

Credit Suisse 2017 Compensation Report Presentation

March 23, 2018

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Statement regarding non-GAAP financial measures

This presentation also contains non-GAAP financial measures, including adjusted results. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under US GAAP can be found in this presentation in the Appendix, which is available on our website at www.credit-suisse.com.

Statement regarding capital, liquidity and leverage

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder (in each case, subject to certain phase-in periods). As of January 1, 2015, the Bank for International Settlements (BIS) leverage ratio framework, as issued by the Basel Committee on Banking Supervision (BCBS), was implemented in Switzerland by FINMA. Our related disclosures are in accordance with our interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this presentation.

Unless otherwise noted, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments. The look-through tier 1 leverage ratio and CET1 leverage ratio are calculated as look-through BIS tier 1 capital and CET1 capital, respectively, divided by period-end leverage exposure. Swiss leverage ratios are measured on the same period-end basis as the leverage exposure for the BIS leverage ratio.

Sources

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Strategy, progress and performance

Key messages

1 Strong Group performance and shareholder value creation in 2017

- Group's first positive reported PTI since 2014 at CHF 1.8 bn, up CHF 4.1 bn YoY
- Adj. net revenues up 5%, adj. operating expenses down 6%, with adj. PTI of CHF 2.8 bn, up CHF 2.1 bn YoY
- Significant progress towards our ambitious 2018 targets, with strong contribution from our Wealth Management and Investment Banking businesses in 2017

2 Disciplined approach to Group variable incentive compensation pool...

- Group variable incentive compensation¹ moderately up 3% YoY to CHF 3,190 mn in 2017, while adj. PTI up 349% YoY
- Pool reduced by ~CHF 100 mn to reflect impact of 2017 Group net loss following US tax reform

3 ...and overall Executive compensation

- Total ExB compensation for 2017 down 4% YoY
- 2018 AGM proposal to increase total ExB compensation opportunity by 5.5%², while PTI increased significantly in 2017

4 Meaningful changes to Compensation Framework beginning in 2018

- Adoption of shareholder value-focused metrics as we complete our restructuring post 2018
- Reflecting active shareholder engagement in 2017

5 Aligning the Group's strategy, performance, compensation framework and shareholder value

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

1 Including Executive Board 2 Compared to initial proposals at the 2017 AGM

Our strategy

A leading Wealth Manager...

**...with strong Investment
Banking capabilities**

Delivering against our objectives

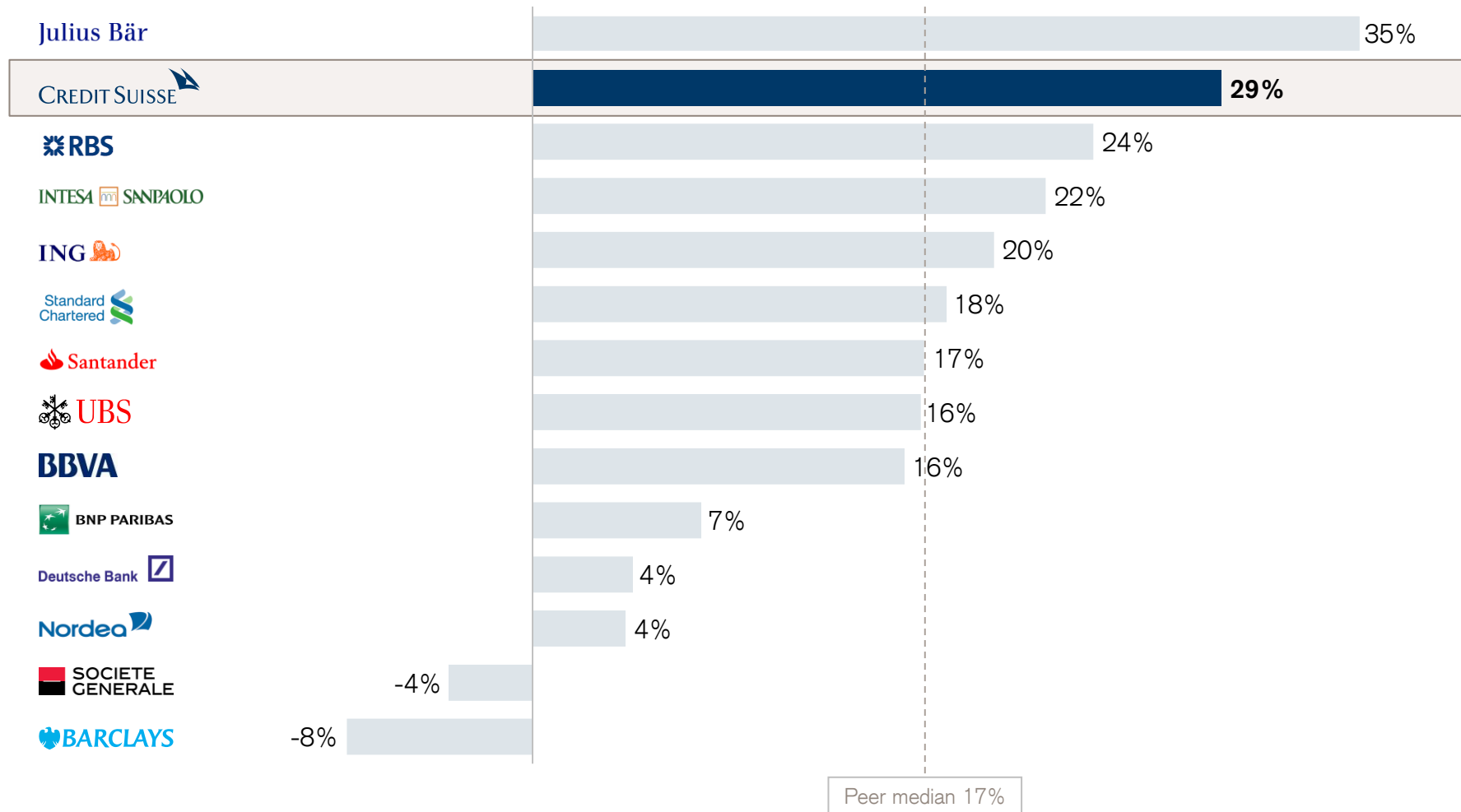
		2015	2017		
Capital	Strengthen our capital position	CET1 ratio	11.4%	12.8%	✓
		Tier-1 leverage ratio	4.5%	5.2%	
Growth	Deliver profitable growth and generate capital organically	Wealth Mgmt. ¹ NNA in CHF bn	18.1	37.2	✓
		NNA growth rate ¹	3%	5%	
		Wealth Mgmt. related ² adj. PTI in CHF bn	2.9	4.2	
Costs	Reduce our cost base	Adjusted operating cost base at constant FX rates* in CHF bn	21.2	18.0	✓
Risk	Right-size and de-risk our Global Markets activities	Global Markets RWA in USD bn	110 ³ (3Q15)	60	✓
		Group VaR ⁴ in CHF mn	49	26	
Legacy	Resolve legacy issues and wind-down the SRU	RWA excl. Op Risk ⁵ in USD bn	54	14	✓
		Adjusted PTI drag in USD bn	(2.3)	(1.9)	

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix * See Appendix

¹ Relating to SUB PC, IWM PB and APAC PB within WM&C ² Relating to SUB, IWM and APAC WM&C ³ Figures for 3Q15 present financial information based on results under our structure prior to our re-segmentation announcement on October 21, 2015; on the basis of our current structure, the 3Q15 RWA for Global Markets is USD 63 bn ⁴ Trading book average one-day, 98% risk management VaR ⁵ Excludes operational risk RWA of CHF 19 bn in 2015 and CHF 20 bn in 2017

Strong shareholder value creation in 2017

2017 Total shareholder return (TSR) for European peers in local currency

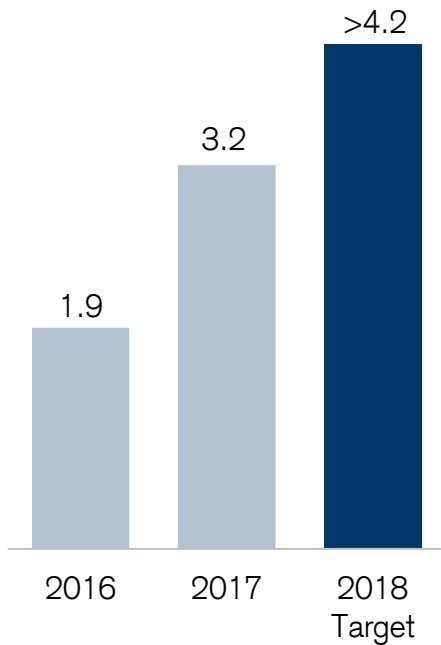


Source: Bloomberg as of December 31, 2017

In 2017 we have made significant progress towards our ambitious 2018 Group targets...

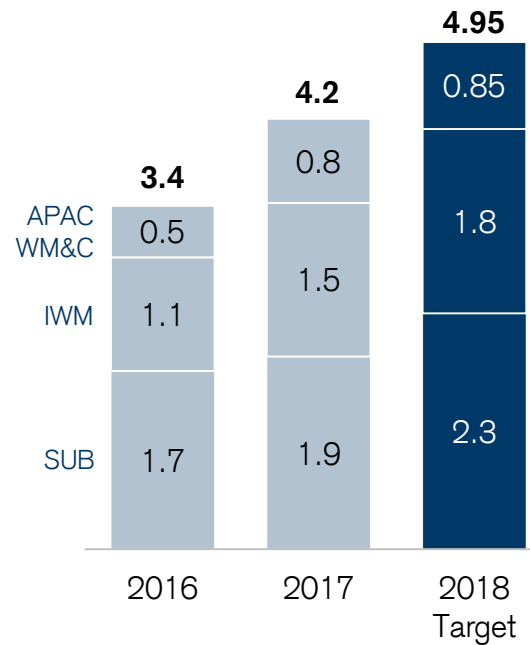
Group net cost savings* since 2015 cumulative, in CHF bn

Achieved over 75% of cost savings target level within 2 years



Wealth Management-related businesses¹ adj. pre-tax income in CHF bn

Achieved 85% of combined 2018 adj. PTI target level within 2 years



Investment Banking 2017 adj. RoRC[†]

IBCM already operated within 2018 adj. RoRC[†] target range

	2016	2017	
IBCM	12%	15%	✓
Global Markets	2%	4%	▲
APAC Markets	9%	(1)%	~

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix ^{*}, [†] See Appendix 1 Relating to SUB, IWM and APAC WM&C

...our Wealth Management businesses have continued to perform strongly...

Wealth Management key metrics

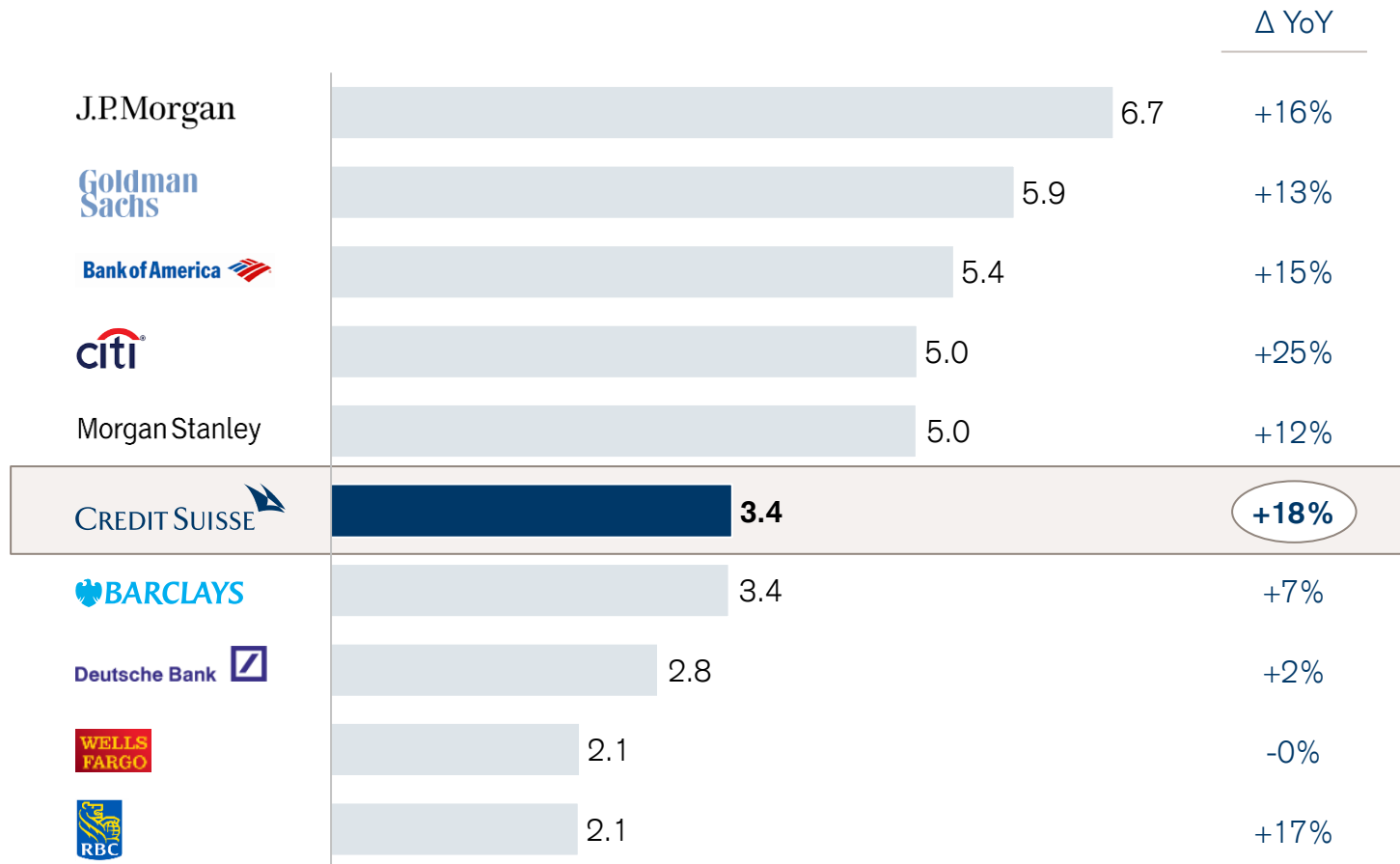
	2015	2017	
Assets under Management ¹	CHF 630 bn	CHF 772 bn	▲
Net New Assets ¹	CHF 18.1 bn	CHF 37.2 bn	▲
NNA ¹ growth rate	3%	5%	▲
UHNW share of NNA ¹	~50%	>75%	▲
Adjusted net margin ¹	28 bps	35 bps	▲
Adjusted PTI ²	CHF 2.9 bn	CHF 4.2 bn	▲

Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

¹ Relating to SUB PC, IWM PB and APAC PB within WM&C ² Relating to SUB, IWM and APAC WM&C

...and we have increased our market share and held the top spot in Investment Banking revenues among our European peers

Investment Banking
global fees 2017¹
in USD bn



¹ Source: Financial Times as of December 26, 2017

We are making real progress in changing the culture of the firm...

Global client risk

90% faster assessment using
Single Client View¹

Ownership &
accountability

75% more reviews
80% more risk factors

Employee risk surveillance¹

Employees subject to
non-financial performance
and Compliance Risk reviews

Performance assessment against
Conduct & Ethics standards

Group Conduct and Ethics Board
launched in 2016

Strong personal
ExB engagement

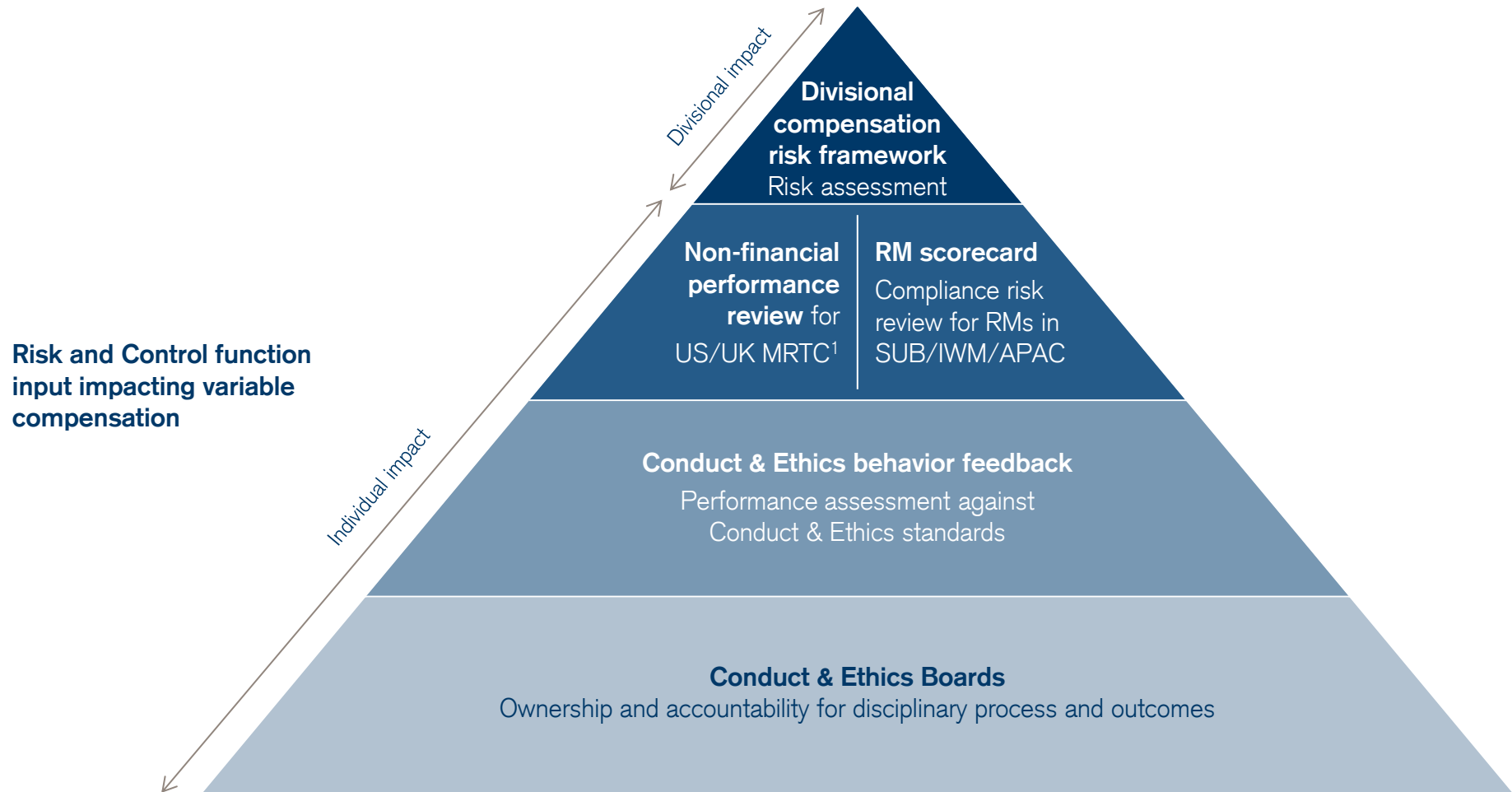
85% faster
10% of costs
101 major investigations closed

Investigations²

Malus and
clawback
provisions

1,000+ control
improvements in
Compliance division²

...and have embedded Risk and Conduct & Ethics assessment to impact variable compensation throughout the Group



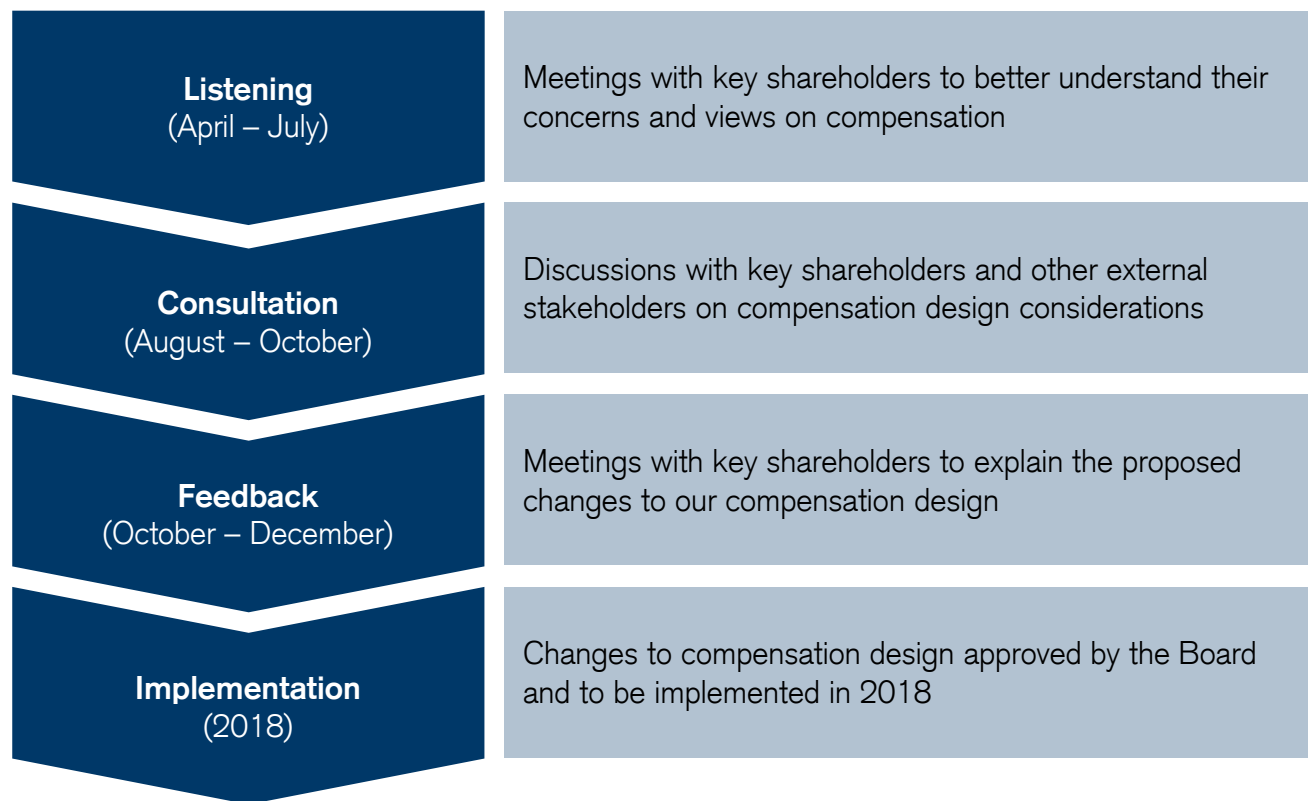
¹ MRTC refers Material Risk Takers & Controllers

2017 Compensation Report highlights

Our Executive Board compensation structure consists of three main building blocks

ExB compensation component	Key features	Design principle
<p>Base salary, pension and benefits</p>	<ul style="list-style-type: none"> ▪ Reflects skills, qualifications, experience, responsibilities and market factors ▪ No performance criteria attached ▪ Payable in cash 	<p>Utilized competitive peer benchmarking levels</p>
<p>Short-term incentive opportunity (STI)</p>	<ul style="list-style-type: none"> ▪ Rewards achievement of annual objectives ▪ Only payable in full if maximum performance levels achieved ▪ 50% cash and 50% deferred cash vesting on 3rd anniversary of grant date 	<p>Pre-defined opportunity range expressed as multiple of base salary reflecting role, market experience and geography</p>
<p>Long-term incentive opportunity (LTI)</p>	<ul style="list-style-type: none"> ▪ Rewards achievement of long-term business plan and returns to shareholders ▪ Performance-dependent payout award determined by achievement of pre-defined targets and value at vesting based on share price development ▪ Only payable in full if maximum performance levels achieved ▪ 100% shares with 3-year performance period, vesting in 3 equal tranches on 3rd, 4th and 5th anniversary of grant date 	

We have actively pursued shareholder engagement during 2017...



Compensation Committee Chairman personally attended 26 investor meetings, covering ~40% of shareholder base

...resulting in key changes to our compensation framework

Select key shareholder themes

Our response

Executive Board	Select key shareholder themes	Our response
	Simple and transparent STI and LTI metrics	<ul style="list-style-type: none"> ■ Introduced Group-level only metrics to determine overall STI pool and LTI awards
	Return, profitability and growth metrics	<ul style="list-style-type: none"> ■ Return on Tangible Equity (RoTE[‡]) and Tangible Book Value per Share (TBVPS[°]) added to LTI performance metrics
	Lower weighting on capital metrics	<ul style="list-style-type: none"> ■ Capital metrics removed from STI and LTI awards given Group's strengthened capital base and transformed capital position
	Greater transparency on performance targets	<ul style="list-style-type: none"> ■ Full disclosure of performance targets for STI (retrospective) and LTI (prospective)
	More stringent performance conditions and hurdles	<ul style="list-style-type: none"> ■ Payout level for target performance reduced from 80% to 67%
	Higher shareholding requirements	<ul style="list-style-type: none"> ■ CEO and ExB requirement increased to 500,000 and 300,000 shares, respectively
Board of Directors	Board fee levels	<ul style="list-style-type: none"> ■ Our Group BoD fees are comparable to market in a Swiss context ■ Following voluntary reductions to his chair fee in the past years, the Chairman proposed to waive 30% of his chair fee of CHF 1.5 mn for the period from the 2017 AGM to the 2018 AGM. Going forward, the Chairman's compensation will return to previously approved levels as the Group completes its restructuring plan ■ Selected BoD members serve on subsidiary boards to enhance governance and align objectives. Subsidiary board fees for Group BoD members set at lower level than fees for other external members on those boards

Note: RoTE (a non-GAAP financial measure) on a reported basis. TBVPS is a non-GAAP financial measure ‡,° See Appendix

Revised performance metrics reflect end of the Group restructuring and wind-down of the SRU, both for the STI...

SRU key metrics in USD bn	2015	2016	2017	Target 2018
RWA excl. Op Risk ²	54	25	14	11
Adj. PTI drag	-2.3	-3.0	-1.9	-1.4

● Restructuring phase

STI awards performance criteria and weighting

		2017 ¹	2018	
Quantitative	Adjusted PTI ⁴	20%	33 1/3%	▲
	CET1 ratio	20%	-	✘
	CET1 leverage ratio	20%	-	✘
	Cost target ³	10%	33 1/3%	▲
Qualitative	Non-financial criteria	30%	33 1/3%	▲
<i>Total number of combined quantitative STI performance criteria for CEO, divisional and functional heads</i>		28	2	▼

Note: Adjusted results are non-GAAP financial measures.

¹ Refers to CEO and functional heads; for divisional heads, Group-level quantitative criteria comprise 30% (thereof adjusted PTI 7.5% and CET1 ratio and CET1 leverage ratio each 11.25%), and specific divisional level quantitative criteria comprise 40% ² Excludes operational risk RWA of CHF 19 bn in 2015, CHF 20 bn in 2016 and CHF 20 bn in 2017 ³ Relating to adjusted operating expenses for 2017; for 2018 the cost target definition will be disclosed retrospectively ⁴ Adjusted results are non-GAAP financial measures that exclude goodwill impairment, real estate transactions, business sales, restructuring expenses, and major litigation provisions

...as well as the LTI awards

LTI awards performance criteria and weighting

	2017	2018		Performance targets
Relative TSR	50%	33 1/3%	▼	See slide 23 for "RTSR payout levels for 2018 LTI awards"
CET1 ratio / CET1 leverage ratio	10%	–	✘	
Cost target	15-20% ¹	–	✘	Not applicable
Divisional performance	20-25% ²	–	✘	
Reported RoTE [‡] (3-year average)	–	33 1/3%	✓	<ul style="list-style-type: none"> Threshold: 5.0% Target: 7.5% Maximum: 11.0%
TBVPS [°] (3-year average)	–	33 1/3%	✓	<ul style="list-style-type: none"> Threshold: CHF 15.00 Target: CHF 16.00 Maximum: CHF 18.00

Note: RoTE (a non-GAAP financial measure) on a reported basis. TBVPS is a non-GAAP financial measure. ‡, ° See Appendix 1 15% for CEO and functional heads; 20% for divisional heads 2 25% for CEO and functional heads; 20% for divisional heads

Successful execution and improved profitability allow to adopt simpler shareholder value-focused metrics as we complete our restructuring

Normalization phase

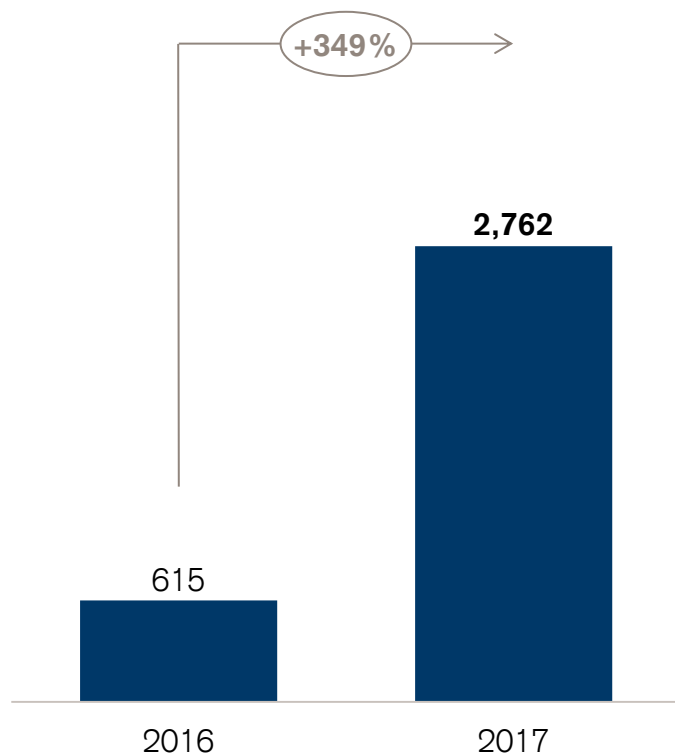
New Group financial objectives for 2019-2020 announced at 2017 Investor Day	Performance criteria in revised Executive Board compensation design for 2018	
Reported RoTE [‡]	<ul style="list-style-type: none"> ▪ Reported RoTE[‡] in 2018 LTI (33 1/3% weighting)¹ ▪ TBVPS[°] in 2018 LTI (33 1/3% weighting)¹ 	✓
Net savings / Adjusted operating cost base*	<ul style="list-style-type: none"> ▪ Cost target in 2018 STI (33 1/3% weighting) 	✓
CET1 ratio	<ul style="list-style-type: none"> ▪ Capital-based performance metrics removed and replaced with criteria that focus on Group profitability and operating leverage 	✗
Capital distribution	<ul style="list-style-type: none"> ▪ RTSR in 2018 LTI (33 1/3% weighting) ▪ Adjusted PTI in 2018 STI (33 1/3% weighting) 	✓

Aligning the Group's strategy, performance, compensation framework and shareholder value

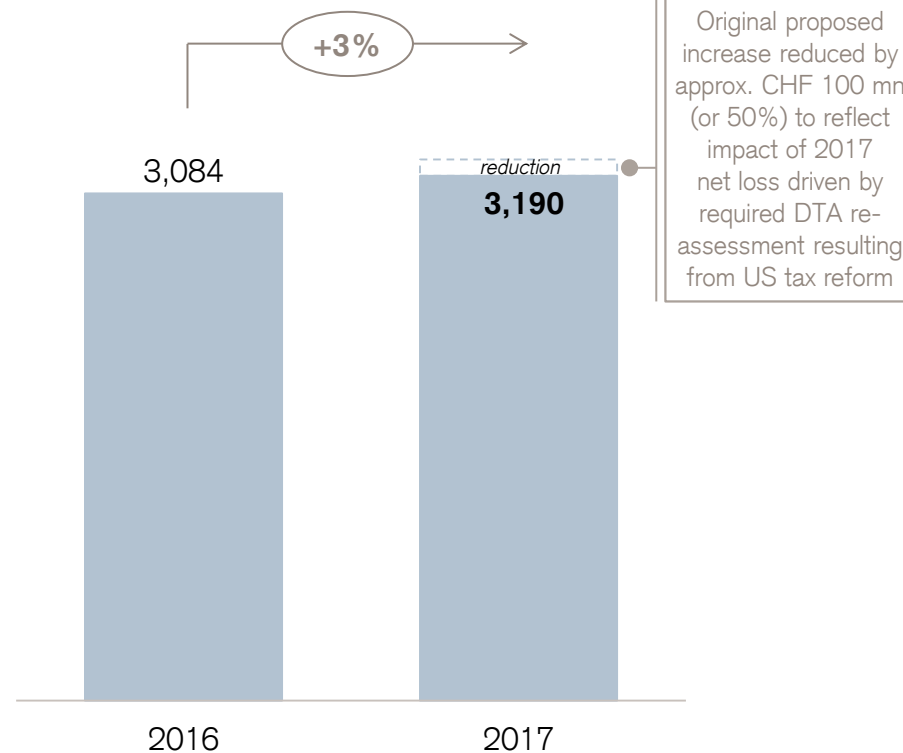
Note: Adjusted results are non-GAAP financial measures. RoTE (a non-GAAP financial measure) on a reported basis. TBVPS is a non-GAAP financial measure *;‡,° See Appendix
 1 Calculated as three-year average over performance measurement period 2 For 2018 the cost target definition will be disclosed retrospectively

As we have grown our profitability, we have been disciplined in our compensation pool

Group adjusted pre-tax income in CHF mn

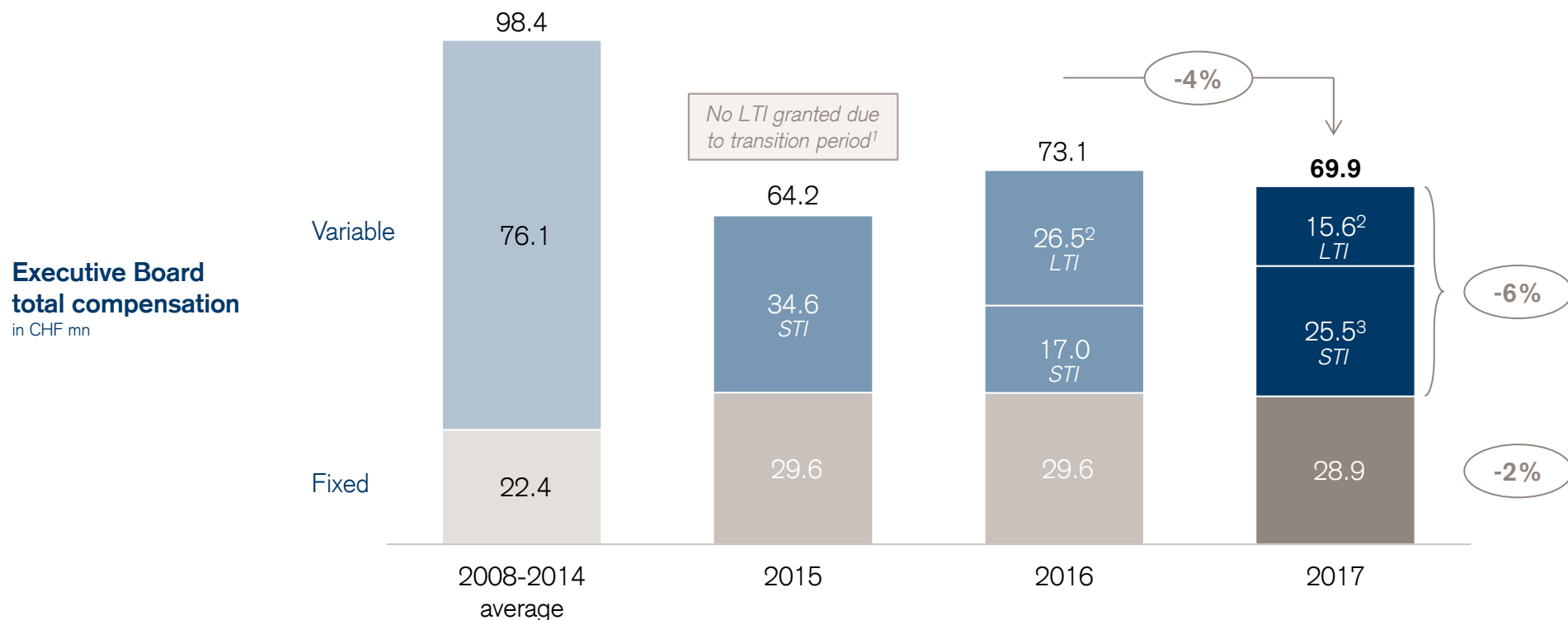


Group variable incentive compensation pool (incl. ExB) in CHF mn






Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

ExB compensation has significantly come down from historically high levels, with 2017 total compensation down 4% YoY



¹ No LTI awards were granted for 2015 in connection with material amendments made to the Executive Board compensation design. ² LTI award component of variable compensation expressed as fair value. The fair value of the LTI awards as of the date of grant has been determined using a Monte Carlo pricing model. The pricing is based on a valuation and estimate by an external provider. The awards have a total maximum opportunity of CHF 49 mn for 2016 and CHF 31.2 mn for 2017, which were the amounts approved by shareholders at the 2016 AGM and 2017 AGM, respectively. ³ Proposed award amount, subject to approval at 2018 AGM

ExB compensation proposals for 2018 AGM

ExB compensation component	Proposed value in CHF mn	Applicable period	Key considerations
Fixed compensation	 31.0	Prospective for 2018 AGM to 2019 AGM	No change compared to previous year
STI award for 2017	 25.46	Retrospective for 2017	Adjustment to upper end of maximum opportunity range for one Executive Board member reflecting: <ul style="list-style-type: none"> ▪ Role expansion ▪ Compensation market developments
LTI award maximum opportunity	 58.5	Prospective for 2018	Adjustment to maximum opportunity level ¹ for three Executive Board members reflecting: <ul style="list-style-type: none"> ▪ Role expansion in scope and impact ▪ Compensation market developments

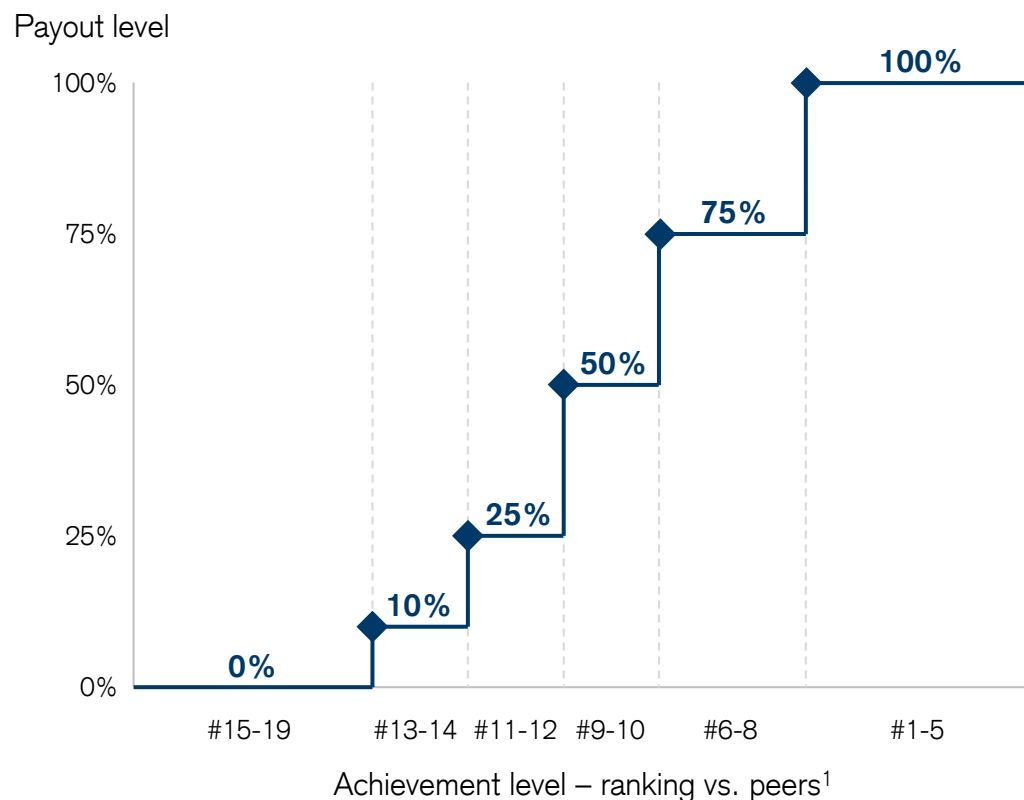
Historically, LTI awards granted in previous years have been realized at 50-60% of the initial grant value

¹ The upper range of maximum opportunity levels remains unchanged

LTI will only be paid out if significant shareholder value is created

2018 LTI awards – example of one metric

RTSR payout levels for 2018 LTI awards



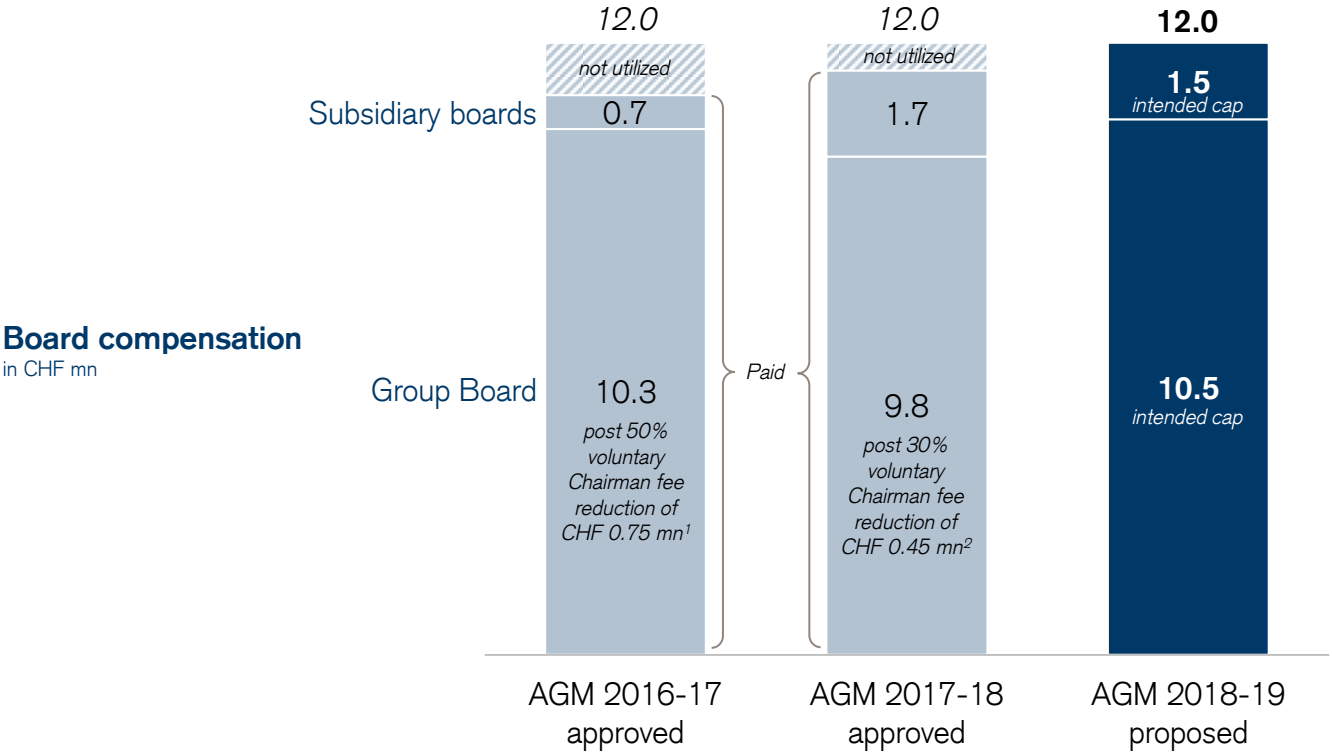
Key features

- Three-year performance measurement period from 2018 to 2020
- Payout in shares, subject to three-year vesting period with delivery in 3 equal tranches on 3rd, 4th and 5th anniversary of grant date (in 2021, 2022 and 2023, respectively)
- Reduced payout levels for below-median RTSR ranking in line with Swiss market practice
- Zero payout for a bottom quartile ranking

¹ To provide the benchmark for comparison of performance, a group of 18 peers has been chosen by the Compensation Committee based on size, geographic scope and business mix, and consists of companies with publicly traded shares where there is positive correlation to Credit Suisse in the relationship of share price movements and how they react to external market conditions. For the purposes of the RTSR ranking, the peer group list is unchanged since 2016 when the RTSR criteria was introduced, and consists of Banco Santander, Bank of America, Barclays, BBVA, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, ING Group, Intesa Sanpaolo, JPMorgan Chase, Julius Bär, Morgan Stanley, Nordea Bank, Royal Bank of Scotland, Société Générale, Standard Chartered and UBS

BoD compensation proposal: maximum level remains unchanged

Prospective vote



- **Fixed fee structure** with pre-defined fees for Board membership, committee membership and chairs, reflecting **role, time commitment and scope of responsibility**
- **No performance criteria** attached
- **Base board and committee membership fee 50% cash and 50% shares**
- **Chairman base fee 100% cash and chair fee 100% shares**
- **Shares blocked and non-transferable for 4 years**

¹ For the period from the 2016 AGM to the 2017 AGM, the Chairman proposed to voluntarily waive 50% or CHF 0.75 million of his Chair fee of CHF 1.5 mn, and this proposal was approved by the BoD. At the 2016 AGM, shareholders approved a maximum amount of total compensation to be awarded to BoD members until the 2017 AGM of CHF 12 mn. ² For the period from the 2017 AGM to the 2018 AGM, the Chairman proposed to voluntarily waive 30% or CHF 0.45 million of his Chair fee of CHF 1.5 mn, and this proposal was approved by the BoD. At the 2017 AGM, shareholders approved a maximum amount of total compensation to be awarded to BoD members until the 2018 AGM of CHF 12 mn.

Corporate Governance

Board of Directors

Board members and committee membership



Urs Rohner
Chairman of the Board
 Chairman of Governance and Nomination Committee
 ▲ 9 years



Proposed Board changes at 2018 AGM

- Michael Klein and Ana Paula Pessoa proposed for election as new non-executive Board members
- Richard E. Thornburgh not standing for re-election due to reaching tenure limit



Iris Bohnet
 ▲ 6 years



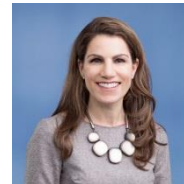
Andreas Gottschling
 ▲ 1 year



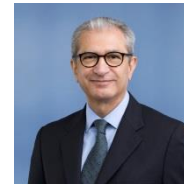
Alexander Gut
 ▲ 2 years



Andreas N. Koopmann
 ▲ 9 years



Seraina Macia
 ▲ 3 years



Kai S. Nargolwala
 Chairman of Compensation Committee
 ▲ 5 years



Joaquin J. Ribeiro
 ▲ 2 years



Severin Schwan
 Lead Independent Director and Vice-Chair
 ▲ 4 years



Richard E. Thornburgh
 Vice-Chair and Chairman of Risk Committee
 ▲ 12 years



John Tiner
 Chairman of Audit Committee
 ▲ 9 years



Alexandre Zeller
 ▲ 1 year

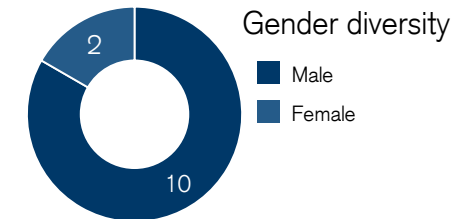
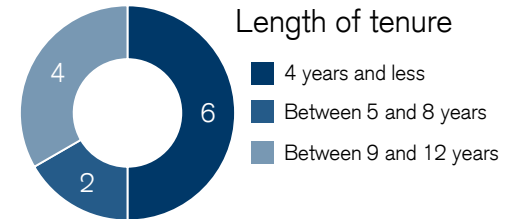
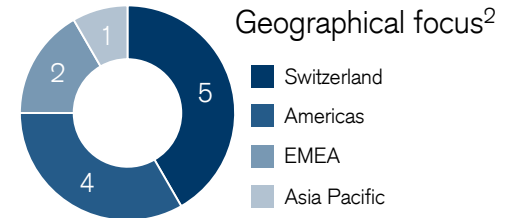
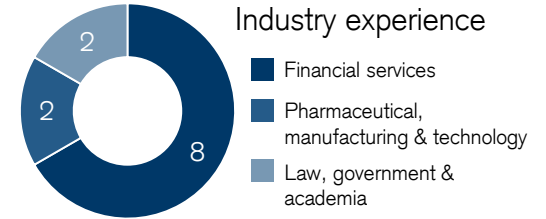


Michael Klein
 Proposed for election



Ana Paula Pessoa
 Proposed for election

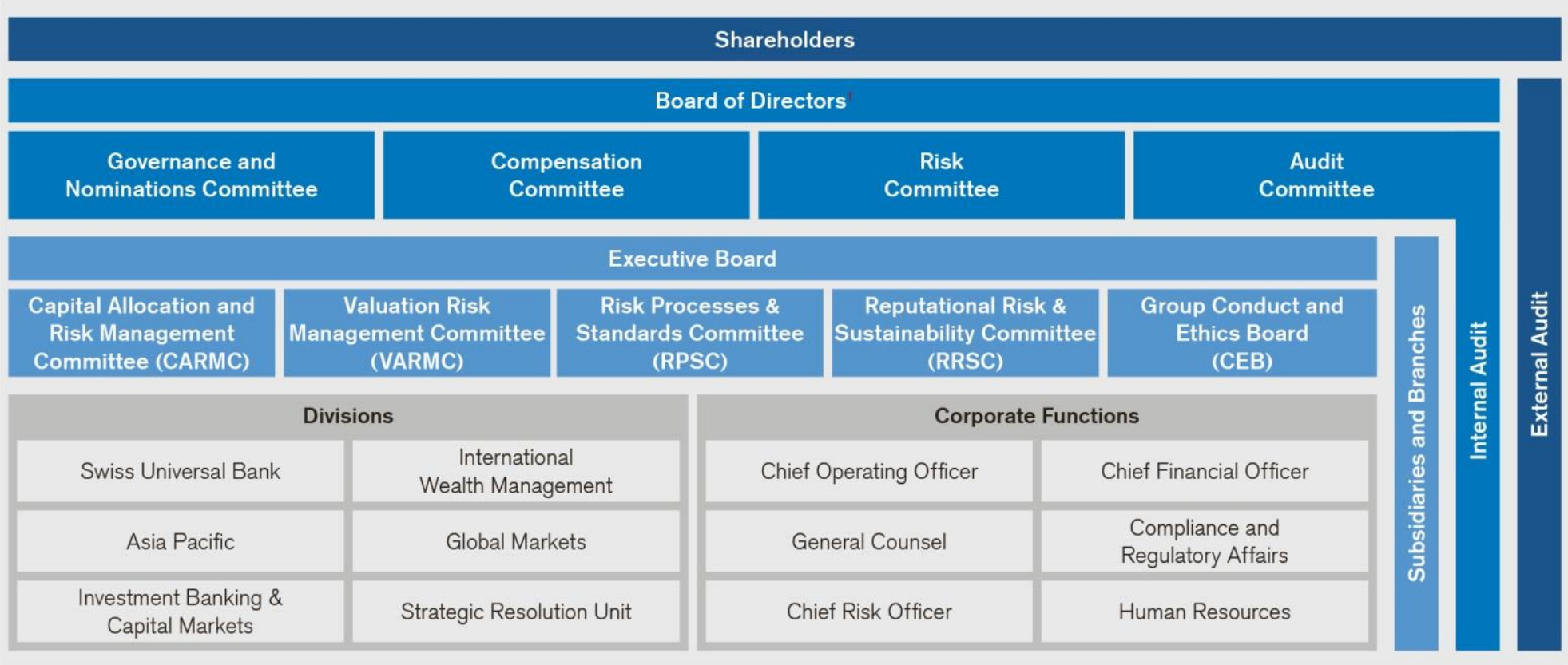
Board composition in 2018¹



Legend: Membership ● Governance and Nomination Committee ● Compensation Committee ● Audit Committee ● Risk Committee

▲ Total years of Board membership 1 Before 2018 AGM 2 Represents the region in which the Board member has mostly focused his or her professional activities and may differ from the nationality of that individual

Our corporate governance framework



¹ The Board of Directors has also formed an advisory body, the Innovation & Technology Committee, which consists of Members of the Board of Directors and the Executive Board as well as external advisors

Summary

- **Executing with discipline**
- **Significant progress towards our ambitious 2018 targets**
- **Strong shareholder value creation in 2017**
- **As restructuring phase ends, easier to align compensation with strategy, performance and shareholder value creation**

Appendix

Overview of financial targets for Group and divisions in 2018...

Adjusted figures

Group	■ Net cost savings*	>CHF 4.2 bn <i>(cumulative since 2015)</i>
	■ Operating cost base*	<CHF 17.0 bn
	■ CET1 ratio	>12.5%
	■ CET1 / Tier 1 leverage ratio	>3.5% / >5.0%
SUB	■ Pre-tax income	CHF 2.3 bn
IWM	■ Pre-tax income	CHF 1.8 bn
APAC WM&C	■ Pre-tax income	CHF 0.85 bn
APAC Markets	■ Return on regulatory capital[†]	10-15% ¹
IBCM	■ Return on regulatory capital[†]	15-20%
Global Markets	■ RWA threshold	USD 60 bn
	■ Leverage exposure threshold	USD 290 bn
	■ Return on regulatory capital[†]	10-15%
SRU	■ Pre-tax loss 2018	~USD 1.4 bn
	■ Pre-tax loss 2019	~USD 0.5 bn ²
	■ RWA excl. Op Risk	USD 11 bn ²
	■ Leverage exposure	USD 40 bn ²

Note: Adjusted results are non-GAAP financial measures * , † See Appendix

¹ Targeted for 2019 ² SRU program will be economically completed by end-2018; residual operations and assets to be absorbed into the rest of Group from 2019 onwards

...and announcing new Group financial objectives for 2019 and 2020

Group	Reported RoTE [‡]	<ul style="list-style-type: none">■ Intend to increase RoTE to 10-11% by 2019 and 11-12% by 2020■ Increasing RoTE to drive higher tangible book value per share
	Net savings / operating cost base*	<ul style="list-style-type: none">■ Intend to operate at a cost base of CHF 16.5 bn – CHF 17.0 bn between 2019-2020¹
	CET1 ratio	<ul style="list-style-type: none">■ Intend to operate at >12.5% pre Basel III reforms
	Capital distribution	<ul style="list-style-type: none">■ Return 50% of net income earned cumulatively in 2019 and 2020 to shareholders primarily through share buybacks or special dividend

Note: Adjusted results are non-GAAP financial measures. RoTE (a non-GAAP financial measure) on a reported basis

¹ Operating within the range, subject to market conditions and investment opportunities * , ‡ See Appendix

Adjusted results are non-GAAP financial measures that exclude goodwill impairment and certain other revenues and expenses included in our reported results. Management believes that adjusted results provide a useful presentation of our operating results for purposes of assessing our Group and divisional performance consistently over time, on a basis that excludes items that management does not consider representative of our underlying performance. Provided below is a reconciliation of our adjusted results to the most directly comparable US GAAP measures.

Reconciliation of adjustment items

	Group in CHF mn			Wealth Management ¹ in CHF mn			SUB, IWM and APAC WM&C in CHF mn			SRU in USD mn		
	2017	2016	2015 ²	2017	2016	2015 ²	2017	2016	2015 ²	2017	2016	2015
Net revenues reported	20,900	20,323	7,459	8,107	8,003	12,829	12,361	11,631	(905)	(1,285)	557	
Real estate gains	-	(424)	(95)	-	(420)	-	(420)	(95)	-	(4)	-	
(Gains)/losses on business sales	13	58	(21)	-	-	28	-	(34)	(39)	6	-	
Net revenues adjusted	20,913	19,957	7,343	8,107	7,583	12,857	11,941	11,502	(944)	(1,283)	557	
Provision for credit losses	210	252	72	73	91	117	128	174	31	115	138	
Total operating expenses reported	18,897	22,337	5,828	5,668	5,615	8,797	8,598	9,252	1,243	4,353	3,130	
Goodwill impairment	-	-	-	-	-	-	-	(446)	-	-	-	
Restructuring expenses	(455)	(540)	(66)	(104)	(102)	(150)	(128)	(79)	(59)	(123)	(158)	
Major litigation provisions	(493)	(2,707)	(299)	(54)	12	(97)	(7)	(299)	(275)	(2,646)	(295)	
Expenses related to business sales	(8)	-	-	-	-	-	-	-	-	-	-	
Total operating expenses adjusted	17,941	19,090	5,463	5,510	5,525	8,550	8,463	8,428	909	1,584	2,677	
Pre-tax income/(loss) reported	1,793	(2,266)	1,559	2,366	2,297	3,915	3,635	2,205	(2,179)	(5,753)	(2,711)	
Total adjustments	969	2,881	249	158	(330)	275	(285)	695	295	2,771	453	
Pre-tax income/(loss) adjusted	2,762	615	1,808	2,524	1,967	4,190	3,350	2,900	(1,884)	(2,982)	(2,258)	

	Group in CHF mn		
	2017	2016	2015
Total operating expenses reported	18,897	22,337	25,895
Goodwill impairment	-	-	(3,797)
Restructuring expenses	(455)	(540)	(355)
Major litigation provisions	(493)	(2,707)	(820)
Expenses related to business sales	(8)	-	-
Debit valuation adjustments (DVA)	(83)	-	-
Certain accounting changes	(170)	-	-
Total operating cost base adjusted	17,688	19,090	20,923
FX adjustment	326	293	319
Total operating cost base adjusted at constant FX	18,014	19,383	21,242

	SUB in CHF mn		IWM in CHF mn		APAC WM&C in CHF mn	
	2017	2016	2017	2016	2017	2016
Net revenues reported	5,396	5,759	5,111	4,698	2,322	1,904
Real estate gains	-	(366)	-	(54)	-	-
(Gains)/losses on business sales	-	-	28	-	-	-
Net revenues adjusted	5,396	5,393	5,139	4,644	2,322	1,904
Provision for credit losses	75	79	27	20	15	29
Total operating expenses reported	3,556	3,655	3,733	3,557	1,508	1,386
Restructuring expenses	(59)	(60)	(70)	(54)	(21)	(14)
Major litigation provisions	(49)	(19)	(48)	12	-	-
Total operating expenses adjusted	3,448	3,576	3,615	3,515	1,487	1,372
Pre-tax income/(loss) reported	1,765	2,025	1,351	1,121	799	489
Total adjustments	108	(287)	146	(12)	21	14
Pre-tax income/(loss) adjusted	1,873	1,738	1,497	1,109	820	503

¹ Relating to SUB PC, IWM PB and APAC PB within WM&C

² Excludes net revenues and total operating expenses for Swisscard of CHF 148 mn and CHF 123 mn, respectively

Notes

General notes

- Throughout the presentation rounding differences may occur
- Unless otherwise noted, all **CET1 ratio**, **Tier-1 leverage ratio**, **risk-weighted assets** and **leverage exposure** figures shown in this presentation are as of the end of the respective period and on a “look-through” basis
- **Net margins** are shown in basis points; Net margin = adjusted pre-tax income annualized / average AuM

Specific notes

* Our cost savings program and our cost targets are measured using an adjusted operating cost base at constant FX rates. “Adjusted operating cost base at constant FX rates” and “adjusted non-compensation operating cost base at constant FX rates” include adjustments as made in all our disclosures for restructuring expenses, major litigation provisions, expenses related to business sales and a goodwill impairment taken in 4Q15 as well as adjustments for certain accounting changes (which had not been in place at the launch of the cost savings program), debit valuation adjustments (DVA) related volatility and for FX. Adjustments for FX apply unweighted currency exchange rates, i.e., a straight line average of monthly rates, consistently for the periods under review. Adjusted non-compensation operating cost base is the adjusted operating cost base excluding compensation and benefits. To calculate the adjusted non-compensation cost base at constant FX rates, we subtract compensation and benefits (adjusted at constant FX rates in the manner described above) from the adjusted operating cost base at constant FX rates.

† Regulatory capital is calculated as the worst of 10% of RWA and 3.5% of leverage exposure. Return on regulatory capital is calculated using (adjusted) income / (loss) after tax and assumes a tax rate of 30% and capital allocated based on the worst of 10% of average RWA and 3.5% of average leverage exposure. For the Markets business within the APAC division and for the Global Markets and Investment Banking & Capital Markets divisions, return on regulatory capital is based on US dollar denominated numbers. Adjusted return on regulatory capital is calculated using adjusted results, applying the same methodology to calculate return on regulatory capital.

‡ Return on tangible equity is based on tangible shareholders’ equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders’ equity attributable to shareholders as presented in our balance sheet. Management believes that the return on tangible shareholders’ equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

○ Tangible book value per share is a non-GAAP financial measure and excludes the impact of any dividends paid during the performance period, share buybacks, own credit movements and foreign exchange rate movements. Management believes that tangible book value per share is meaningful as it is used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

Abbreviations

Adj. = Adjusted; AGM = Annual General Meeting; APAC = Asia Pacific; AuM = Assets under Management; BIS = Bank for International Settlements; BoD = Board of Directors; bps = basis points; CEO = Chief Executive Officer; CET1 = Common Equity Tier 1; ExB = Executive Board; FINMA = Swiss Financial Market Supervisory Authority; FX = Foreign Exchange; IBCM = Investment Banking & Capital Markets; IWM = International Wealth Management; LTI = Long-Term Incentive; mgmt. = management; MRTC = Material Risk Takers and Controllers; NNA = Net new assets; Op Risk = Operational Risk; PB = Private Banking; PC = Private Clients; PTI = Pre-tax income; RM = Relationship Manager(s); RoRC = Return on Regulatory Capital; RoTE = Return on Tangible Equity; (R)TSR = (Relative) Total Shareholder Return; RWA = Risk-weighted assets; STI = Short-Term Incentive; SRU = Strategic Resolution Unit; SUB = Swiss Universal Bank; TBVPS = Tangible Book Value per Share; UHNW(I) = Ultra High Net Worth Individuals; VaR = Value-at-Risk; WM&C = Wealth Management & Connected; YoY = Year on year

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