

## 3Q16 Letter to shareholders

### Dear shareholders

3Q16 was a period of continued progress for Credit Suisse. The Group and all operating divisions were profitable. We remained focused on implementing our strategy with discipline, delivering further reductions in cost as we lower our break-even point. Our client franchises across Swiss Universal Bank (SUB), Asia Pacific (APAC) and International Wealth Management (IWM) achieved a profitable quarter, with continued healthy net asset inflows at solid margins. Our advisory and underwriting teams in Investment Banking & Capital Markets (IBCM) stayed close to our clients during the quarter, gaining market share in key product areas. In Global Markets (GM), we had a second profitable quarter this year with notable strength in our Credit franchises. The Strategic Resolution Unit (SRU) achieved further reductions in risk-weighted assets (RWA) and leverage exposure as well as a significant reduction in adjusted\* costs. This is an important source of capital for the Group, allowing resources to be reinvested in APAC, IWM, SUB and IBCM, where we expect to generate higher returns. We further strengthened our capital position with a CET1 ratio of 12% and CET1 leverage ratio of 3.4% on a look-through basis as of end-3Q16.

### Financial performance

Credit Suisse reported net income attributable to shareholders of CHF 41 million and pre-tax income of CHF 222 million in 3Q16 (adjusted\*: CHF 327 million). SUB, APAC and IWM were significant contributors to this result, generating combined adjusted\* pre-tax income of CHF 847 million. They attracted net new assets (NNA) of CHF 9.2 billion in their wealth management businesses during the quarter and a total of CHF 30.9 billion since the beginning of 2016.

In our Swiss home market, where we offer expert service and advice to the full spectrum of clients, SUB delivered adjusted\* pre-tax income of CHF 431 million in 3Q16. We made further progress in growing our *Bank for Entrepreneurs*, which combines our wealth management and corporate banking capabilities. More clients signed up to our *Credit Suisse Invest* offering, which drove mandates penetration of 29% at end-3Q16, an increase of 5 percentage points compared to 3Q15. Our investment bank in Switzerland maintained its leading market share in terms of announced mergers and acquisitions transactions<sup>1</sup> and debt capital market deals<sup>2</sup>. Our Swiss legal entity Credit Suisse (Schweiz) AG is on track to start operations in November 2016. This important step will enhance the Group's resolvability in accordance with regulatory requirements. The planned partial (20-30%) initial public offering of Credit Suisse (Schweiz) AG is scheduled to take place by end-2017, market conditions permitting<sup>3</sup>.

In APAC, we delivered adjusted\* pre-tax income of CHF 175 million in 3Q16. Our integrated approach to serving



Urs Rohner, Chairman of the Board of Directors (left) and Tidjane Thiam, Chief Executive Officer.

ultra-high-net-worth-individuals (UHNWI) and entrepreneur clients has allowed us to grow revenues in APAC. We reported record assets under management of CHF 169 billion and NNA of CHF 4.6 billion at end-3Q16, driven by the quality and effectiveness of the integrated approach we take between wealth management and investment banking. The division achieved an annualized NNA growth rate of 12%. Our advisory and underwriting business ranked #1 in terms of share of wallet in Asia Pacific ex-Japan among international banks<sup>4</sup> in 9M16.

In IWM, we delivered a robust performance in 3Q16 with adjusted\* pre-tax income of CHF 241 million despite lower levels of client activity. In wealth management, we achieved strong NNA of CHF 4.4 billion, representing an annualized growth rate of 6%. Our growth initiatives, including the launch of the Strategic Client Partners unit with a dedicated coverage team, have allowed us to create further value for our UHNWI clients. In Asset Management, we had a strong quarter with asset inflows of CHF 5 billion, including notable contributions from emerging markets and fixed income products.

IBCM had a profitable quarter with adjusted\* pre-tax income of USD 55 million. In Advisory, we continued to leverage the strength of our global franchise, with a number of marquee transactions exceeding USD 10 billion<sup>5</sup> announced during 3Q16. Across our IBCM franchise, our global reach and the connectivity between teams is stronger than ever. This reflects our integrated approach to client coverage across our UHNWI, corporate and financial sponsor client base, combined with industry and financing capabilities.

GM was profitable with adjusted\* pre-tax income of USD 150 million in 3Q16 in spite of a reduction of 16% of RWA and of 14% of revenues year on year. A number of our client franchises had a strong quarter compared to 3Q15, particularly in Credit. Global Credit Products globally delivered its best third quarter performance since 2013 as our teams stayed close to clients across high yield and investment grade markets. This was offset by a weaker contribution from our equities businesses, particularly in equity derivatives and equities trading in Europe. In the US, our Equities franchise held up well and we maintained our strong positions with our core clients across Cash and Prime Services. We continue to make progress in creating operating leverage in GM and expect to approach our end-2018 cost target of USD 5.4 billion by end-2016. Our focus on costs played a key role in GM's 3Q16 profitability.

The SRU continued to make progress in reducing costs and capital. Since 3Q15, RWA, leverage exposure and adjusted\* operating costs were reduced by USD 20 billion, USD 78 billion and USD 310 million, respectively.

#### Improved capital position

We further improved our capital position and reported a look-through CET1 capital ratio of 12% at end-3Q16, compared to 11.8% at end-2Q16. The look-through CET1 leverage ratio was 3.4% at end-3Q16.

#### Outlook

We are delivering on our strategy and are maintaining a quality dialogue with our clients across wealth management and investment banking. Looking ahead, we expect market activity to continue to be influenced by geopolitical and macro-economic uncertainty over the next several quarters and the outlook to remain challenging. We believe that we are on the right path and are making progress on implementing our strategy. These efforts are driven by the hard work and dedication of our employees, whom we thank wholeheartedly for their relentless and daily efforts, and the support of our clients, who entrust us with their business, and of our shareholders around the globe.

Best regards



Urs Rohner  
Chairman of the  
Board of Directors



Tidjane Thiam  
Chief Executive Officer

November 2016

\* Adjusted results are non-GAAP financial measures. For a reconciliation of the adjusted results to the most directly comparable US GAAP measures, see Reconciliation of adjusted results\* tables in I – Credit Suisse results.

<sup>1</sup> Source: Thomson Securities, SDC Platinum, Credit Suisse.

<sup>2</sup> Source: International Financial Review.

<sup>3</sup> Any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG.

<sup>4</sup> Source: Dealogic as of October 2016.

<sup>5</sup> Source: Dealogic as of September 30, 2016.

## Key metrics

	in / end of			% change		in / end of			% change
	3Q16	2Q16	3Q15	QoQ	YoY	9M16	9M15	YoY	
<b>Credit Suisse (CHF million, except where indicated)</b>									
Net income/(loss) attributable to shareholders	41	170	779	(76)	(95)	(91)	2,884	–	
Basic earnings/(loss) per share (CHF)	0.02	0.08	0.46	(75)	(96)	(0.05)	1.68	–	
Diluted earnings/(loss) per share (CHF)	0.02	0.08	0.44	(75)	(95)	(0.05)	1.64	–	
Return on equity attributable to shareholders (%)	0.4	1.5	7.1	–	–	(0.3)	9.0	–	
Effective tax rate (%)	83.3	10.6	9.7	–	–	(42.9)	28.6	–	
<b>Core Results (CHF million, except where indicated)</b>									
Net revenues	5,561	5,471	6,073	2	(8)	16,211	18,950	(14)	
Provision for credit losses	50	9	89	456	(44)	94	154	(39)	
Total operating expenses	4,437	4,504	4,357	(1)	2	13,316	13,447	(1)	
Income before taxes	1,074	958	1,627	12	(34)	2,801	5,349	(48)	
Cost/income ratio (%)	79.8	82.3	71.7	–	–	82.1	71.0	–	
<b>Assets under management and net new assets (CHF billion)</b>									
Assets under management	1,255.2	1,218.4	1,285.8	3.0	(2.4)	1,255.2	1,285.8	(2.4)	
Net new assets	11.9	12.1	16.2	(1.7)	(26.5)	34.5	44.8	(23.0)	
<b>Balance sheet statistics (CHF million)</b>									
Total assets	806,711	821,164	858,420	(2)	(6)	806,711	858,420	(6)	
Net loans	274,606	273,835	274,825	0	0	274,606	274,825	0	
Total shareholders' equity	44,276	44,962	44,757	(2)	(1)	44,276	44,757	(1)	
Tangible shareholders' equity	39,359	40,026	36,022	(2)	9	39,359	36,022	9	
<b>Basel III regulatory capital and leverage statistics</b>									
CET1 ratio (%)	14.1	14.2	14.0	–	–	14.1	14.0	–	
Look-through CET1 ratio (%)	12.0	11.8	10.2	–	–	12.0	10.2	–	
Look-through CET1 leverage ratio (%)	3.4	3.3	2.8	–	–	3.4	2.8	–	
Look-through Tier 1 leverage ratio (%)	4.6	4.4	3.9	–	–	4.6	3.9	–	
<b>Share information</b>									
Shares outstanding (million)	2,088.3	2,081.4	1,633.7	0	28	2,088.3	1,633.7	28	
of which common shares issued	2,089.9	2,089.9	1,638.4	0	28	2,089.9	1,638.4	28	
of which treasury shares	(1.6)	(8.5)	(4.7)	(81)	(66)	(1.6)	(4.7)	(66)	
Book value per share (CHF)	21.20	21.60	27.40	(2)	(23)	21.20	27.40	(23)	
Tangible book value per share (CHF)	18.85	19.23	22.05	(2)	(15)	18.85	22.05	(15)	
Market capitalization (CHF million)	26,563	21,547	38,371	23	(31)	26,563	38,371	(31)	
<b>Number of employees (full-time equivalents)</b>									
Number of employees	47,690	47,180	48,090	1	(1)	47,690	48,090	(1)	

## Financial calendar and contacts

### Financial calendar

Fourth quarter results 2016	Wednesday, February 15, 2017
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### Important information

When we refer to wealth management focused divisions throughout this document, we mean APAC, IWM and SUB. References to the "wealth management" businesses in APAC, IWM and SUB refer to those divisions' Private Banking businesses.

When we refer to operating divisions throughout this document, we mean SUB, IWM, APAC, IBCM and GM.

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. As of January 1, 2015, the BIS leverage ratio framework, as issued by BCBS, was implemented in Switzerland by FINMA. The related disclosures are in accordance with Credit Suisse's interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of Credit Suisse's assumptions or estimates could result in different numbers from those shown herein.

References to phase-in and look-through included herein refer to Basel III requirements. Phase-in under the Basel III capital framework reflects that for the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets) and for the years 2013 – 2022, there will be a phase out of certain capital instruments. Look-through assumes the full phase-in of goodwill and other intangible assets and other regulatory adjustments and the full phase out of certain capital instruments.

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.

Mandates penetration reflects advisory and discretionary mandates as percentage of total AuM, excluding AuM from the external asset manager (EAM) business.

We may not achieve all of the expected benefits of our strategic initiatives. Factors beyond our control, including but not limited to the market and economic conditions, changes in laws, rules or regulations and other challenges discussed in our public filings, could limit our ability to achieve some or all of the expected benefits of these initiatives.

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, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2015 filed with the US Securities and Exchange Commission, and in other public filings and press releases. We do not intend to update these forward-looking statements except as may be required by applicable law.