CREDIT SUISSE GROUP AG
Form 6-K
March 25, 2011

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

March 25, 2011
Commission File Number 001-15244
CREDIT SUISSE GROUP AG

(Translation of registrant's name into English)
Paradeplatz 8, P.O. Box 1, CH-8070 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.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.

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

(Registrant)

Date: March 25, 2011

By:

/s/ Tobias Guldimann

Tobias Guldimann

Chief Risk Officer

By:

/s/ David R. Mathers

David R. Mathers

Chief Financial Officer

For purposes of this report, unless the context otherwise requires, the terms "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "the Bank" when we are only referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

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

1. Introduction

The purpose of this Pillar 3 report is to provide updated information as of December 31, 2010 on our implementation of the Basel II framework and risk assessment processes in accordance with the Pillar 3 requirements. This document should be read in conjunction with the Credit Suisse Annual Report 2010, which include important information on regulatory capital and risk management (specific references have been made herein to this document). Since January 1, 2008, Credit Suisse has operated under the international capital adequacy standards set forth by the Basel Committee on Banking Supervision, known as Basel II, as implemented by the Swiss Financial Market Supervisory Authority (FINMA).

In certain cases, the Pillar 3 disclosures differ from the way we manage our risks for internal management purposes and disclose them in the Annual Report. For further information regarding the way that we manage risk, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management (pages 119 to 140)* in the Credit Suisse Annual Report 2010. For further information on economic capital, our core Group-wide risk management tool, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management (pages 115 to 118)* in the Credit Suisse Annual Report 2010.

Certain reclassifications have been made to prior periods to conform to the current period's presentation.

The Pillar 3 report is produced and published semi-annually, in accordance with FINMA requirements.

This report was verified and approved internally in line with our Basel II Pillar 3 disclosure policy. The Pillar 3 report has not been audited by the Group's external auditors. However, it also includes information that is contained within the audited consolidated financial statements as reported in the Credit Suisse Annual Report 2010.

Scope of application

The highest consolidated entity in the Group to which Basel II applies is Credit Suisse Group. For further information on regulation, refer to *I – Information on the company – Regulation and supervision (pages 35 to 42)* and to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management (pages 109 to 113)* in the Credit Suisse Annual Report 2010.

Principles of consolidation

For financial reporting purposes, our consolidation principles comply with accounting principles generally accepted in the US (US GAAP). For capital adequacy reporting purposes, however, entities that are not active in banking and finance are not subject to consolidation (i.e. insurance, real estate and commercial companies). These investments, which are not material to the Group, are treated in accordance with the regulatory rules and are either subject to a risk-weighted capital requirement or a deduction from regulatory capital. FINMA has advised the Group that it may continue to include equity from special purpose entities that are deconsolidated under US GAAP as tier 1 capital. We have also received an exemption from FINMA not to consolidate private equity fund type vehicles.

For a list of significant subsidiaries and associated entities of Credit Suisse, refer to *Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group (pages 338 to 340)* in the Credit Suisse Annual Report 2010.

Restrictions on transfer of funds or regulatory capital

We do not believe that legal or regulatory restrictions constitute a material limitation on the ability of our subsidiaries to pay dividends or our ability to transfer funds or regulatory capital within the Group.

For information on our liquidity, funding and capital management and dividends and dividend policy, refer to *III – Treasury, Risk, Balance sheet and Off-Balance sheet – Treasury management (pages 96 to 118)* in the Credit Suisse Annual Report 2010.

Capital deficiencies

The Group's subsidiaries which are not included in the regulatory consolidation did not report any capital deficiencies in 2010.

2. Capital

For information on our capital structure, eligible capital and shareholders' equity and capital adequacy refer to *III – Treasury, Risk, Balance sheet and Off-Balance sheet – Treasury management (pages 101 to 110)* in the Credit Suisse Annual Report 2010.

Regulatory capital is calculated and managed according to Basel II and used to determine BIS ratios and, according to the Swiss Capital Adequacy Ordinance, the FINMA capital requirement covering ratio. The main differences between the BIS and FINMA calculations are the multipliers used for certain risk classes and additional FINMA requirements for market risk. The main impact of the multipliers is related to credit non-counterparty-related risks, for which FINMA uses a multiplier of 3.0 versus 1.0 for BIS. The additional FINMA requirements for market risk are for Value-at-Risk (VaR) backtesting exceptions, where FINMA imposes higher multipliers than BIS for more than ten exceptions, and stress-test-based risk-weighted assets for hedge funds.

BIS ratios compare eligible capital by tier 1 and total capital with BIS risk-weighted assets whereas the FINMA capital requirement covering ratio compares total capital with FINMA required capital.

During the transition period from Basel I to Basel II, the capital requirements include a floor adjustment that limits the benefit received from conversion. For Credit Suisse Group, the floor adjustment only had an impact on the FINMA capital requirements.

Description of regulatory approaches

Basel II provides a range of options for determining the capital requirements in order to allow banks and supervisors the ability to select approaches that are most appropriate. In general, Credit Suisse has adopted the most advanced approaches, which align with the way that risk is internally managed and provide the greatest risk sensitivity. Basel II focuses on credit risk, market risk, operational risk, securitization risk and equity and interest rate risk in the banking book. The regulatory approaches for each of these risk exposures and the related disclosures under Pillar 3 are set forth below.

Credit risk

Basel II permits banks a choice between two broad methodologies in calculating their capital requirements for credit risk, the internal ratings-based (IRB) approach or the standardized approach. Off-balance-sheet items are converted into credit exposure equivalents through the use of credit conversion factors (CCF).

The majority of our credit risk is with institutional counterparties (sovereigns, other institutions, banks and corporates) and arises from lending and trading activity in the Investment Banking and Private Banking divisions. The remaining credit risk is with retail counterparties and mostly arises in the Private Banking division from residential mortgage loans and other secured lending, including loans collateralized by securities.

Under the IRB approach, risk weights are determined by using internal risk parameters. We have received approval from FINMA to use, and have fully implemented, the advanced internal ratings-based (A-IRB) approach whereby we provide our own estimates for probability of default (PD), loss given default (LGD) and exposure at default (EAD). We use the A-IRB approach to determine our institutional credit risk and most of our retail credit risk.

PD parameters capture the risk of a counterparty defaulting over a one-year time horizon. PD estimates are based on time-weighted averages of historical default rates by rating grade, with low-default-portfolio estimation techniques applied for higher quality rating grades. Each PD reflects the internal rating for the relevant obligor.

LGD parameters consider seniority, collateral, counterparty industry and in certain cases fair value markdowns. LGD estimates are based on an empirical analysis of historical loss rates and are calibrated to reflect time and cost of recovery as well as economic downturn conditions. For much of the Private Banking loan portfolio, the LGD is primarily dependent upon the type and amount of collateral pledged. For other retail credit risk, predominantly loans secured by financial collateral, pool LGDs differentiate between standard and higher risks, as well as domestic and foreign transactions. The credit approval and collateral monitoring process are based on loan-to-value limits. For mortgages (residential or commercial), recovery rates are differentiated by type of property.

EAD is either derived from balance sheet values or by using models. EAD for a non-defaulted facility is an estimate of the gross exposure upon default of the obligor. Estimates are derived based on a CCF approach using default-weighted averages of historical realized conversion factors on defaulted loans by facility type. Estimates are calibrated to capture negative operating environment effects.

We have received approval from FINMA to use the internal model method for measuring counterparty risk for the majority of our derivative and secured financing exposures.

Risk weights are calculated using either the PD/LGD approach or the supervisory risk weights (SRW) approach for certain types of specialized lending.

Under the standardized approach, risk weights are determined either according to credit ratings provided by recognized external credit assessment institutions or, for unrated exposures, by using the applicable regulatory risk weights. Less than 10% of our credit risk is determined using this approach.

Market risk

For calculating the capital requirements for market risk, the internal models approach (IMA) or the standardized approach is used. We have received approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our VaR model to calculate trading book market risk capital requirements under the IMA. We apply the IMA to the vast majority of the positions in our trading book. We continue to receive regulatory approval for ongoing enhancements to the VaR methodology, and the VaR model is subject to regular reviews by regulators and auditors.

We use the standardized approach to determine our market risk for a small number of positions, which represent an immaterial proportion of our overall market risk exposure.

Operational risk

We have received approval from FINMA to use the advanced measurement approach (AMA) for measuring operational risk. Under this approach we have identified key scenarios that describe major operational risks relevant to us. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

Securitization risk

For securitizations, the regulatory capital requirements are calculated using IRB approaches: the ratings-based approach (RBA) and the supervisory formula approach (SFA).

Other risks

For equity type securities in the banking book, risk weights are determined using the IRB Simple approach based on the equity sub-asset type (qualifying private equity, listed equity and all other equity positions).

Regulatory fixed risk weights are applied to settlement and non-counterparty-related exposures. Settlement exposures arise from unsettled or failed transactions where cash or securities are delivered without a corresponding receipt. Non-counterparty-related exposures arise from holdings of premises and equipment, real estate and investments in real estate entities.

For other items, we received approval from FINMA to apply a simplified Institute Specific Direct Risk Weight approach to immaterial portfolios.

Risk-weighted assets

		2010			2009	
end of	Advanced	Standardized	Total	Advanced	Standardized	Total
Risk-weighted assets (CHF million)						
Sovereigns	5,495	–	5,495	6,616	–	6,616
Other institutions	1,443	–	1,443	1,414	–	1,414
Banks	20,268	74	20,342	19,939	72	20,011
Corporates	87,987	–	87,987	91,585	–	91,585
Residential mortgage	11,665	–	11,665	11,112	–	11,112
Qualifying revolving retail	319	–	319	300	–	300
Other retail	7,545	300	7,845	7,100	531	7,631
Other exposures	–	5,031	5,031	–	5,171	5,171
Credit risk [1]	134,722	5,405	140,127	138,066	5,774	143,840
Market risk	17,647	1,277	18,924	16,728	730	17,458
Operational risk	33,662	–	33,662	32,013	–	32,013
Equity type securities in the banking book	12,471	–	12,471	14,264	–	14,264
Securitization risk	3,585	–	3,585	3,810	–	3,810
Settlement risk	–	922	922	–	1,565	1,565
Non-counterparty-related risk	–	7,380	7,380	–	7,141	7,141
Other items	–	1,631	1,631	–	1,518	1,518
Total BIS risk-weighted assets	**202,087**	**16,615**	**218,702**	**204,881**	**16,728**	**221,609**
Other multipliers [2]	788	15,542	16,330	1,086	15,106	16,192
VaR hedge fund add-on [3]	2,436	–	2,436	3,716	–	3,716
	205,311	**32,157**	**237,468**	**209,683**	**31,834**	**241,517**

Total FINMA risk-weighted assets [4]

1 For a description of the asset classes refer to section 4 - Credit risk. 2 Primarily related to credit non-counterparty-related risk. 3 The VaR hedge fund capital add-on is stress-test-based and was introduced by the FINMA in 2008 for hedge fund exposures in the trading book. This capital add-on is required for the FINMA calculation in addition to the VaR-based market risk capital charge already included in BIS capital. For further information, refer to section 6 – Market risk. 4 Excluding FINMA floor adjustment of zero and CHF 7,956 million in 2010 and 2009, respectively.

BIS and FINMA statistics

		Group		Bank
end of	2010	2009	2010	2009
BIS statistics				
Tier 1 capital (CHF million)	37,725	36,207	35,310	34,695
Total eligible capital (CHF million)	47,799	45,728	47,569	46,320
Tier 1 ratio (%)	17.2	16.3	17.1	16.5
Total capital ratio (%)	21.9	20.6	23.1	22.0
FINMA statistics				
FINMA required capital (CHF million) [1]	18,997	19,321	17,856	18,316
Capital requirement covering ratio (%) [2]	251.6	236.7	266.4	252.9

1 Calculated as 8% of total FINMA risk-weighted assets. 2 Including the FINMA floor adjustment, the capital requirement coverage ratio for the Group and the Bank would be 251.6% and 263.8% in 2010 and 229.1% and 242.1% in 2009, respectively.

3. Risk exposure and assessment

For information on risk governance, risk organization, risk types and risk limits, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management (pages 119 to 140)* in the Credit Suisse Annual Report 2010.

4. Credit risk

General

For information on our credit risk management approach, ratings and risk mitigation and impaired exposures and allowances, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management (pages 129 to 139)* in the Credit Suisse Annual Report 2010.

For regulatory purposes, we categorize our exposures into broad classes of assets with different underlying risk characteristics including type of counterparty, size of exposure and type of collateral. The asset class categorization is driven by Basel II regulatory rules. The credit asset classes under Basel II are set forth below and are grouped as either institutional or retail.

Institutional credit risk
– Sovereigns: exposures to central governments, central banks, BIS, the International Monetary Fund, the European Central Bank and eligible Multilateral Development Banks (MDB).

– Other institutions: exposures to public bodies with the right to raise taxes or whose liabilities are guaranteed by a public sector entity.

– Banks: exposures to banks, securities firms, stock exchanges and those MDB that do not qualify for sovereign treatment.

– Corporates: exposures to corporations (except small businesses) and public sector entities with no right to raise taxes and whose liabilities are not guaranteed by a public entity. The Corporate asset class also includes specialized lending, in which the lender looks primarily to a single source of revenues to cover the repayment obligations and where only the financed asset serves as security for the exposure (e.g., income producing real estate or commodities finance).

Retail credit risk
– Residential mortgages: includes exposures secured by residential real estate collateral occupied or let by the borrower.

– Qualifying revolving retail: includes credit card receivables and overdrafts.

– Other retail: includes loans collateralized by securities and small business exposures.

Other credit risk
– Other exposures: includes exposures with insufficient information to treat under the A-IRB approach or to allocate under the Standardized approach into any other asset class.

Gross credit exposures by regulatory approach and risk-weighted assets

	A-IRB			Standardized	Total	Risk-weighted assets
	PD/LGD		SRW			
end of	Pre-substitution[1]	Post-substitution				
2010 (CHF million)						
Sovereigns	68,190	68,465	–	–	68,465	5,495
Other institutions	5,115	4,972	–	–	4,972	1,443
Banks	72,081	77,168	11	370	77,549	20,342
Corporates	194,878	189,659	1,949	–	191,608	87,987
Total institutional credit exposures	**340,264**	**340,264**	**1,960**	**370**	**342,594**	**115,267**
Residential mortgage	90,939	90,939	–	–	90,939	