness

| end of | 4Q17 | Bank 4Q16 | 4Q17 | Group 4Q16 |
|---|----------------|----------------|----------------|----------------|
| Capitalization and indebtedness (CHF million) | | | | |
| Due to banks | 15,411 | 22,800 | 15,413 | 22,800 |
| Customer deposits | 362,303 | 357,224 | 361,162 | 355,833 |
| Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions | 26,496 | 33,016 | 26,496 | 33,016 |
| Long-term debt | 172,042 | 192,495 | 173,032 | 193,315 |
| Other liabilities | 178,570 | 172,672 | 177,997 | 172,586 |
| Total liabilities | 754,822 | 778,207 | 754,100 | 777,550 |
| Total equity | 43,550 | 43,858 | 42,189 | 42,311 |
| Total capitalization and indebtedness | 798,372 | 822,065 | 796,289 | 819,861 |

BIS capital metrics

| end of | 4Q17 | Bank 4Q16 | 4Q17 | Group 4Q16 |
|--|---------|--------------|---------|---------------|
| Capital and risk-weighted assets (CHF million) | | | | |
| CET1 capital | 38,433 | 37,356 | 36,711 | 36,576 |
| Tier 1 capital | 52,378 | 48,888 | 51,482 | 48,865 |
| Total eligible capital | 57,592 | 55,802 | 56,696 | 55,728 |
| Risk-weighted assets | 272,720 | 270,653 | 272,815 | 271,372 |
| Capital ratios (%) | | | | |
| CET1 ratio | 14.1 | 13.8 | 13.5 | 13.5 |
| Tier 1 ratio | 19.2 | 18.1 | 18.9 | 18.0 |
| Total capital ratio | 21.1 | 20.6 | 20.8 | 20.5 |

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Selected financial data – Bank

Condensed consolidated statements of operations

| in | 4Q17 | 4Q16 | % change | 2017 | 2016 | % change |
|---|----------------|----------------|-------------|----------------|----------------|-------------|
| Condensed consolidated statements of operations (CHF million) | | | | | | |
| Interest and dividend income | 4,141 | 3,810 | 9 | 17,061 | 17,375 | (2) |
| Interest expense | (2,545) | (2,180) | 17 | (10,369) | (9,781) | 6 |
| Net interest income | 1,596 | 1,630 | (2) | 6,692 | 7,594 | (12) |
| Commissions and fees | 3,075 | 2,913 | 6 | 11,672 | 10,938 | 7 |
| Trading revenues | 208 | 324 | (36) | 1,300 | 371 | 250 |
| Other revenues | 372 | 379 | (2) | 1,301 | 1,490 | (13) |
| Net revenues | 5,251 | 5,246 | 0 | 20,965 | 20,393 | 3 |
| Provision for credit losses | 43 | 75 | (43) | 210 | 252 | (17) |
| Compensation and benefits | 2,410 | 2,739 | (12) | 9,964 | 10,777 | (8) |
| General and administrative expenses | 2,137 | 4,186 | (49) | 7,413 | 9,885 | (25) |
| Commission expenses | 364 | 394 | (8) | 1,429 | 1,455 | (2) |
| Restructuring expenses | 144 | 55 | 162 | 396 | 513 | (23) |
| Total other operating expenses | 2,645 | 4,635 | (43) | 9,238 | 11,853 | (22) |
| Total operating expenses | 5,055 | 7,374 | (31) | 19,202 | 22,630 | (15) |
| Income/(loss) before taxes | 153 | (2,203) | – | 1,553 | (2,489) | – |
| Income tax expense | 2,263 | 459 | 393 | 2,781 | 400 | – |
| Net loss | (2,110) | (2,662) | (21) | (1,228) | (2,889) | (57) |
| Net income/(loss) attributable to noncontrolling interests | 24 | (3) | – | 27 | (6) | – |
| Net loss attributable to shareholders | (2,134) | (2,659) | (20) | (1,255) | (2,883) | (56) |

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Selected financial data – Bank (continued)

Condensed consolidated balance sheets

| end of | 4Q17 | 4Q16 | % change |
|---|----------------|----------------|----------|
| Assets (CHF million) | | | |
| Cash and due from banks | 109,510 | 121,066 | (10) |
| Interest-bearing deposits with banks | 721 | 767 | (6) |
| Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions | | | |
| | 115,346 | 134,839 | (14) |
| Securities received as collateral | 38,074 | 32,564 | 17 |
| Trading assets | 156,774 | 165,392 | (5) |
| Investment securities | 2,189 | 2,486 | (12) |
| Other investments | 5,893 | 6,717 | (12) |
| Net loans | 283,237 | 278,960 | 2 |
| Premises and equipment | 4,445 | 4,666 | (5) |
| Goodwill | 4,036 | 4,189 | (4) |
| Other intangible assets | 223 | 213 | 5 |
| Brokerage receivables | 46,968 | 33,431 | 40 |
| Other assets | 30,956 | 36,775 | (16) |
| Total assets | 798,372 | 822,065 | (3) |
| Liabilities and equity (CHF million) | | | |
| Due to banks | 15,411 | 22,800 | (32) |
| Customer deposits | 362,303 | 357,224 | 1 |
| Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions | | | |
| | 26,496 | 33,016 | (20) |
| Obligation to return securities received as collateral | 38,074 | 32,564 | 17 |
| Trading liabilities | 39,132 | 44,952 | (13) |
| Short-term borrowings | 26,378 | 15,385 | 71 |
| Long-term debt | 172,042 | 192,495 | (11) |
| Brokerage payables | 43,303 | 39,852 | 9 |
| Other liabilities | 31,683 | 39,919 | (21) |
| Total liabilities | 754,822 | 778,207 | (3) |
| Total shareholder's equity | 42,670 | 42,789 | 0 |
| Noncontrolling interests | 880 | 1,069 | (18) |
| Total equity | 43,550 | 43,858 | (1) |
| Total liabilities and equity | 798,372 | 822,065 | (3) |
| BIS statistics (Basel III) | | | |
| end of | 4Q17 | 4Q16 | % change |
| Eligible capital (CHF million) | | | |
| Common equity tier 1 (CET1) capital | 38,433 | 37,356 | 3 |
| Tier 1 capital | 52,378 | 48,888 | 7 |
| Total eligible capital | 57,592 | 55,802 | 3 |
| Capital ratios (%) | | | |
| CET1 ratio | 14.1 | 13.8 | – |
| Tier 1 ratio | 19.2 | 18.1 | – |
| Total capital ratio | 21.1 | 20.6 | – |

Exhibits

No. Description

99.1 Credit Suisse Earnings Release 4Q17

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE GROUP AG and CREDIT SUISSE AG

(Registrant)

Date: February 14, 2018

By:

/s/ Tidjane Thiam

Tidjane Thiam

Chief Executive Officer

/s/ David R. Mathers

David R. Mathers

Chief Financial Officer

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