IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES EXCEPT FOR QUALIFIED INSTITUTIONAL BUYERS.

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the Information Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum. In accessing the Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. You acknowledge that you will not forward this electronic transmission or the attached Information Memorandum to any other person.

THE FOLLOWING INFORMATION MEMORANDUM AND ITS CONTENTS ARE CONFIDENTIAL AND MAY ONLY BE DISTRIBUTED IN ''OFFSHORE TRANSACTIONS'' TO PERSONS OTHER THAN U.S. PERSONS AS DEFINED IN, AND AS PERMITTED BY, REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE ''**SECURITIES ACT**''). ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

The securities referred to in the Information Memorandum are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "*Restrictions on marketing and sales to retail investors*" on page 2 of the Information Memorandum for further information.

Confirmation of your Representation: You have been sent the attached Information Memorandum on the basis that you have confirmed to the Managers (as defined herein), being the senders of the attached, that: (i) you have understood and agree to the terms set out herein, (ii) you are not a U.S. person (within the meaning of Regulation S under the Securities Act), and are not acting for the account or benefit of any U.S. person, and that you and the electronic mail address that you have given us and to which this e-mail has been delivered are not located in the United States, its territories and possessions, (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the attached Information Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the relevant Manager, (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for, or purchase any of, the securities and (vi) if you are a person in the United Kingdom, then you are a person who (x) has professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**") or (y) is a high net worth entity falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to

as “**Relevant Persons**”). In the United Kingdom, the Information Memorandum may only be communicated or caused to be communicated to persons in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply and may only be distributed to Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the Information Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

You are reminded that the Information Memorandum has been delivered to you on the basis that you are a person into whose possession the Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Information Memorandum to any other person.

The Information Memorandum does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and a Manager, or any affiliate of such Manager, is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of Credit Suisse Group AG in such jurisdiction.

The attached Information Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Managers nor any person who controls them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Information Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Managers.

IMPORTANT NOTICE

20 March 2017

Dear Sir or Madam,

Proposed Offering of CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes (the "Notes") by Credit Suisse Group AG (the "Issuer")

We refer to the proposed offer of the Notes, further details of which are set out in the information memorandum dated 20 March 2017 (the "**Information Memorandum**") which is being sent to you together with this letter.

The Notes discussed in the Information Memorandum are complex financial instruments and are not a suitable or appropriate investment for all investors. See also the section entitled "*Risk Factors—Factors which are material for the purpose of assessing an investment in the Notes*" in the Information Memorandum. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**"). Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"),

(i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA and

(ii) from 1 October 2015 there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The managers in relation to the offering (or their affiliates) (together, the "**Managers**") are required to comply with the applicable PI Rules. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or any Manager, you represent, warrant, agree with and undertake to the Issuer and each of the Managers that:

1. you are not a retail client in the EEA (as defined in the applicable PI Rules);

2. whether or not you are subject to the PI Rules, you will not:

   (A) sell or offer the Notes (or any beneficial interests therein) to retail clients in the EEA or

   (B) communicate (including the distribution of the Information Memorandum or the final information memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules), in any such case other than (i) in relation to any sale or offer to sell the Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not

and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell the Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) you have conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or any beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or any beneficial interests therein) and (b) you have at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to you or, to the extent MiFID does not apply to you, in a manner which would be in compliance with MiFID if it were to apply to you; and

3. you will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where you act as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both you and your client.

Potential investors should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein), including the applicable PI Rules.

This document is not an offer to sell or an invitation to buy any Notes.

Your receipt of this letter and offer or agreement to buy any Notes will be deemed your acceptance of the terms of this letter.

Yours faithfully,

The Managers

Credit Suisse Group AG

(incorporated with limited liability in Switzerland)

CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes

Issue Price: 100 per cent.

The CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes (the "**Notes**") will be issued by Credit Suisse Group AG (the "**Issuer**" or "**CSG**") on 22 March 2017 (the "**Issue Date**"). Interest on the Notes will accrue from (and including) the Issue Date to (but excluding) the First Optional Redemption Date (as defined herein) at an initial rate of 3.875 per cent. per annum payable annually in arrear on 22 September in each year, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 3.993 per cent., payable annually in arrear on 22 September in each year. There will be a short first Interest Period. The first payment of interest will be made on 22 September 2017 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date (as defined herein). Payments on the Notes will be made without deduction for or on account of taxes of Switzerland to the extent described herein under "*Terms and Conditions of the Notes — Taxation*". **Payments of interest will be made at the sole discretion of the Issuer and may be subject to mandatory cancellation, as more particularly described herein under "*Terms and Conditions of the Notes – Interest Calculations – Cancellation of Interest; Prohibited Interest*". Any interest not paid as foresaid will not accumulate.**

The Notes are perpetual securities and have no fixed or final redemption date. Unless previously redeemed or purchased and cancelled as described below, and provided that no Write-down Event (as defined herein) has occurred, the Notes may, subject to the satisfaction of certain conditions described herein and applicable law, be redeemed at the option of the Issuer, on the First Optional Redemption Date or on any Reset Date (each as defined herein) thereafter, in whole, but not in part, at their principal amount plus accrued but unpaid interest thereon. The Notes are also subject to redemption in whole, but not in part, at the option of the Issuer, at their Tax Event Redemption Amount upon the occurrence of a Tax Event or at their Capital Event Redemption Amount upon the occurrence of a Capital Event (each as defined herein), as more particularly described in "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*". The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and shall rank at all times *pari passu* and without any preference among themselves, as more particularly described herein under "*Terms and Conditions of the Notes — Status of the Notes*" and "*— Subordination of the Notes*".

If a Write-down Event occurs, a Write-down (as defined herein) will occur on the relevant Write-down Date (as defined herein), as more particularly described in "*Terms and Conditions of the Notes — Write-down*". In such circumstances, interest on the Notes shall cease to accrue, the full principal amount of, and any accrued interest on, each Note will automatically and permanently be written-down to zero, Holders (as defined herein) will lose their entire investment in the Notes and all rights of any Holder for payment of any amounts under or in respect of the Notes will become null and void. See "*Risk Factors — The likelihood of an occurrence of a write-down of the Notes is material for the purpose of assessing an investment in the Notes*". Each Holder and beneficial owner of a Note agrees, by accepting a direct or beneficial interest in such Note, to be bound by and consents to the application of the Write-down.

The Notes are expected to be provisionally admitted to trading on the SIX Swiss Exchange Ltd. ("**SIX Swiss Exchange**") from 21 March 2017. The last trading day is expected to be the second dealing day prior to the date on which the Notes are fully redeemed or the Write-down Date, as applicable, in accordance with the Terms and Conditions of the Notes. Application will be made to the SIX Swiss Exchange for listing of the Notes.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold only in "offshore transactions" to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of section 5 of the Securities Act provided by Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Information Memorandum, see "*Selling Restrictions*".

The Notes are issued in uncertificated form in denominations of CHF5,000 and integral multiples of CHF5,000 in excess thereof as uncertificated securities (*Wertrechte*) in accordance with Article 973c of the Swiss Federal Code of Obligations. The uncertificated securities will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtebuch*) and will be entered into the main register (*Hauptregister*) of SIX SIS Ltd and credited to the accounts of one or more participants of SIX SIS Ltd. The Notes will then constitute Intermediated Securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

The Notes are expected upon issue to be rated BB by Fitch Ratings Limited ("**Fitch**") and BB- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the assigning rating agency.

An investment in Notes involves certain risks, including the risk that Holders will lose their entire investment in the Notes. For a discussion of certain of the risks that potential investors should carefully consider before deciding to invest in the Notes, see "*Risk Factors*".

Sole Bookrunner

Credit Suisse

Senior Co-Lead Managers

Commerzbank | **Zürcher Kantonalbank**

Senior Co-Managers

Basler Kantonalbank | **Crédit Agricole Corporate and Investment Bank**

LGT Bank AG

Lloyds Bank | **Raiffeisen Switzerland**

Co-Managers

Bank Julius Baer & Co. AG | **Bank J. Safra Sarasin AG**

Bank Vontobel AG | **Banque Lombard Odier & Cie SA**

The date of this Information Memorandum is 20 March 2017.

This Information Memorandum may only be used for the purposes for which it has been published.

The Issuer accepts responsibility (including for the purposes of, Article 27 of the listing rules of the SIX Swiss Exchange and section 4 of Scheme E thereunder) for all information contained in this Information Memorandum. The information contained in this Information Memorandum is, to the best of the Issuer's knowledge, correct and no material facts or circumstances have been omitted herefrom.

This Information Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Information Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Information Memorandum.

The Managers (as defined herein under "*Selling Restrictions*") have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained or incorporated in this Information Memorandum or any other information provided by the Issuer in connection with the Notes.

No person is or has been authorised by the Issuer or the Managers to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Managers.

To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Managers or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Managers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Information Memorandum or any such statement.

Neither this Information Memorandum nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Managers that any recipient of this Information Memorandum or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Information Memorandum nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Each Manager expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes discussed in this Information Memorandum are complex financial instruments and are not a suitable or an appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the United Kingdom Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**").

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"), (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA and (ii) from 1 October 2015, there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the applicable PI Rules.

To the extent applicable, the Managers are required to comply with the applicable PI Rules. By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

1. it is not a retail client in the EEA (as defined in the applicable PI Rules);

2. whether or not it is subject to the PI Rules, it will not (A) sell or offer the Notes (or any beneficial interests therein) to retail clients in the EEA or (B) communicate (including the distribution of this Information Memorandum) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (within the meaning of the PI Rules), in any such case other than (i) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) ("**MiFID**") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS INFORMATION MEMORANDUM AND MUST OBTAIN ANY CONSENT, APPROVAL, OR PERMISSION

REQUIRED BY IT FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND THE ISSUER AND THE MANAGERS SHALL NOT HAVE ANY RESPONSIBILITY THEREFOR.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Notes covered hereby have not been and will not be registered under the Securities Act, or any applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence under the laws of the United States.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Any dispute which might arise under the Notes shall fall within the exclusive jurisdiction of the Courts of Zurich, Switzerland. Furthermore, the Issuer is a corporation organised under the laws of Switzerland. Most of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Switzerland upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Switzerland predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Swiss law, including any judgment predicated upon United States federal securities laws.

WARNING

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Managers represent that this Information Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States, the European Economic Area and the United Kingdom, see "*Selling Restrictions*".

All references in this document to "**U.S. dollars**", "**USD**", "**U.S.$**" and "**$**" refer to United States dollars and to "**CHF**" refer to Swiss francs. In addition, all references to "**euro**" and "**EUR**" refer to the

currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

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SUMMARY

This summary must be read as an introduction to this Information Memorandum and any decision to invest in the Notes should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated herein by reference.

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings when used in this summary.

Issuer	Credit Suisse Group AG. Credit Suisse Group AG (together with its consolidated subsidiaries, the "**Group**") is a global financial services company domiciled in Switzerland.
Notes	CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. Certain of these factors are set out under "*Risk Factors*" below and include liquidity risks, market risks, credit risks, cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks, among others. In addition, there are certain factors which are material for the purpose of assessing the risks associated with the Notes. These include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of the Notes including that they are subject to a Write-down upon the occurrence of a Write-down Event, which will result in Holders' loss of the entire amount of their investment in the Notes, and certain market risks.
Sole Bookrunner	Credit Suisse AG.
Senior Co-Lead Managers	Commerzbank Aktiengesellschaft and Zürcher Kantonalbank.
Senior Co-Managers	Basler Kantonalbank, Crédit Agricole Corporate and Investment Bank, LGT Bank AG, Lloyds Bank plc and Raiffeisen Switzerland Cooperative.
Co-Managers	Bank Julius Baer & Co. AG, Bank J. Safra Sarasin AG, Bank Vontobel AG and Banque Lombard Odier & Cie SA.
Principal Paying Agent	Credit Suisse AG
Listing Agent	Credit Suisse AG
Currency	Swiss francs.
Maturity Date	The Notes are perpetual securities and have no fixed or final redemption date. Unless previously redeemed or purchased and cancelled, and provided that no Write-down Event has occurred, and subject to the satisfaction of certain conditions described herein and to applicable law, the Notes may be redeemed at the option of the Issuer on the First Optional Redemption Date or on any Reset Date thereafter, in whole but not in part, at their principal amount plus accrued but unpaid interest thereon.
Issue Price	100 per cent.
Form of Notes	The Notes will be issued as uncertificated securities (*Wertrechte*) in

	accordance with article 973c of the Swiss Code of Obligations. Such uncertificated securities will then be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS Ltd. or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).
Denominations	CHF 5,000 and integral multiples of CHF 5,000 in excess thereof.
Interest and Interest Payment Dates	The Notes will bear interest at an initial rate of 3.875 per cent. per annum from (and including) the Issue Date to (but excluding) the First Optional Redemption Date, payable annually in arrear on 22 September, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 3.993 per cent., payable annually in arrear on 22 September in each year. There will be a short first Interest Period. The first payment of interest will be made on 22 September 2017 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date.
Discretionary Interest Payments	Payments of interest will be made at the sole discretion of the Issuer and may be subject to mandatory cancellation, as more particularly described herein under "*Terms and Conditions of the Notes – Interest Calculations – Cancellation of Interest; Prohibited Interest*". Any interest not paid on any relevant Interest Payment Date shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto whether in a winding-up, dissolution or liquidation of the Issuer or otherwise.
Status of the Notes	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of Holders are subordinated as described in "*Terms and Conditions of the Notes — Subordination of the Notes*". In the event of an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer, subject to certain exceptions as described herein under "*Terms and Conditions of the Notes — Subordination of the Notes — Subordination*", the claims of Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank (i) junior to all claims of Priority Creditors, (ii) *pari passu* with Parity Obligations and (iii) senior to the rights and claims of all holders of Junior Capital. "**Junior Capital**" means (i) all classes of paid-in capital in relation to shares (and participation certificates, if any) of the Issuer and (ii) all other obligations of the Issuer which rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation;

	"**Parity Obligations**" means (i) all obligations of the Issuer in respect of CSG Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes) and (ii) any other securities or obligations (including any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with the obligations of the Issuer under the Notes and/or any other Parity Obligation; and "**Priority Creditors**" means creditors of the Issuer whose claims are in respect of debt and other obligations (including those in respect of bonds, notes, debentures and guarantees) which are unsubordinated, or which are subordinated (including, but not limited to, CSG Tier 2 Instruments) and which do not, or are not expressly stated to, rank *pari passu* with, or junior to, the obligations of the Issuer under the Notes and/or any Parity Obligation.
Redemption, Substitution or Variation	Unless previously redeemed or purchased and cancelled, and provided that a Write-down Event has not occurred on or prior to the applicable date fixed for redemption and subject to certain conditions as described herein under "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*", the Notes will be redeemable at the option of the Issuer, in whole but not in part, upon giving not less than 30 nor more than 60 days' notice to Holders notifying the date fixed for redemption, in the following circumstances: (i) at their Optional Redemption Amount plus accrued but unpaid interest thereon, on the First Optional Redemption Date or on any Reset Date thereafter; (ii) at their Tax Event Redemption Amount plus accrued but unpaid interest thereon, if a Tax Event occurs; or (iii) at their Capital Event Redemption Amount plus accrued but unpaid interest thereon, if a Capital Event occurs. If a Tax Event or a Capital Event has occurred and is continuing, the Issuer may, subject to certain conditions as described herein under "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*", at its option and without any requirement for the consent or approval of Holders (unless required by the mandatory provisions of Swiss law), either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that the Notes remain or, as appropriate, become, Compliant Securities (and provided such Tax Event or, as the case may be, Capital Event, no longer continues following, and no other Tax Event or Capital Event arises as a result of, such substitution or variation), as more particularly described in "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*". A "**Tax Event**" will be deemed to have occurred if in making any payments on the Notes, the Issuer (i) has paid or will or would on the next payment date be required to pay Additional Amounts or (ii) has paid, or will or would be required to pay, any additional tax in respect of the Notes, as more fully described under "*Terms and Conditions of the Notes — Redemption,*

	Substitution, Variation and Purchase".
	A "**Capital Event**" will be deemed to have occurred if a change in National Regulations and/or BIS Regulations occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be both (i) treated as Additional Tier 1 Capital under BIS Regulations and (ii) counted towards the Going Concern Requirement.
Write-down	**Following the occurrence of a Write-down Event, a Write-down will occur and the full principal amount of, and any accrued interest on, the Notes will automatically and permanently be written-down to zero on the Write-down Date.**
	A Write-down will result in the full principal amount of, and any accrued interest on, the Notes being automatically and permanently written-down to zero and all rights of Holders for payment of any amounts under or in respect of the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) becoming null and void, irrespective of whether such amounts became due and payable prior to the occurrence of the Write-down Event, the date of the Write-down Notice or the Write-down Date. As a result, Holders will lose their entire investment in the Notes.
	A "**Write-down Event**" means either a Contingency Event or a Viability Event.
	A "**Contingency Event**" will occur if CSG (or any Substitute Issuer) gives Holders a Contingency Event Notice.
	CSG (or any Substitute Issuer) is required to give Holders a Contingency Event Notice (within the required notice period) if as at any Reporting Date, the CET1 Ratio contained in the relevant Financial Report is below 7.00 per cent.
	Notwithstanding the above, if the Regulator (being, at the Issue Date, the Swiss Financial Market Supervisory Authority FINMA), at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Write-down shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above 7.00 per cent. that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time, CSG (or any Substitute Issuer) will not be required to give Holders a Contingency Event Notice and no Contingency Event in relation thereto shall be deemed to have occurred.
	Subject to the above, CSG (or any Substitute Issuer) is required to give Holders a Contingency Event Notice no later than the fifth business day after the date of publication of the relevant Financial Report
	A "**Viability Event**" will occur if either:
	(a) the Regulator has notified CSG that it has determined that a write-down of the Notes, together with the conversion or write-down/off of holders' claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into

	equity or written-down/off at that time, is, because customary measures to improve CSG's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business; or (b) customary measures to improve CSG's capital adequacy being at the time inadequate or unfeasible, CSG has received an irrevocable commitment of extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG's capital adequacy and without which, in the determination of the Regulator, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business. Following the occurrence of a Viability Event, CSG (or any Substitute Issuer) is required to give notice to Holders within three business days after the occurrence thereof. See "*Terms and Conditions of the Notes — Write-down*" for more information. **Each Holder and Indirect Holder agrees, by accepting an interest in such Note, to be bound by and consents to the application of the Write-down.**
Taxation	The Issuer will pay such Additional Amounts as may be necessary in order that the net payment received by each Holder in respect of the Notes, after withholding for any taxes imposed on the Issuer by tax authorities in Switzerland (or in any political subdivision thereof or therein having power to tax) upon payments made by or on behalf of the Issuer under the Notes will equal the amount which would have been received in the absence of any such withholding taxes, save in certain limited circumstances as more particularly set out in "*Terms and Conditions of the Notes — Taxation*".
Events of Default	It will be an Event of Default if: (i) the Issuer fails to make any payment of principal in respect of the Notes for a period of 10 days or more after the date such payment is due, or the Issuer fails to make any payment of interest in respect of the Notes for a period of 30 days or more after the date on which such payment is due; (ii) an involuntary case or other proceedings are commenced against the Issuer, with respect to the Issuer or its debts under any bankruptcy, insolvency or other similar present or future law seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or for any substantial part of the property and assets of the Issuer, and such involuntary case or other proceedings shall remain undismissed and unstayed for a period of 60 days, except that the issuance of a writ of payment (*Zahlungsbefehl*) under the Swiss debt enforcement and bankruptcy laws shall not constitute such involuntary case or proceeding for the purpose of Condition 12(a); or an order for relief is entered against the Issuer for the purpose of

	Condition 12(a); or an order for relief is entered against the Issuer under any bankruptcy, insolvency or other similar law now or hereafter in effect; or (iii) the Issuer (x) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (y) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer for all or substantially all of the property and assets of the Issuer; or (z) effects any general assignment for the benefit of creditors. Holders have limited enforcement remedies, as more particularly described in "*Terms and Conditions of the Notes — Events of Default*".
Issuer Substitution	Holders will be deemed to have acknowledged, and explicitly consented to, the fact that the Issuer may at any time, at the discretion of the Issuer and without any requirement for the further consent of Holders, be substituted as Issuer by another entity, provided certain conditions (including the giving by CSG of a subordinated guarantee) are satisfied, as more particularly described in "*Terms and Conditions of the Notes — Meetings of Holders, Modification and Substitution — Issuer Substitution*".
Use of Proceeds	The net proceeds from the Notes, amounting to CHF 197,000,000, will be used by the Issuer for its general corporate purposes, which could include investments in its subsidiaries.
Expected Rating	The Notes are expected upon issue to be rated BB by Fitch and BB- by Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, modification or withdrawal at any time by the assigning rating agency.
Listing and Admission to trading	Application will be made to the SIX Swiss Exchange for listing of the Notes. The Notes are expected to be provisionally admitted to trading on the SIX Swiss Exchange from 21 March 2017. The last trading day is expected to be the second dealing day prior to the date on which the Notes are fully redeemed or the Write-down Date, as applicable, in accordance with the Terms and Conditions of the Notes.
Clearing Systems	The Notes shall be accepted for clearing through the systems operated by SIX SIS Ltd, Euroclear, Clearstream, Luxembourg or any clearing system, and Holders will have to rely on their procedures for transfers of, and payments on, the Notes and communications with the Issuer.
Governing Law	Swiss law.
Jurisdiction	Upon an Event of Default under the Notes, Holders will have only limited enforcement remedies in the case of enforcing payment of sums due. Following an Event of Default and non-payment of the relevant sums due within a statutory period following the issue of a writ of payment as required by Swiss insolvency laws, Holders may only institute proceedings against CSG in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws.

Selling Restrictions	The Notes are subject to restrictions on their offering, sale and delivery both generally and specifically in the United States, the European Economic Area and the United Kingdom. These restrictions are described under "*Selling Restrictions*".
Regulation S	Offers and sales in accordance with Regulation S will be permitted, subject to compliance with all relevant, legal and regulatory requirements of the United States.
Security Codes	ISIN: CH0360172719 Common Code: 158411610 Swiss Security Number: 36017271

RISK FACTORS

Investing in the Notes involves risk, including the risk of loss of a Holder's entire investment in the Notes. Investors should reach their own investment decision with regard to the Notes only after consultation with their own financial and legal advisers about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under, and may affect the likelihood of an occurrence of a write-down of, the Notes.

In addition, certain factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or a Write-down Event triggering a Write-down may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently anticipate. Prospective investors should give careful consideration to the following risk factors in evaluating the merits and suitability of an investment in the Notes. The information is not intended to be an exhaustive list of all potential risks associated with an investment in the Notes. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

Capitalised terms used in this section but not defined herein shall have the meanings assigned to them elsewhere in this Information Memorandum.

Factors which are material for the purpose of assessing an investment in the Notes

The likelihood of an occurrence of a write-down of the Notes is material for the purpose of assessing an investment in the Notes. The Notes may be subject to a Write-down and upon the occurrence of such an event Holders will lose the entire amount of their investment in the Notes.

Upon the occurrence of a Write-down Event, a Write-down will occur and the full principal amount of the Notes will be automatically and permanently written-down to zero. As a result, Holders will lose the entire amount of their investment in the Notes. On the Write-down Date, (i) the full principal amount of, and any accrued interest on, the Notes will be written-down to zero, (ii) all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under, or in respect of, the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) will become null and void, irrespective of whether such amounts have become due and payable prior to the occurrence of the Write-down Event, the date of the Write-down Notice or the Write-down Date, and (iii) the Notes will be cancelled.

Furthermore, any Write-down will be irrevocable and, upon the occurrence of a Write-down, Holders will not (i) receive any shares or other participation rights in CSG or be entitled to any other participation in the upside potential of any equity or debt securities issued by CSG or any other member of the Group, or (ii) be entitled to any write-up or any other compensation in the event of a potential recovery of CSG or any other member of the Group or any subsequent change in the CET1 Ratio or financial condition thereof. The Write-down may occur even if existing preference shares, participation certificates, if any, and ordinary shares of CSG remain outstanding.

A Write-down Event will occur if at any time while the Notes are outstanding, a Contingency Event or Viability Event occurs.

A Contingency Event will occur if the Issuer or, following any substitution under Condition 13(c) of the Terms and Conditions of the Notes, the Substitute Issuer or CSG gives Holders a Contingency Event Notice. A Contingency Event Notice shall be required to be given if the CET1 Ratio, calculated as of any Reporting Date, falls below 7.00 per cent., unless the Regulator, at the request of CSG, agrees that a Write-down should not occur – for more information, see "*Terms and Conditions of the Notes — Write-down*".

A Viability Event will occur if, prior to a Statutory Loss Absorption Date (if any), the Regulator makes the determination that the circumstances described in paragraph (A) or paragraph (B) of the definition of "Viability Event" has occurred – for more information, see "*Terms and Conditions of the Notes — Write-down*". Any such event could occur before formal insolvency proceedings would be commenced in respect of CSG.

Investors should understand that the determination of whether a Write-down Event has occurred will be made on the basis of the CET1 Ratio calculated by CSG with respect to the Group and other circumstances relating to CSG. For more information on CSG, see "*Credit Suisse Group AG*" below, and for more information on the possibility of the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") having increased authority in case of resolution proceedings involving banks, and bank holding companies in Switzerland, see "*Risk Factors — Legal and regulatory risks — Regulatory changes may adversely affect CSG's business and ability to execute its strategic plans*".

Investors should note that, as at the date hereof, the agreed-upon procedures referred to in the definition of Interim Capital Report in Condition 18 will be provided solely for the exclusive use of FINMA and cannot be relied upon by any person other than FINMA without the written consent of the Auditor.

Each Holder and beneficial owner of a Note agrees, by accepting a direct or beneficial interest in such Note, to be bound by and consents to the application of the Write-down.

The circumstances triggering a Write-down are unpredictable. Future regulatory or accounting changes to the calculation of the CET1 Amount and/or RWA Amount may negatively affect the CET1 Ratio and thus increase the risk of a Contingency Event, which will lead to a Write-down, as a result of which Holders will lose the entire amount of their investment in the Notes.

The occurrence of a Contingency Event or Viability Event is inherently unpredictable and depends on a number of factors, many of which are outside of the Issuer's control.

The occurrence of a Contingency Event depends, in part, on the calculation of the CET1 Ratio, which can be affected, among other things, by the growth of CSG's business and its future earnings; expected dividend payments by CSG; regulatory changes (including possible changes in regulatory capital definitions and calculations) and CSG's ability to mitigate risk weighted assets ("**RWAs**") in exit businesses, structured products, emerging markets and derivatives. The calculation may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments modifying the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules or the related changes to regulatory adjustments are not applicable as of the relevant calculation date, the Regulator could require CSG to reflect such changes in any particular calculation of the CET1 Ratio. Those accounting changes or regulatory changes may have a material adverse impact on the calculation of the CET1 Amount and RWA Amount used to calculate the CET1 Ratio. Moreover, pursuant to the Ordinance concerning Capital Adequacy and Risk Diversification for Banks and Securities Dealers dated 1 June 2012, as amended (the "**Capital Adequacy Ordinance**"), CSG is permitted, insofar as its Going Concern Requirement is met, and in line with international requirements, to allocate capital, including Common Equity Tier 1 Capital, to gone concern capital (see "*Information Regarding the CET1 Ratio and Swiss Capital Ratios — Regulatory Capital Framework — Swiss Requirements*" for more information on gone concern capital and the gone concern requirement under the Capital Adequacy Ordinance). If it were to choose to do so, any such Common Equity Tier 1 Capital would no longer be included in the CET1 Ratio and the CET1 Ratio would be reduced

accordingly. Any such re-allocation could make the occurrence of a Contingency Event more likely and would not be subject to any approval or consent by Holders or any beneficial owner of a Note. Furthermore, although CSG reports the CET1 Ratio only as of each quarterly period end, the Regulator as part of its supervisory activity may instruct CSG to calculate the CET1 Ratio as of any date during such periods. The CET1 Ratio and other capital metrics fluctuate during any reporting period in the ordinary course of business. A Contingency Event could, therefore, occur at any time if the CET1 Ratio as of any such date is below 7.00 per cent. For additional information on CSG's capital ratios and the relevant regulatory framework including expected effects of the phase-in requirements on the calculation of the CET1 Ratio, see "*Information Regarding the CET1 Ratio and Swiss Capital Ratios*" below.

Furthermore, regulatory changes that may occur which effect the basis of CSG's calculation of the CET1 Ratio subsequent to the date of this Information Memorandum may individually or in the aggregate negatively affect the CET1 Ratio and thus increase the risk of a Write-down, as a result of which Holders will lose the entire amount of their investment in the Notes and have no further rights against the Issuer with respect to the repayment of the principal amount of, or the payment of interest on, the Notes.

The occurrence of a Viability Event, and a Write-down resulting therefrom, is subject to, *inter alia*, a subjective determination by the Regulator as more particularly described below and in "*Terms and Conditions of the Notes — Write-down — Write-down Event — Viability Event*". As a result, the Regulator may require and/or the federal government may take actions contributing to the occurrence of a Write-down in circumstances that are beyond the control of CSG and with which CSG does not agree.

The Regulator may notify CSG that it has determined that a write-down of the Notes, together with the conversion or write-down/off of holders' claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written-down/off at that time, is, because customary measures to improve CSG's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business. Additionally, if measures to improve CSG's capital adequacy are at the time inadequate or unfeasible and if CSG has received an irrevocable commitment of extraordinary support from the federal or central government or central bank in CSG's country of incorporation (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG's capital adequacy, the Regulator may determine that, without such irrevocable commitment, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business. Such a notification or determination by the Regulator will constitute a Viability Event.

Because of the inherent uncertainty regarding the determination as to whether a Contingency Event or a Viability Event has occurred, it will be difficult to predict when, if at all, a Write-down will occur. Accordingly, trading behaviour in respect of the Notes is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that CSG is trending towards a condition that could trigger a Contingency Event or a Viability Event can be expected to have a material adverse effect on the market price of the Notes.

Payments of interest are discretionary.

Payment of interest on any Interest Payment Date is at the discretion of the Issuer. The Issuer may elect not to pay interest, in whole or in part, on any Interest Payment Date. The Issuer may make such election for any reason. The Issuer will be obliged to cancel interest payments in the circumstances described in "*Terms and Conditions of the Notes – Interest Calculations – Cancellation of Interest; Prohibited Interest*".

Any interest which is not paid on the applicable Interest Payment Date shall not accumulate or be payable at any time thereafter and Holders shall have no right thereto. Thus, any interest not paid as a result of

these restrictions will be lost and the Issuer will have no obligation to make payment of such interest or to pay interest thereon.

Furthermore, if the Issuer is prohibited from making interest payments or exercises its discretion not to pay interest on any Interest Payment Date, the Issuer will not be restricted from making distributions or any other payments to the holders of any securities ranking *pari passu* with the Notes.

See "*Terms and Conditions of the Notes—Interest Calculations*".

Other regulatory capital instruments may not be subject to conversion into equity or a write-down.

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date hereof by CSG or any of its Subsidiaries may vary and accordingly such instruments may not convert into equity or be written-down at the same time, or to the same extent, as the Notes, or at all.

The Notes are a novel form of security and may not be a suitable investment for all investors.

The Notes are a novel form of security. As a result, an investment in the Notes will involve certain increased risks. Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes, such as the provisions governing a Contingency Event, particularly the calculation of the CSG's capital ratios (including the CET1 Ratio, the CET1 Amount and the RWA Amount), or a Viability Event, and be familiar with the behaviour of any relevant financial markets and their potential impact on the likelihood of a Write-down Event occurring; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment, a Write-down, and its ability to bear the applicable risks.

The Notes are novel and complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of a Write-down, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Information Memorandum or incorporated by reference herein.

The Notes are subject to the provisions of the laws of Switzerland, which may change and have a material adverse effect on the terms and market value of the Notes.

The Terms and Conditions of the Notes are based on Swiss law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law or administrative practice after the date of this Information Memorandum.

Changes in the laws of Switzerland after the date hereof may also affect the rights and effective remedies of Holders as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on investment in the Notes.

In particular, any amendment of the Swiss Banking Act or any amendment or implementation of an implementing ordinance in respect of the provisions in the Swiss Banking Act could impact the calculation of the CET1 Ratio, the CET1 Amount and the RWA Amount. Because the occurrence of a Contingency Event depends, in part, on the calculation of the CET1 Ratio, any change in Swiss law that could affect the calculation of the CET1 Ratio could also affect the determination of whether a Contingency Event has occurred. This uncertainty relates to one of the principal terms of the Notes and any uncertainty regarding this term can be expected to have an adverse effect on the market value of the Notes.

Furthermore, on 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. If respective legislation were enacted by Switzerland a paying agent in Switzerland may be required to deduct Swiss withholding tax on payments of interest in respect of a Note to certain Holders. This may have an adverse effect on investment in the Notes. For more information, see "*Risk Factors — Potential changes in Swiss withholding tax legislation*" below.

In addition, any change in the National Regulations and/or BIS Regulations that occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be treated as both Going Concern Capital under National Regulations and Additional Tier 1 Capital under BIS Regulations, would trigger a Capital Event, and any change under the laws or regulations of Switzerland, including any treaty to which Switzerland is a party, or any change in the generally published application or interpretation of such laws, including a decision of any court or tribunal or any relevant tax authority, that would cause the Issuer to have to pay Additional Amounts under the Notes would trigger a Tax Event, at which time the Issuer has the option, subject to certain conditions (a) to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities, or (b) to redeem the Notes in whole but not in part. In any such case, the Notes could cease to be outstanding, which could materially and adversely affect investors and frustrate investment strategies and goals.

In addition, such legislative and regulatory uncertainty could affect an investor's ability accurately to value the Notes and therefore affect the trading price of the Notes given the extent and impact on the Notes of one or more regulatory or legislative changes, including the ones described above.

In certain instances, the Issuer could substitute or vary the terms of the Notes and Holders may be bound by certain other amendments to the Notes to which they did not consent.

If at any time a Capital Event or a Tax Event occurs and is continuing, in addition to its option to redeem the Notes, the Issuer has the option, without the need for any consent of Holders (unless then so required by the mandatory provisions of Swiss law), to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Compliant Securities, as described under "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*". While the Issuer cannot so substitute the Notes for securities that have, or so vary the terms of the Notes so that they

have, economic terms materially less favourable to a Holder than the terms of the Notes, no assurance can be given as to whether any such substitution or variation will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Notes could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes.

In addition, the Notes are subject to statutory provisions of Swiss law allowing for the calling of meetings of Holders to consider matters affecting their interests. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Pursuant to the mandatory provisions of Swiss law currently in effect, (i) the Issuer will be required to provide Holders with at least ten days' notice of any meeting of Holders, (ii) the Issuer will be required to call a meeting of Holders within 20 days if it is requested to do so by Holders holding Notes in an aggregate principal amount that represents at least one-twentieth of the outstanding aggregate principal amount of the Notes, and (iii) only Holders or their proxies will be entitled to attend, or vote at, a meeting of Holders.

In addition, the requirements under Swiss law currently in effect regarding the approval by Holders of amendments to the Terms and Conditions of the Notes will depend on the type of amendment. Pursuant to article 1170 of the Swiss Code of Obligations, the consent of Holders representing at least two-thirds of the outstanding aggregate principal amount of the Notes is required for any resolution limiting Holders' rights under the Terms and Conditions of the Notes (such as a moratorium on interest or capital and certain amendments to the interest provisions). In addition, in order to become effective and binding on the non-consenting Holders, any such resolution must be approved by the competent superior cantonal composition court. In the case of resolutions that do not limit Holders' rights under the Terms and Conditions of the Notes, pursuant to article 1181 of the Swiss Code of Obligations, an absolute majority of the votes represented at a meeting of Holders is sufficient to approve any such resolution, unless article 1170 of the Swiss Code of Obligations or the Terms and Conditions of the Notes provide for more stringent requirements.

Holders will bear the risk of fluctuations in the CET1 Ratio.

The market price of the Notes is expected to be affected by fluctuations in the CET1 Ratio. Fluctuations in the CET1 Ratio may be caused by changes in the CET1 Amount and/or the RWA Amount (each of which shall be calculated by CSG on a consolidated basis), as well as changes to their respective definitions under relevant capital adequacy standards and guidelines. Any indication that the CET1 Ratio is trending towards a Contingency Event can be expected to have a material adverse effect on the market price of the Notes.

The interest rate on the Notes will reset on the First Optional Redemption Date, which can be expected to affect the market value of the Notes.

The Notes will initially bear interest from and including the Issue Date to (but excluding) the First Optional Redemption Date (each as defined under "*Terms and Conditions of the Notes—Part B*") at an initial rate of 3.875 per cent. per annum, and thereafter at the applicable Reset Interest Rate, based on the Mid Market Swap Rate plus 3.993 per cent., in each case, payable annually in arrear on 22 September in each year. This reset rate could be less than 3.875 per cent. and could therefore adversely affect the market value of an investment in the Notes.

The Notes are perpetual securities.

The Notes are perpetual securities, which means they have no scheduled repayment date. The Issuer is under no obligation to redeem the Notes at any time before the date on which voluntary or involuntary liquidation proceedings are instituted in respect of the Issuer (should such proceedings ever be instituted). Holders will have no right to call for their redemption.

The Issuer may, in its sole discretion, elect to redeem the Notes early on the First Optional Redemption Date or on any Reset Date or upon the occurrence of certain events.

The Notes may be redeemed early, subject to the conditions described under "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*" (including the approval of the Regulator, which is subject to, among others, the remaining regulatory capital following such redemption still satisfying the Swiss requirements or the issuance of a sufficient amount of regulatory capital that is at least equivalent to the regulatory capital being redeemed), in the Issuer's sole discretion, in whole but not in part, at their principal amount, in each case together with accrued but unpaid interest, in certain circumstances including, on the First Optional Redemption Date or on any Reset Date thereafter, and at any time upon the occurrence of a Tax Event or a Capital Event. The Notes may not be repurchased or redeemed by CSG at the option of the Holder.

CSG may be expected to exercise its right to redeem all or part of the Notes when its cost of alternative borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider whether and how to reinvest the proceeds of such redemption in light of other investments available at that time. There can be no assurance that Holders will be able to reinvest the redemption proceeds at a rate that will provide the same rate of return as their investment in the Notes.

In addition, the early redemption feature of the Notes is likely to affect their market value. During any period when the Issuer has the right to elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

There is no requirement to redeem the Notes or any other capital instruments of the Group on a *pro rata* basis upon the occurrence of any event giving the Issuer the right to redeem the Notes early. Also, upon the occurrence of any event giving the Issuer the right to redeem the Notes early, the Issuer or any other member of the Group, as applicable, may, instead of redeeming the Notes, choose to redeem other outstanding capital instruments if the terms of those capital instruments so provide, leaving Holders subject to the risk of a Write-down while other investors are redeemed at par or other advantageous prices.

For further information, please see "*Terms and Conditions of the Notes — Redemption, Substitution, Variation and Purchase*".

The obligations of the Issuer under the Notes are subordinated.

In the event of the liquidation, dissolution or winding-up of CSG prior to a Write-down having occurred, the rights and claims of Holders against CSG in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank junior to all claims of Priority Creditors, *pari passu* with Parity Obligations and senior to the rights and claims of all holders of Junior Capital.

Therefore, if CSG were liquidated, dissolved or wound-up, CSG's liquidator would first apply assets of CSG to satisfy all claims of Priority Creditors. If CSG does not have sufficient assets to settle claims of Priority Creditors in full, the claims of Holders will not be settled and, as a result, Holders will lose the entire amount of their investment in the Notes. The Notes will share equally in payment with the subordinated obligations of CSG in respect of CSG Tier 1 Instruments, or Parity Obligations, if CSG does not have sufficient funds to make full payments on all of them. In such a situation, Holders could lose all or part of their investment in the Notes.

Additionally, since 1 January 2016, under certain circumstances, FINMA has the power to open restructuring proceedings with respect to CSG under Swiss banking laws (see "*Risk Factors — Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations*" below),

and could convert the Notes into equity or cancel the Notes, in each case, in whole or in part. Holders should be aware that, in the case of any such conversion into equity, FINMA would follow the order of priority set out under Swiss banking laws, which means, among other things, that the Notes would have to be converted prior to the conversion of any of CSG's subordinated debt that does not qualify as regulatory capital with a contractual write-down or conversion feature. Furthermore, in the case of any such cancellation, FINMA may not be required to follow any order of priority, which means, among other things, that the Notes could be cancelled in whole or in part prior to the cancellation of any or all of CSG's equity capital.

In addition, upon the occurrence of a Write-down prior to the liquidation, dissolution or winding-up of CSG, the full principal amount of, and any accrued interest on, the Notes will be automatically and permanently written-down to zero on the Write-down Date, and, as a result, each Holder will lose the entire amount of its investment in the Notes, and will not have any rights against CSG with respect to repayment of the principal amount of the Notes (whether or not such principal amount has become due) or the payment of interest on such Notes (or any related Additional Amounts), irrespective of whether CSG has sufficient assets available to settle the claims of Holders under the Notes or other securities subordinated to the same or greater extent than the Notes, in liquidation, dissolution or winding-up proceedings or otherwise..

There are limited remedies available under the Notes.

In accordance with the Basel III requirements for additional tier 1 instruments, and as more particularly described in "*Terms and Conditions of the Notes — Events of Default*", the Notes contain limited Events of Default, confined to non-payment of sums due on the Notes for specified periods and the commencement of proceedings for the winding up, dissolution or liquidation of CSG or, *inter alia*, the taking of certain proceedings under Swiss bankruptcy and insolvency laws in relation to CSG.

Upon an Event of Default, Holders have only limited enforcement remedies. In the case of enforcing payment of sums due, Holders are limited to the institution of proceedings in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws. Following an Event of Default and non-payment of the relevant sums due within a statutory period following the issue of a writ of payment as required by Swiss insolvency laws, Holders may only institute proceedings against CSG in Switzerland (but not elsewhere) to enforce their rights under Swiss insolvency laws.

There is no restriction on the amount or type of further securities or indebtedness which CSG may issue.

There is no restriction on the amount or type of further securities or indebtedness which CSG may issue, incur or guarantee, as the case may be, which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such further securities or indebtedness may limit the ability of CSG to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities with similar, different or no Contingency Event or Viability Event provisions.

Credit ratings may not reflect all risks. Changes to the credit ratings could affect the value of the Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. The Notes are expected upon issue to be rated BB by Fitch and BB- by Standard & Poor's. There can be no assurance that the methodology of these rating agencies will not evolve or that such ratings will not be suspended, reduced or withdrawn at any time by Fitch or Standard & Poor's. Further, such credit rating may be revised downwards in the event of a deterioration in the capital position or viability of CSG. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The investors will have to rely on the clearing system's procedures for transfer, payment, voting and communication with the Issuer.

The Notes will be entered into the main register (*Hauptregister*) of SIX SIS Ltd and credited to the accounts of one or more participants of SIX SIS Ltd. The Notes will then constitute Intermediated Securities (*Bucheffekten*) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) and be cleared through the systems operated by SIX SIS Ltd, Euroclear, Clearstream, Luxembourg, or any clearing system, and Holders will have to rely on their procedures for transfers of, and payments on, the Notes and communications with the Issuer.

The Notes are not covered by any government compensation or insurance scheme and do not have the benefit of any government guarantee.

An investment in the Notes will not be covered by any compensation or insurance scheme of any government agency of Switzerland or any other jurisdiction and the Notes do not have the benefit of any government guarantee. The Notes are the obligations of CSG only and Holders must solely look to CSG for the performance of CSG's obligations under the Notes. In the event of the insolvency of CSG, a Holder may lose all or some of its investment in the Notes.

CSG is a holding company and relies on its subsidiaries for all funds necessary to meet its financial obligations.

CSG is a holding company and its subsidiaries conduct all of its operations and own all of its assets. CSG has no significant assets other than the partnership interests, stock and other equity interests in its subsidiaries. CSG's subsidiaries are separate and distinct legal entities and, under certain circumstances, legal and contractual restrictions may limit the ability of these subsidiaries to provide CSG with funds for CSG's payment obligations, whether by dividends, distributions, loans or other payments, including but not limited to payments in connection with regulatory capital instruments issued by CSG's subsidiaries to CSG. For example, there are various regulatory requirements applicable to some of CSG's subsidiaries that limit their ability to pay dividends and make loans and advances to CSG, as the case may be. Any distribution of earnings to CSG from its subsidiaries, or advances or other distributions of funds by these subsidiaries to CSG, all of which are subject to statutory or contractual restrictions, are contingent upon the subsidiaries' earnings and are subject to various business considerations.

Additionally, since the creditors of any of CSG's subsidiaries would generally have a right to receive payment that is superior to CSG's right to receive payment as shareholder from the assets of that subsidiary, Noteholders will be effectively subordinated to creditors of CSG's subsidiaries.

Since 1 January 2016, CSG is subject to the resolution regime under Swiss banking laws and regulations.

Prior to 1 January 2016, the Swiss bank resolution regime only applied to duly licensed banks, such as Credit Suisse AG ("**CS**"), and certain other regulated financial service providers in Switzerland, but not to a parent company of a financial group, such as CSG. However, pursuant to an amendment to the Swiss Banking Act that took effect on 1 January 2016, the scope of the Swiss bank resolution regime was extended to, among others, Swiss parent companies of financial groups, including CSG, so that the same resolution regime that applies to CS also applies to CSG.

Under the amended Swiss Banking Act, FINMA is able to exercise its broad statutory powers thereunder with respect to CSG, including its powers to order of protective measures, institute restructuring proceedings (and exercise any Swiss resolution powers in connection therewith), and institute liquidation proceedings, if there is justified concern that CSG is over-indebted, has serious liquidity problems or, after the expiry of a deadline, no longer fulfils capital adequacy requirements.

Protective measures may be ordered even before a Write-down Event has occurred. Such protective measures may include (a) giving instructions to the governing bodies of CSG, (b) appointing an investigating agent, (c) stripping governing bodies of CSG of their power to legally represent CSG or remove them from office, (d) removing the regulatory or company-law audit firm from office, (e) limiting CSG's business activities, (f) forbidding CSG to make or accept payments or undertake security trades, (g) closing down CSG, or (h) except for mortgage-secured receivables of central mortgage bond institutions, ordering a moratorium or deferral of payments. CSG will have limited ability to challenge any such protective measures. Additionally, holders of the Notes would have no right under Swiss law and in Swiss courts to reject, seek the suspension of, or to challenge the imposition of any such protective measures.

Resolution powers that may be exercised during restructuring proceedings with respect to CSG, include the power to (a) transfer the assets, or portions thereof, together with debt and other liabilities, or portions thereof, and contracts, to another entity, (b) stay (for a maximum of two business days) the termination of, and the exercise of rights to terminate, netting rights, rights to enforce or dispose of certain types of collateral or rights to transfer claims, liabilities or certain collateral under, contracts to which the entity subject to such Restructuring Proceedings is a party, and/or (c) partially or fully convert into equity of CSG and/or write-down the obligations of CSG, including the Notes, if not already written-down pursuant to their terms. Creditors, including holders of the Notes, will have no right to reject, or to seek the suspension of, any restructuring plan pursuant to which such resolution powers are exercised with respect to CSG. Holders of the Notes will have only limited rights to challenge any decision to exercise resolution powers with respect to CSG or to have that decision reviewed by a judicial or administrative process or otherwise.

While the terms of the Notes provide for a contractual write-down of the full principal amount of the Notes upon the occurrence of a Write-down Event, there can be no assurance that the taking of any actions by FINMA, or any other authority in Switzerland that is competent at the relevant time, with respect to CSG would not as well or instead of the contractual write-down adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or CSG's ability to satisfy their obligations under the Notes.

International Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information ("**AEOI**") in tax matters (the "**AEOI Agreement**"), which is replacing the repealed EU savings tax agreement and the repealed agreements of Switzerland with Austria and UK on final withholding taxes. The AEOI Agreement became effective as of 1 January 2017, and applies to all 28 member states and also Gibraltar. In addition, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information ("**MCAA**"), and based on the MCAA, a number of bilateral AEOI agreements, including with Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Cost Rica, Greenland, Iceland, India, Indonesia, Israel, Japan, Liechtenstein, Malaysia, Mexico, New Zealand, Norway, Russia, Saudi Arabia, South Africa, South Korea, United Arab Emirates, Uruguay and a number of other jurisdictions, which agreements became effective on 1 January 2017, or, subject to ratification, will become effective on 1 January 2018. Based on the AEOI Agreement and the bilateral agreements and the implementing laws of Switzerland, Switzerland began or will begin to collect data in respect of financial assets, including Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or in a treaty state from 2017 or 2018, and begin to exchange it from 2018 or 2019, depending on the effectiveness date of the agreement. Switzerland has announced to conclude further AEOI agreements with further countries. An updated list of AEOI agreements of Switzerland can be found on: www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsausausch.html.

In addition, if the financial institution through which an investor holds its account is located in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA (as defined herein), or

a jurisdiction that has committed to the implementation of the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**"), the financial institution may be required to determine whether accounts held in the financial institution are held directly or indirectly by U.S. persons (in the case of FATCA) or by residents of the jurisdictions that have implemented CRS (in the case of CRS). Accordingly, investors may be required to provide the financial institution through which the investor holds its account with information about the investor's identity, tax status, and if required, the investor's direct and indirect owners. This information may be provided, directly or indirectly, to the investor's home taxing jurisdiction, and may also be provided to the jurisdiction in which the investor holds its account, if different. Investors should consult their own tax advisers regarding the potential implications of AEOI, FATCA, CRS and other similar systems for collecting and reporting account information.

Potential changes in Swiss withholding tax legislation.

On 4 November 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Note by any person other than the Issuer, the Holder would not be entitled to receive any Additional Amounts as a result of such deduction or withholding under the terms of the Notes.

No public market exists for the Notes, and there are uncertainties regarding the existence of any trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, CSG's results of operations and fluctuations in CSG's capital ratios. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Notes as they are especially sensitive to interest rate, currency and market risks, are designed for specific objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Although application will be made for the admission to trading and listing of the Notes on the SIX Swiss Exchange, there can be no assurance that such application will be accepted or that an active trading market in the Notes will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for the Notes. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may be influenced by unpredictable factors.

Many factors, most of which are beyond CSG's control, will influence the value of the Notes and the price, if any, at which securities dealers may be willing to purchase or sell the Notes in the secondary market, including:

(i) the creditworthiness of CSG and, in particular, the level of CSG's capital ratios from time to time;

(ii) supply and demand for the Notes, including inventory with any securities dealer; and

(iii) economic, financial, political or regulatory events or judicial decisions that affect CSG and the Group or the financial markets generally.

Accordingly, if a Holder sells its Notes in the secondary market, it may not be able to obtain a price equal to the principal amount of the Notes or a price equal to the price that it paid for the Notes.

The Swiss franc exchange rate may have an effect on the value of the Notes.

The Issuer will pay principal and interest on the Notes in Swiss francs. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Swiss francs. These include the risk that exchange rates may significantly change (including changes due to devaluation of Swiss francs or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Swiss francs would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of any principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. Any of the foregoing events could adversely affect the price of the Notes.

Holders are subject to interest rate risks.

Because the Notes bear a fixed rate of interest from the Issue Date to (but excluding) the First Optional Redemption Date, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes during this period

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to assess the terms of the Notes (including as to a Write-down) and to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and/or the likelihood of a Write-down Event

CSG is exposed to a variety of risks that could adversely affect its results of operations or financial condition, including, among others, those described below. Unless indicated otherwise, all references to CSG in the risk factors set out under this section "*Factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and/or the likelihood of a Write-down Event*" are describing the consolidated businesses carried on by CSG and its subsidiaries.

Liquidity risk

Liquidity, or ready access to funds, is essential to CSG's business, particularly CSG's investment banking businesses. CSG seeks to maintain available liquidity to meet its obligations in a stressed liquidity environment. For information on CSG's liquidity management, refer to "*III—Treasury, risk, balance sheet and off-balance sheet*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance*

sheet" in each of CSG's quarterly financial reports dated 3 November 2016, 28 July 2016 and 10 May 2016 (collectively, the "**2016 Quarterly Reports**").

CSG's liquidity could be impaired if it is unable to access the capital markets or sell its assets, and CSG expects its liquidity costs to increase.

CSG's ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to CSG or the banking sector, including CSG's perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on CSG's liquidity. In challenging credit markets, CSG's funding costs may increase or it may be unable to raise funds to support or expand its businesses, adversely affecting its results of operations. Following the financial crisis in 2008 and 2009, its costs of liquidity have been significant, and CSG expects to incur additional costs as a result of regulatory requirements for increased liquidity and the continued challenging economic environment in Europe, the United States and elsewhere.

If CSG is unable to raise needed funds in the capital markets (including through offerings of equity and regulatory capital securities), it may need to liquidate unencumbered assets to meet its liabilities. In a time of reduced liquidity, CSG may be unable to sell some of its assets, or it may need to sell assets at depressed prices, which in either case could adversely affect its results of operations and financial condition.

CSG's businesses rely significantly on its deposit base for funding.

CSG's businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, CSG's liquidity position could be adversely affected and it might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

Changes in CSG's ratings may adversely affect its business.

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in February 2015, Standard & Poor's lowered its long-term credit ratings of several European banks, including Credit Suisse Group AG, by one notch and in January 2016 Moody's lowered its long term credit ratings of Credit Suisse AG by one notch. Any downgrades in CSG's assigned ratings, including in particular its credit ratings, could increase CSG's borrowing costs, limit its access to capital markets, increase its cost of capital and adversely affect the ability of its businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain its clients.

Market risk

CSG may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

Although CSG continued to strive to reduce its balance sheet and made significant progress in implementing its new strategy in 2015, CSG continues to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To

the extent that CSG owns assets, or has net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of CSG's net long positions. Conversely, to the extent that CSG has sold assets that it does not own or has net short positions in any of those markets, an upturn in those markets could expose CSG to potentially significant losses as it attempts to cover its net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of CSG's positions and its results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in CSG's net revenues and profitability.

CSG's businesses are subject to the risk of loss from adverse market conditions and unfavourable economic, monetary, political, legal and other developments in the countries it operates in around the world.

As a global financial services company, CSG's businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the United States, Asia and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. The European sovereign debt crisis, as well as United States' debt levels and the federal budget process, have not been permanently resolved. In addition, significantly higher market volatility, low commodity prices, particularly the recent significant decrease in energy prices, and concerns over emerging markets, in particular slower economic growth in China, have recently affected financial markets. CSG's financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which CSG operates or invests have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. Concerns about weaknesses in the economic and fiscal condition of certain European countries continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including CSG) which lent funds to or did business with or in those countries. For example, sanctions have been imposed on certain individuals and companies in Russia due to the conflict in the Ukraine. In addition, events in Greece have led to concerns about its economic and financial stability and the effects that it could have on the eurozone. Continued concern about European economies, including the refugee crisis and uncertainty related to the upcoming UK referendum on withdrawal from the EU, could cause disruptions in market conditions in Europe and around the world. Economic disruption in other countries, even in countries in which CSG does not currently conduct business or have operations, could adversely affect its businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices and concerns over European stagnation and Greece's position in the eurozone have affected financial markets and the economy. In recent years, the low interest rate environment has adversely affected CSG's net interest income and the value of its trading and non-trading fixed income portfolios, and future changes in interest rates, including changes in the current negative short-term interest rates in CSG's home market, could adversely affect its businesses and results. In addition, movements in equity markets have affected the value of CSG's trading and non-trading equity portfolios, while the historical strength of the Swiss franc has adversely affected CSG's revenues and net income. Further, diverging monetary policies among the major economies in which CSG operates, in particular among the U.S. Federal Reserve (the "**Fed**"), the European Central Bank and the Swiss National Bank (the "**SNB**") may adversely affect its results.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which CSG provides underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect its financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that CSG executes for customers and may adversely affect

the net revenues it receives from commissions and spreads. In addition, several of CSG's businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose CSG to enhanced sovereign, credit-related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect CSG's financial condition and results of operations.

Unfavourable market or economic conditions have affected CSG's businesses over the last years, including the low interest rate environment, continued cautious investor behaviour and changes in market structure, particularly in CSG's macro businesses. These negative factors have been reflected in lower commissions and fees from CSG's client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of CSG's clients' portfolios. Investment performance that is below that of competitors or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. There has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and CSG's results of operations related to private banking and asset management activities have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected CSG's private equity investments since, if a private equity investment substantially declines in value, CSG may not receive any increased share of the income and gains from such investment (to which CSG is entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose its pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other events beyond CSG's control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on CSG's businesses and results.

CSG may incur significant losses in the real estate sector.

CSG finances and acquires principal positions in a number of real estate and real estate-related products, primarily for clients, and originates loans secured by commercial and residential properties. As of 31 December 2015, CSG's real estate loans as reported to the SNB totaled approximately CHF 143 billion. CSG also securitises and trades in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including commercial mortgage-backed securities and residential mortgage-backed securities ("**RMBS**"). CSG's real estate-related businesses and risk exposures could be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on CSG's real estate-related businesses.

Holding large and concentrated positions may expose CSG to large losses.

Concentrations of risk could increase losses, given that CSG has sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which CSG makes significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect CSG's net revenues.

CSG has significant risk concentration in the financial services industry as a result of the large volume of transactions it routinely conducts with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of CSG's business it may be subject to risk concentration with a particular counterparty. CSG, like other financial institutions, continues to adapt its practices and operations in consultation with its

regulators to better address an evolving understanding of its exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in CSG's industry, operations, practices and regulation will be effective in managing this risk. For further information, refer to "*I—Information on the Company—Regulation and supervision*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Capital management—Regulatory Capital Framework*" in the 2016 Quarterly Reports. Risk concentration may cause CSG to suffer losses even when economic and market conditions are generally favourable for others in its industry.

CSG's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies CSG uses to hedge its exposure to various types of risk in its businesses is not effective, it may incur losses. CSG may be unable to purchase hedges or be only partially hedged, or its hedging strategies may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.

Market risk may increase the other risks that CSG faces.

In addition to the potentially adverse effects on CSG's businesses described above, market risk could exacerbate the other risks that CSG faces. For example, if CSG were to incur substantial trading losses, its need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with another market downturn, CSG's customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing CSG's credit and counterparty risk exposure to them.

Credit risk

CSG may suffer significant losses from its credit exposures.

CSG's businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. CSG's credit exposures exist across a wide range of transactions that it engages in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, currency exchange and other transactions. CSG's exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in CSG's inability to sell, syndicate or realise the value of its positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of RWAs on CSG's balance sheet, thereby increasing its capital requirements, all of which could adversely affect its businesses. For information on management of credit risk, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the 2016 Quarterly Reports.

CSG's regular review of the creditworthiness of clients and counterparties for credit losses does not depend on the accounting treatment of the asset or commitment. Changes in creditworthiness of loans and loan commitments that are fair valued are reflected in trading revenues.

CSG management's determination of the provision for loan losses is subject to significant judgment. CSG's banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if its original estimates of loss prove inadequate, which could have a material adverse effect on its results of operations. For information on provisions for loan losses and related risk mitigation refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" and

"*Note 1—Summary of significant accounting policies*", "*Note 10—Provision for credit losses*" and "*Note 19—Loans, allowance for loan losses and credit quality*", each in "*V—Consolidated financial statements—Credit Suisse Group*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Risk management*" and "*Note 10—Provision for credit losses*" and "*Note 17—Loans, allowance for loan losses and credit quality*" each in "*III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports.

Under certain circumstances, CSG may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit risks that CSG takes. As a result of these risks, CSG's capital and liquidity requirements may continue to increase.

Defaults by a large financial institution could adversely affect financial markets generally and CSG specifically.

Concerns or even rumours about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2015 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which CSG interacts on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. CSG's credit risk exposure will also increase if the collateral it holds cannot be realised upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

The information that CSG uses to manage its credit risk may be inaccurate or incomplete.

Although CSG regularly reviews its credit exposure to specific clients and counterparties and to specific industries, countries and regions that it believes may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. CSG may also fail to receive full information with respect to the credit or trading risks of a counterparty.

Risks from estimates and valuations

CSG makes estimates and valuations that affect its reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating its ability to realise deferred tax assets, valuing equity-based compensation awards, modelling its risk exposure and calculating expenses and liabilities associated with its pension plans. These estimates are based upon judgement and available information, and CSG's actual results may differ materially from these estimates. For information on these estimates and valuations, refer to "*II—Operating and financial review—Critical accounting estimates*" and "*Note 1—Summary of significant accounting policies*" in "*V—Consolidated financial statements—Credit Suisse Group*" in the Annual Report 2015 and "*Note 1—Summary of significant accounting policies"* in *"III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports.

CSG's estimates and valuations rely on models and processes to predict economic conditions and market or other events that might affect the ability of counterparties to perform their obligations to CSG or impact the value of assets. To the extent CSG's models and processes become less predictive due to unforeseen market conditions, illiquidity or volatility, its ability to make accurate estimates and valuations could be adversely affected.

Risks relating to off-balance sheet entities

CSG enters into transactions with special purpose entities ("**SPEs**") in its normal course of business, and certain SPEs with which CSG transacts business are not consolidated and their assets and liabilities are off-balance sheet. CSG may have to exercise significant management judgement in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require CSG to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If CSG is required to consolidate an SPE, its assets and liabilities would be recorded on its consolidated balance sheets and CSG would recognise related gains and losses in its consolidated statements of operations, and this could have an adverse impact on its results of operations and capital and leverage ratios. For information on CSG's transactions with and commitments to SPEs, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Balance sheet, off-balance sheet and other contractual obligations—off-balance sheet*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Balance sheet and off-balance sheet—off-balance sheet*" in the 2016 Quarterly Reports.

Country and currency exchange risk

Country risks may increase market and credit risks CSG faces.

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to CSG, which in turn may have an adverse impact on CSG's results of operations.

CSG may face significant losses in emerging markets.

A key element of CSG's new strategy is to scale up its private banking businesses in emerging market countries. CSG's implementation of that strategy will necessarily increase its already existing exposure to economic instability in those countries. CSG monitors these risks, seeks diversity in the sectors in which it invests and emphasises client-driven business. CSG's efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries, in particular China and Brazil during 2015, have experienced and may continue to experience severe economic and financial disruptions or slower economic growth than in prior years. The possible effects of any such disruptions may include an adverse impact on CSG's businesses and increased volatility in financial markets generally.

Currency fluctuations may adversely affect CSG's results of operations.

CSG is exposed to risk from fluctuations in exchange rates for currencies, particularly the U.S. dollar. In particular, a substantial portion of CSG's assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of its financial reporting. CSG's capital is also stated in Swiss francs and it does not fully hedge its capital position against changes in currency exchange rates. Despite some weakening, the Swiss franc remained strong against the U.S. dollar and euro in 2015.

In addition, on 15 January 2015, the SNB decided to discontinue the minimum exchange rate of CHF 1.20 per euro. As CSG incurs a significant part of its expenses in Swiss francs while it generates a large proportion of its revenues in other currencies, its earnings are sensitive to changes in the exchange rates between the Swiss franc and other major currencies. Although CSG has implemented a number of measures designed to offset the impact of exchange rate fluctuations on its results of operations, the appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on CSG's results of operations and capital position in recent years and may have such an effect in the future.

Operational risk

CSG is exposed to a wide variety of operational risks, including information technology risk.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although it has business continuity plans, CSG's businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure as well as from the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. As a global financial services company, CSG relies heavily on its financial, accounting and other data processing systems, which are varied and complex. CSG's business depends on its ability to process a large volume of diverse and complex transactions, including derivatives transactions, which have increased in volume and complexity. CSG is exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to CSG's businesses. Despite CSG's wide array of security measures to protect the confidentiality, integrity and availability of its systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to its systems and information. CSG could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties. In addition, CSG may introduce new products or services or change processes, resulting in new operational risk that CSG may not fully appreciate or identify.

These threats may derive from human error, fraud or malice, or may result from accidental technological failure. There may also be attempts to fraudulently induce employees, clients, third parties or other users of CSG's systems to disclose sensitive information in order to gain access to CSG's data or that of its clients.

Given CSG's global footprint and the high volume of transactions CSG processes, the large number of clients, partners and counterparties with which CSG does business, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection for an extended period of time. In addition, CSG expects that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, CSG may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of CSG's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, CSG could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. Any such event could also require CSG to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

CSG may suffer losses due to employee misconduct.

CSG's businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of traders performing unauthorised trades or other employees. It is not always possible to deter employee misconduct and the precautions CSG takes to prevent and detect this activity may not always be effective.

Risk management.

CSG has risk management procedures and policies designed to manage its risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. CSG continues to adapt its risk management techniques, in particular value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and CSG's risk management procedures and hedging strategies, and the judgements behind them, may not fully mitigate its risk exposure in all markets or against all types of risk. For information on CSG's risk management, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the Annual Report 2015 and "*II—Treasury, risk, balance sheet and off-balance sheet—Risk management*" in the 2016 Quarterly Reports.

Legal and regulatory risks

CSG's exposure to legal liability is significant.

CSG faces significant legal risks in its businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms continue to increase in many of the principal markets in which it operates.

CSG and its subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on CSG's operating results for any particular period, depending, in part, upon its results for such period. For information relating to these and other legal and regulatory proceedings involving CSG's investment banking and other businesses, refer to "*Note 39—Litigation*" in "*V—Consolidated Financial Statements—Credit Suisse Group*" in the Annual Report 2015 and "*Note 31—Litigation*" in "*III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports. See also "*Credit Suisse Group AG—Recent Developments—Settlement reached with U.S. Department of Justice regarding legacy Residential Mortgage-Backed Securities matter*" in this Information Memorandum.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving CSG's businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. CSG's management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters. For more information, refer to "*II—Operating and financial review—Critical accounting estimates*" and "*Note 1—Summary of significant accounting policies*" in "*V—Consolidated financial statements—Credit Suisse Group*" in the Annual Report 2015 and "*Note 1—Summary of significant accounting policies" in "III—Condensed consolidated financial statements-unaudited*" in the 2016 Quarterly Reports.

Regulatory changes may adversely affect CSG's business and ability to execute its strategic plans.

As a participant in the financial services industry, CSG is subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organisations in Switzerland, the European Union, the United Kingdom and the United States and other jurisdictions in which CSG operates around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to its compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit CSG's activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which CSG may operate or invest. Such limitations can have a negative effect on CSG's business and its ability to implement strategic initiatives. To the extent CSG is required to divest certain businesses, it could incur losses, as it may be forced to sell such businesses at a discount, which in certain

instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. CSG is already subject to extensive regulation in many areas of its business and expects to face increased regulation and regulatory scrutiny and enforcement. These various regulations and requirements could require CSG to reduce assets held in certain subsidiaries, inject capital into or otherwise change its operations or the structure of its subsidiaries and the Group. CSG expects such increased regulation to continue to increase its costs, including, but not limited to, costs related to compliance, systems and operations, as well as affecting its ability to conduct certain businesses, which could adversely affect its profitability and competitive position. Variations in the details and implementation of such regulations may further negatively affect CSG, as certain requirements currently are not expected to apply equally to all of its competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by Basel III, together with more stringent requirements imposed by the Swiss "Too Big To Fail" legislation and its implementing ordinances and related actions by CSG's regulators, have contributed to its decision to reduce risk-weighted assets and the size of its balance sheet, and could potentially impact its access to capital markets and increase its funding costs. In addition, the ongoing implementation in the United States of the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), including the "Volcker Rule", derivatives regulation, and other regulatory developments described in "*I—Information on the company—Regulation and supervision*" in the Annual Report 2015 and in "*II—Treasury, risk, balance sheet and off-balance sheet—Capital management—Regulatory Capital Framework*" in the 2016 Quarterly Reports, have imposed, and will continue to impose, new regulatory burdens on certain of CSG's operations. These requirements have contributed to its decision to exit certain businesses (including a number of its private equity businesses) and may lead it to exit other businesses. New Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission ("**SEC**") rules could materially increase the operating costs, including compliance, information technology and related costs, associated with its derivatives businesses with United States persons, while at the same time making it more difficult for CSG to transact derivatives business outside the United States. Further, in 2014, the Fed adopted a final rule under the Dodd-Frank Act that created a new framework for regulation of the United States operations of foreign banking organisations such as CSG's. Although the final impact of the new rule cannot be fully predicted at this time, it is expected to result in CSG incurring additional costs and to affect the way it conducts its business in the United States, including by requiring it to create a single U.S. intermediate holding company.

Similarly, already enacted and possible future cross-border tax regulation with extraterritorial effect, such as the U.S. Foreign Account Tax Compliance Act and multilateral or bilateral agreements on the automatic exchange of information in tax matters, impose detailed reporting obligations and increased compliance and system-related costs on CSG's businesses. Additionally, implementation of the European Market Infrastructure Regulation ("**EMIR**"), and its Swiss equivalent, the FMIA, the Capital Requirements Directive IV and Capital Requirements Regulation ("**CRD IV**") and the proposed revisions to the Revised Markets in Financial Instruments Directive ("**MiFID II**") may negatively affect CSG's business activities. If Switzerland does not pass legislation that is deemed equivalent to MiFID II in a timely manner, or if Swiss regulation already passed is not deemed equivalent to EMIR, Swiss banks, including CS, may be limited from participating in businesses regulated by such laws. Finally, CSG expects that new or expected total loss-absorbing capacity requirements, which have been implemented in Switzerland and are being or have been finalised in many jurisdictions including the United Kingdom and the United States, may increase CSG's cost of funding and may restrict its ability to deploy capital and liquidity on a global basis as needed.

CSG expects the financial services industry, including CSG, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2016 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect CSG's results of operations.

Despite CSG's best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against CSG, which could result in, among other things, suspension or revocation of its licences, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect CSG's results of operations and seriously harm its reputation.

For a description of CSG's regulatory regime and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry, refer to "*I—Information on the company—Regulation and supervision*" in the Annual Report 2015. For information regarding CSG's current regulatory framework and expected changes to this framework affecting capital and liquidity standards, refer to "*Liquidity and funding management*" and "*Capital management*", each in "*III—Treasury, risk, balance sheet and off-balance sheet*" in the Annual Report 2015, and "*II—Treasury, risk, balance sheet and off-balance sheet—Liquidity and funding management*" in the 2016 Quarterly Reports.

Swiss resolution proceedings and resolution planning requirements may affect CSG's shareholders and creditors.

Pursuant to Swiss banking laws, FINMA has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as CS, and, since 1 January 2016, to a Swiss parent company of a financial group, such as Credit Suisse Group AG. These broad powers include the power to cancel CS's or Credit Suisse Group AG's outstanding equity, convert debt instruments and other liabilities of CS or Credit Suisse Group AG into equity and cancel such liabilities in whole or in part, and stay (for a maximum of two business days) certain rights under contracts, as well as order protective measures, including the deferment of payments, and institute liquidation proceedings. The scope of such powers and discretion and the legal mechanisms that would be utilised are subject to development and interpretation.

CSG is currently subject to resolution planning requirements in Switzerland, the United States and the United Kingdom and may face similar requirements in other jurisdictions. If a resolution plan is determined by the relevant authority to be inadequate, relevant regulations may allow the authority to place limitations on the scope or size of CSG's business in that jurisdiction, require it to hold higher amounts of capital or liquidity, require it to divest assets or subsidiaries or to change its legal structure or business to remove the relevant impediments to resolution.

For a description of the current resolution regime under Swiss banking laws as it currently applies to CS and, since 1 January 2016, to Credit Suisse Group AG, see "*—Recent regulatory developments and proposals—Switzerland*" and "*—Regulatory framework—Switzerland—Resolution regime*" each in "*I—Information on the Company—Regulation and Supervision*" in the Annual Report 2015.

Changes in monetary policy are beyond CSG's control and difficult to predict.

CSG is affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the United States and other countries. The actions of the SNB and other central banking authorities directly impact CSG's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments CSG holds and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy and may implement further changes. CSG cannot predict whether these changes will have a material

adverse effect on it or its operations. In addition, changes in monetary policy may affect the credit quality of its customers. Any changes in monetary policy are beyond CSG's control and difficult to predict.

Legal restrictions on its clients may reduce the demand for CSG's services.

CSG may be materially affected not only by regulations applicable to it as a financial services company, but also by regulations and changes in enforcement practices applicable to its clients. CSG's business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to further asset outflows from CSG's private banking businesses.

Competition

CSG faces intense competition.

CSG faces intense competition in all financial services markets and for the products and services it offers. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like CSG, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than CSG does, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in CSG's industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. CSG can give no assurance that its results of operations will not be adversely affected.

CSG's competitive position could be harmed if its reputation is damaged.

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to CSG's performance, including its ability to attract and maintain clients and employees. CSG's reputation could be harmed if its comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions. For more information, refer to "*III—Treasury, risk, balance sheet and off-balance sheet—Risk management—Risk coverage and management—Reputational risk*" in the Annual Report 2015 and "*II—Treasury; Risk; Balance sheet and Off-balance sheet— Risk management*" in the 2016 Quarterly Reports.

CSG must recruit and retain highly skilled employees.

CSG's performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. CSG has devoted considerable resources to recruiting, training and compensating employees. CSG's continued ability to compete effectively in its businesses depends on its ability to attract new employees and to retain and motivate its existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on CSG's ability to attract and retain highly skilled employees. In particular, limits on the amount and form of executive compensation imposed by regulatory initiatives, including the Compensation Ordinance Against Excessive Compensation in Switzerland and the

implementation of CRD IV in the UK, could potentially have an adverse impact on CSG's ability to retain certain of its most highly skilled employees and hire new qualified employees in certain businesses.

CSG faces competition from new trading technologies.

CSG's businesses face competitive challenges from new trading technologies, including trends towards direct access to automated and electronic markets, and the move to more automated trading platforms. Such technologies and trends may adversely affect its commission and trading revenues, exclude its businesses from certain transaction flows, reduce its participation in the trading markets and the associated access to market information and lead to the creation of new and stronger competitors. CSG has made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain its competitive position.

Risks relating to CSG's strategy

CSG may not achieve all of the expected benefits of its strategic initiatives.

In October 2015, CSG announced a comprehensive new strategic direction, structure and organisation of the Group, and on 23 March 2016 and 7 December 2016 CSG announced updates to this strategy. CSG's ability to implement its new strategic direction, structure and organisation is based on a number of key assumptions regarding the future economic environment, the economic growth of certain geographic regions, the regulatory landscape, CSG's ability to meet certain targets, anticipated interest rates and central bank action. If any of these assumptions (including but not limited to CSG's ability to meet certain targets) prove inaccurate in whole or in part, CSG's ability to achieve some or all of the expected benefits of this strategy could be limited, including CSG's ability to meet its stated financial objectives, keep related restructuring charges within the limits currently expected and retain key employees. Factors beyond CSG's control, including but not limited to the market and economic conditions, changes in laws, rules or regulations, execution risk related to the implementation of CSG's new strategy and other challenges and risk factors discussed in this Information Memorandum, could limit CSG's ability to achieve some or all of the expected benefits of this strategy. The breadth of the changes that CSG announced increases the execution risk of CSG's new strategy as CSG seeks to change the strategic direction of the Group while also embarking on a reorganisation of the Group's business divisions. If CSG are unable to implement this strategy successfully in whole or in part or should the components of the strategy that are implemented fail to produce the expected benefits, CSG's financial results and CSG's share price may be materially and adversely affected. For further information on CSG's new strategic direction, refer to "*I—Information on the company*" in the Annual Report 2015 and "*Note 3—Business developments" in "III—Condensed consolidated financial statements—unaudited*" in the 2016 Quarterly Reports. See also "*Credit Suisse Group AG—Recent Developments*" in this Information Memorandum.

Additionally, part of CSG's strategy involves a change in focus within certain areas of CSG's business, which may have unanticipated negative effects in other areas of the business and may result in an adverse effect on CSG's business as a whole.

The implementation of CSG's strategy may increase CSG's exposure to certain risks, including but not limited to, credit risks, market risks, operational risks and regulatory risks. CSG also seeks to achieve certain cost savings, which may or may not be successful. CSG's has announced its intention to conduct an initial public offering by the end of 2017 currently estimated to be between 20% and 30% of the legal entity Credit Suisse (Schweiz) AG. There is no guarantee that CSG will be able to conduct such an initial public offering by such time, in such form or at all. Finally, changes to the organisational structure of CSG's business, as well as changes in personnel and management, may lead to temporary instability of CSG's operations.

In addition, acquisitions and other similar transactions CSG undertakes as part of its strategy subject CSG to certain risks. Even though CSG reviews the records of companies CSG plans to acquire, it is

generally not feasible for CSG to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit CSG to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, CSG may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. CSG also faces the risk that it will not be able to integrate acquisitions into its existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into CSG's organisational structure. CSG faces the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses. CSG also faces the risk that unsuccessful acquisitions will ultimately result in CSG having to write down or write off any goodwill associated with such transactions. CSG's results for the fourth quarter of 2015 included a goodwill impairment charge of CHF 3,797 million, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. CSG continues to have a significant amount of goodwill relating to this and other transactions recorded on its balance sheet that could result in additional goodwill impairment charges.

CSG may also seek to engage in new joint ventures and strategic alliances. Although CSG endeavours to identify appropriate partners, its joint venture efforts may prove unsuccessful or may not justify its investment and other commitments.

CSG has announced a programme to evolve its legal entity structure and cannot predict its final form or potential effects.

In 2013, CSG announced key components of its programme to evolve its legal entity structure. The execution of the programme evolving the Group's legal entity structure, to meet developing and future regulatory requirements has continued to progress and CSG has reached a number of significant milestones over the course of the year. This programme remains subject to a number of uncertainties that may affect its feasibility, scope and timing. In addition, significant legal and regulatory changes affecting CSG and its operations may require CSG to make further changes in its legal structure. The implementation of these changes will require significant time and resources and may potentially increase operational, capital, funding and tax costs as well as CSG's counterparties' credit risk. For further information on CSG's legal entity structure, refer to "*II—Operating and financial review—Credit Suisse*" in the Annual Report 2015 and "*I—Credit Suisse Results—Credit Suisse"* in the 2016 Quarterly Reports.

FORWARD-LOOKING STATEMENTS

This Information Memorandum contains or incorporates by reference statements that constitute forward-looking statements. In addition, in the future the Issuer, and others on its behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the Group's plans, objectives or goals, the Group's future economic performance or prospects, the potential effect on the Group's future performance of certain contingencies, and assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. The Issuer does not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. CSG cautions you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (i) the ability to maintain sufficient liquidity and access capital markets; (ii) market volatility and interest rate fluctuations and developments affecting interest rate levels; (iii) the strength of the global economy in general and the strength of the economies of the countries in which the Group conducts its operations, in particular the risk of continued slow economic recovery or downturn in the U.S. or other developed countries in 2017 and beyond; (iv) the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets; (v) adverse rating actions by credit rating agencies in respect of the Group, sovereign issuers, structured credit products or other credit-related exposures; (vi) the ability to achieve the Group's strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital; (vii) the ability of counterparties to meet their obligations to the Group; (viii) the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations; (ix) political and social developments, including war, civil unrest or terrorist activity; (x) the possibility of foreign exchange controls, expropriation, nationalisation or confiscation of assets in countries in which the Group conducts its operations; (xi) operational factors such as systems failure, human error, or the failure to implement procedures properly; (xii) actions taken by regulators with respect to the Group's business and practices and possible resulting changes to its business organisation, practices and policies in countries in which it conducts its operations; (xiii) the effects of changes in laws, regulations or accounting policies or practices in countries in which the Group conducts its operations; (xiv) competition or changes in the Group's competitive position in geographic and business areas in which it conducts its operations; (xv) the ability to retain and recruit qualified personnel; (xvi) the ability to maintain the Group's reputation and promote the Group's brand; (xvii) the ability to increase market share and control expenses; (xviii) technological changes; (xix) the timely development and acceptance of the Group's new products and services and the perceived overall value of these products and services by users; (xx) acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets; (xxi) the adverse resolution of litigation, regulatory proceedings and other contingencies; (xxii) the ability to achieve the Group's cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, risk weighted assets threshold, and other targets and ambitions; and (xxiii) other unforeseen or unexpected events and the Group's success at managing these and the risks involved in the foregoing.

The foregoing list of important factors is not exclusive. When evaluating forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, as well as the other risks identified in this Information Memorandum.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Information Memorandum shall be incorporated in, and form part of, this Information Memorandum:

(1) the Form 6-K of Credit Suisse Group and Credit Suisse AG filed with the SEC on 14 February 2017, which contains a media release announcing 4Q16 and FY16 results;

(2) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 18 January 2017, which contains a media release announcing that Credit Suisse reached a final settlement with the U.S. Department of Justice ("**DOJ**") regarding the legacy Residential Mortgage-Backed Securities ("**RMBS**") matter;

(3) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 23 December 2016, which contains a media release announcing that Credit Suisse reached a settlement in principle with the DOJ regarding the legacy RMBS matter;

(4) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 7 December 2016, which contains a media release relating to the Investor Day 2016, except for the information in the sections of the media release entitled "Media Call" and "Webcast details" are not incorporated by reference;

(5) the Form 6-K of Credit Suisse Group AG filed with the SEC on 3 November 2016, which contains the CSG financial report 3Q16 (the "**Financial Report 3Q16**"), except that the sections entitled "*Message from the Chairman and the Chief Executive Officer*", "*Investor Information*" and "*Financial calendar and contacts*" are not incorporated by reference;

(6) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 7 September 2016, which contains a media release announcing changes to the Executive Board of CSG and CS, except that the following sentence "Further information about Credit Suisse can be found at www.credit-suisse.com" is not incorporated by reference;

(7) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 6 September 2016, which contains a media release announcing the appointment of new members of the Board of Directors of Credit Suisse (Switzerland) Ltd., except that the following sentence "Further information about Credit Suisse can be found at www.credit-suisse.com" is not incorporated by reference;

(8) the Form 6-K of Credit Suisse Group AG filed with the SEC on 28 July 2016, which contains the CSG financial report 2Q16 (the "**Financial Report 2Q16**"), except that the sections entitled "*Message from the Chairman and the Chief Executive Officer*", "*Investor Information*" and "*Financial calendar and contacts*" are not incorporated by reference;

(9) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 2 June 2016, which contains a media release containing the announcement of the issuance of new shares as a result of the scrip dividend elections, except that the following sentences: "*Further information about the scrip dividend can be found in the documentations 'Shareholder Information – Summary Document' and 'Scrip Dividend 2016 – Short Overview', which are available on the Credit Suisse website at: www.credit-suisse.com/agm*" and "*Further information about Credit Suisse can be found at www.credit-suisse.com*" are not incorporated by reference;

(10) the Form 6-K of Credit Suisse Group AG filed with the SEC on 10 May 2016, which contains the CSG financial report 1Q16 (the "**Financial Report 1Q16**"), except that the sections entitled "*Dear shareholders*", "*Investor Information*" and "*Financial calendar and contacts*" are not incorporated by reference;

(11) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 29 April 2016, which contains a media release containing the results of the annual general meeting of shareholders ("**Annual General Meeting**") on 29 April 2016, except for the sections entitled "*Statements by Urs Rohner, Chairman of the Board of Directors*", "*Voting Results*" and "*Information*" of the media release, as well as the last paragraph under the section entitled "*Distribution payable out of capital contribution reserves*" and the last paragraph under the section entitled "*Credit Suisse AG*" of the media release is not incorporated by reference;

(12) The Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 24 March 2016, as amended, which contains a media release stating that Credit Suisse has published its Annual Report 2015 and agenda for the Annual General Meeting on 29 April 2016;

(13) The Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 23 March 2016, which contains a media release announcing that Credit Suisse has accelerated its restructuring;

(14) the Form 6-K of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 8 January 2016, which only incorporates by reference the slides no. 12 through no. 16 of the "*Presentation on historical financials under new reporting structure*";

(15) the Form 20-F of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 24 March 2016, which contains the 2015 Annual Report of the Group (the "**Annual Report 2015**"), except that the information under "*Message from the Chairman and the Chief Executive Officer*" and under "*Investor Information*" is not incorporated by reference;

(16) the Form 20-F of Credit Suisse Group AG and Credit Suisse AG filed with the SEC on 20 March 2015, which contains the 2014 Annual Report of the Group (the "**Annual Report 2014**"), except that the information under "*Message from the Chairman and the Chief Executive Officer*" and under "*Investor Information*" is not incorporated by reference; and

(17) the Articles of Association of Credit Suisse Group AG (available on the website at *www.credit-suisse.com*).

Following the publication of this Information Memorandum a supplement may be prepared by the Issuer. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

Copies of documents incorporated by reference in this Information Memorandum as well as this Information Memorandum and any supplements thereto, if any, are available free of charge in Switzerland at the office of Credit Suisse AG, Uetlibergstrasse 231, CH-8070 Zurich, Switzerland, (telephone: +41 (0)44 333 31 60, facsimile: +41 (0)44 333 57 79 or email newissues.fixedincome@credit-suisse.com).

Copies of documents incorporated by reference in this Information Memorandum can also be obtained, free of charge, from the registered office of CSG and on the website of CSG (*www.credit-suisse.com*). A copy of the documents filed by CSG with the SEC may also be obtained either on the SEC's website at *www.sec.gov*, at the SEC's public reference room at 100F Street, N.E., Washington, D.C. 2054, or on the website of CSG at *http://www.credit-suisse.com/investors/en/sec_filings.jsp*. Information (other than the above-mentioned information incorporated by reference) contained on the website of CSG is not incorporated by reference in this Information Memorandum.

INFORMATION REGARDING THE CET1 RATIO AND SWISS CAPITAL RATIOS

As explained in more detail in the "Terms and Condition of the Notes — Write-down", a Contingency Event will occur and the full principal amount of the Notes will be automatically and permanently written-down to zero, if, CSG notifies Holders that, as at any Reporting Date, CSG's CET1 Ratio as contained in the relevant Financial Report was below 7 per cent.; provided, however, that no Contingency Event Notice shall be given, and no Contingency Event in relation thereto shall be deemed to have occurred if the Regulator, at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Write-down shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above 7 per cent. that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time.

The following information from "Regulatory Capital Framework" through (and including) "Bank Regulatory Disclosures" below regarding CSG's and CS's capital ratios and metrics and the relevant regulatory framework has been primarily extracted from the Credit Suisse Financial Report 3Q16, which is incorporated by reference herein. For purposes of this section, unless the context otherwise requires, the terms "Credit Suisse," "the Group," "we," "us" and "our" mean CSG 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 and its consolidated subsidiaries. Capitalised terms defined in the Credit Suisse Financial Report 3Q16 and not otherwise defined in this section shall have the same meaning when used in this section.

Recent Developments

See "Earnings Release 4Q2016" beginning on page 141 for additional information relating our capital ratios and metrics.

Regulatory Capital Framework

Effective 1 January 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder ("**Swiss Requirements**"). Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Our related disclosures are in accordance with our current 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 report. Also, our capital metrics fluctuate during any reporting period in the ordinary course of business.

References to phase-in and look-through included herein refer to Basel III capital requirements and Swiss Requirements. Phase-in reflects that, for the years 2014 – 2018, there will be a five-year (20% per annum) phase-in of goodwill, other intangible assets and other capital deductions (e.g., certain deferred tax assets) and the phase-out of an adjustment for the accounting treatment of pension plans 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 phase-out of certain capital instruments.

Refer to "*Treasury, Risk, Balance sheet and Off-balance sheet–Capital management*" in the Annual Report 2015 for more information.

BIS requirements

The BCBS, the standard-setting committee within the BIS, issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital

measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector and requires banks to hold more capital, mainly in the form of common equity. The new capital standards are being phased in from 2013 through 2018 and are fully effective 1 January 2019 for those countries that have adopted Basel III.

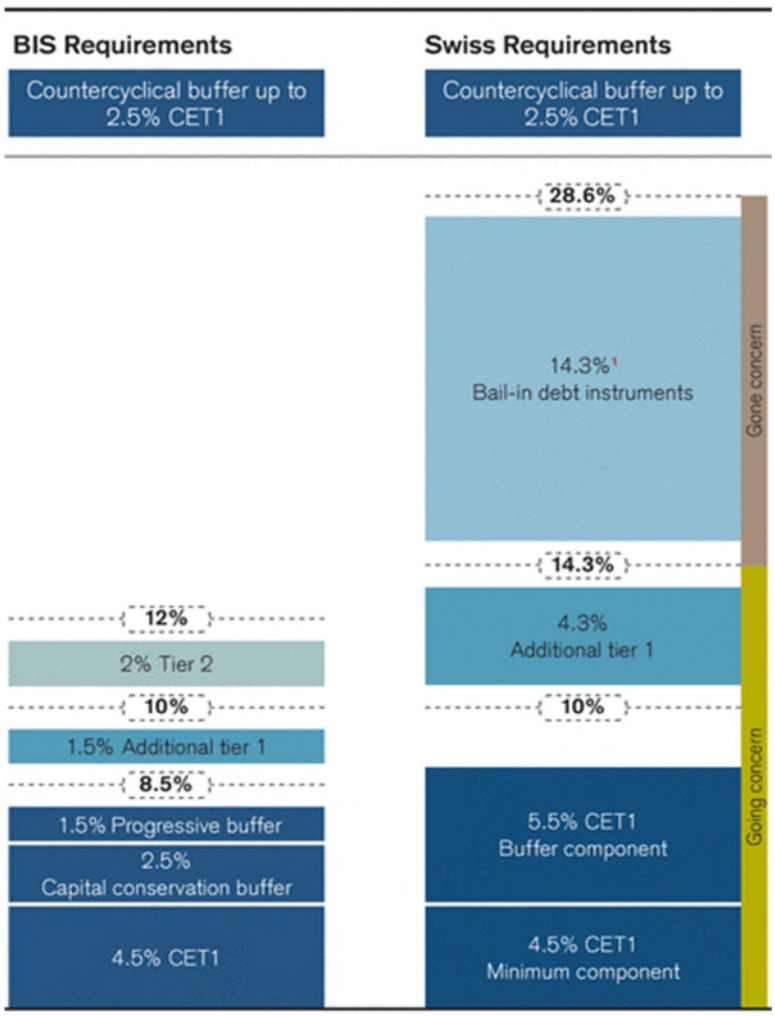
Refer to the table "Basel III phase-in requirements for Credit Suisse" below for capital requirements and applicable effective dates during the phase-in period.

Under Basel III, the minimum CET1 requirement is 4.5% of risk-weighted assets ("**RWA**"). In addition, a 2.5% CET1 capital conservation buffer is required to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends and make discretionary bonus payments and other earnings distributions.

A progressive buffer of between 1% and 2.5% (with a possible additional 1% surcharge) of CET1, depending on a bank's systemic importance, is an additional capital requirement for global systemically important banks ("**G-SIB**"). The Financial Stability Board ("**FSB**") has identified Credit Suisse as a G-SIB and currently requires Credit Suisse to maintain a 1.5% progressive buffer.

In addition to the CET1 requirements, there is also a requirement for 1.5% additional tier 1 capital and 2% tier 2 capital. These requirements may also be met with CET1 capital.

Basel III capital frameworks for Credit Suisse



[1] Does not include any rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital.

BIS phase-in requirements for Credit Suisse

For	2016	2017	2018	2019
Capital ratios				
CET1	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer	0.625%[1]	1.250%[1]	1.875%[1]	2.5%
Progressive buffer for G-SIB	0.375%[1]	0.750%[1]	1.125%[1]	1.5%
Total CET1	**5.5%**	**6.5%**	**7.5%**	**8.5%**
Additional tier 1	1.5%	1.5%	1.5%	1.5%
Tier 1	**7.0%**	**8.0%**	**9.0%**	**10.0%**
Tier 2	2.0%	2.0%	2.0%	2.0%
Total capital	**9.0%**	**10.0%**	**11.0%**	**12.0%**
Phase-in deductions from CET1 [2]	60.0%[1]	80.0%[1]	100.0%	100.0%
Capital instruments subject to phase-out			Phased out over a 10-year horizon beginning 2013 through 2022	

Notes:

(1) Indicates phase-in period.

(2) Includes goodwill, other intangible assets and certain deferred tax assets.

To qualify as additional tier 1 under Basel III, capital instruments must provide for principal loss absorption through a conversion into common equity or a write-down of principal feature. The trigger for such conversion or write-down must include a CET1 ratio of at least 5.125% as well as a trigger at the point of non-viability.

Basel III further provides for a countercyclical buffer that could require banks to hold up to 2.5% of CET1. This requirement is imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk.

Capital instruments that do not meet the strict criteria for inclusion in CET1 are excluded. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, are phased out at their effective maturity date, generally the date of the first step-up coupon.

Banks are required to maintain a tier 1 leverage ratio of 3% beginning on 1 January 2018.

Swiss Requirements

The legislation implementing the Basel III framework in Switzerland in respect of capital requirements for systemically relevant banks, including Credit Suisse, goes beyond the Basel III minimum standards for systemically relevant banks.

In May 2016, the Swiss Federal Council amended the Capital Adequacy Ordinance applicable to Swiss banks. The amendment recalibrates and expands the existing "Too Big to Fail" regime in Switzerland. Under the amended regime, systemically important banks operating internationally, such as Credit Suisse, will be subject to two different minimum requirements for loss-absorbing capacity: G-SIBs must hold sufficient capital that absorbs current operating losses to ensure continuity of service ("**going concern requirement**") and they must issue sufficient debt instruments to fund restructuring without recourse to public resources

("**gone concern requirement**"). Going concern capital and gone concern capital together form our total loss-absorbing capacity ("**TLAC**"). The going concern and the gone concern requirements are generally aligned with the FSB's total loss-absorbing capacity standard. The amended Capital Adequacy Ordinance came into effect on 1 July 2016, subject to phase-in and grandfathering provisions for certain outstanding instruments, and has to be fully applied by 1 January 2020.

Going concern requirement

The going concern requirement applicable in 2020 for a G-SIB consists of (i) a base requirement of 12.86% of RWA and 4.5% of leverage exposure; and (ii) a surcharge, which reflects the G-SIB's systemic importance. For Credit Suisse, this currently translates into a going concern requirement of 14.3% of RWA, of which the minimum CET1 component is 10%, with the remainder to be met with a maximum of 4.3% additional tier 1 capital, which includes high-trigger capital instruments that would be converted into common equity or written down if the CET1 ratio falls below 7%. Under the going concern requirement, the Swiss leverage ratio must be 5%, of which the minimum CET1 component is 3.5%, with the remainder to be met with a maximum of 1.5% additional tier 1 capital, which includes high-trigger capital instruments.

Gone concern requirement

The gone concern requirement of a G-SIB is equal to its total going concern requirement, that is in 2020, a base requirement of 12.86% of RWA and 4.5% of leverage exposure, plus any surcharges applicable to the relevant G-SIB, but not including any countercyclical buffers. Credit Suisse is currently subject to a gone concern requirement of 14.3% of RWA and a 5% Swiss leverage ratio and is subject to potential capital rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital.

The gone concern requirement should primarily be fulfilled with bail-in debt instruments that are designed to absorb losses after the write down or conversion into equity of regulatory capital of a G-SIB in a restructuring scenario, but before the write down or conversion into equity of other senior obligations of the G-SIB. Bail-in debt instruments do not feature capital triggers that may lead to a write-down and/or a conversion into equity outside of restructuring, but only begin to bear losses once the G-SIB is formally in restructuring proceedings and FINMA orders capital measures (i.e., a write-down and/or a conversion into equity) in the restructuring plan.

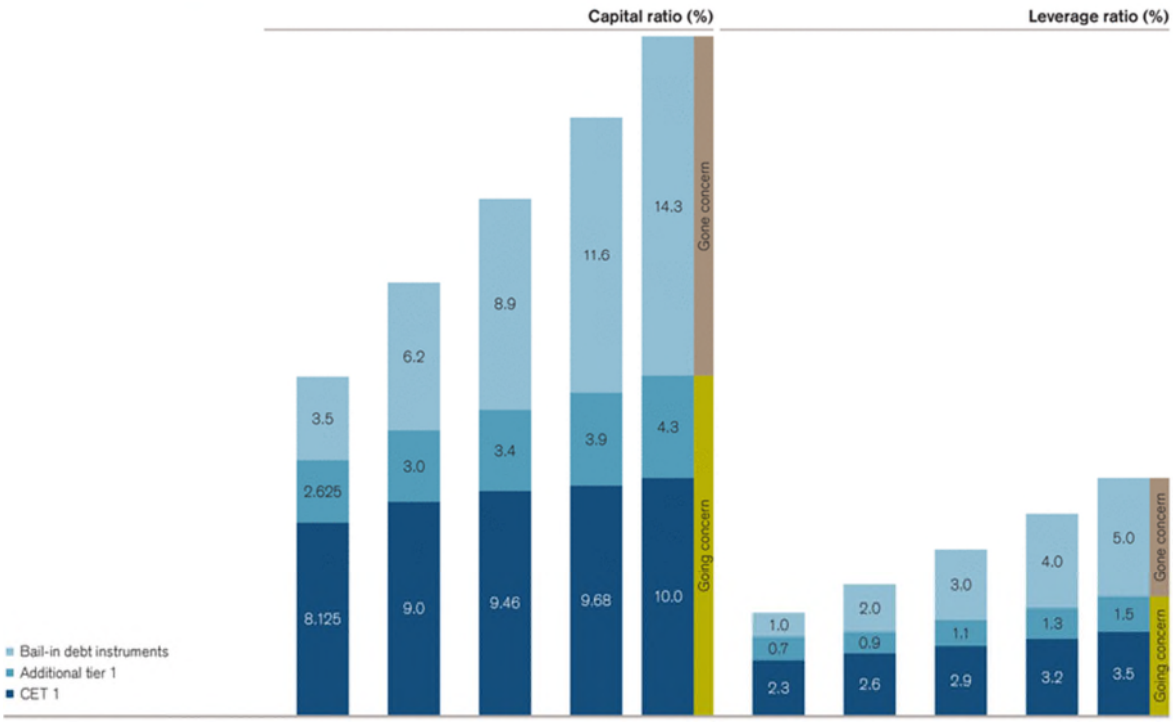
According to the amended Capital Adequacy Ordinance, bail-in debt instruments must fulfil certain criteria in order to qualify under the gone concern requirement, including FINMA approval. In addition to bail-in debt instruments, the gone concern requirement may further be fulfilled with other capital instruments, including CET1, additional tier 1 capital instruments or tier 2 capital instruments.

Grandfathering provisions

The Capital Adequacy Ordinance provides for a number of grandfathering provisions with regard to the qualification of previously issued additional tier 1 capital instruments and tier 2 capital instruments:

- Additional tier 1 capital instruments with a low trigger qualify as going concern capital until their first call date. Additional tier 1 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital;

Swiss capital and leverage phase-in requirements for Credit Suisse



For	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Capital components (%)										
CET1 – minimum	6.175	5.8	5.4	4.9	4.5	2.3	2.1	1.9	1.7	1.5
Additional tier 1 – maximum	1.825	2.2	2.6	3.1	3.5	0.7	0.9	1.1	1.3	1.5
Minimum component	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
CET1 – minimum	1.95	3.2	4.06	4.78	5.5	0.0	0.5	1.0	1.5	2.0
Additional tier 1 – maximum	0.8	0.8	0.8	0.8	0.8	0.0	0.0	0.0	0.0	0.0
Buffer component	**2.75**	**4.0**	**4.86**	**5.58**	**6.3**	**0.0**	**0.5**	**1.0**	**1.5**	**2.0**
Going concern	**10.75**	**12.0**	**12.86**	**13.58**	**14.3**	**3.0**	**3.5**	**4.0**	**4.5**	**5.0**
of which base requirement	10.75	12.0	12.86	12.86	12.86	3.0	3.5	4.0	4.5	4.5
of which surcharge	0.0	0.0	0.0	0.72	1.44	0.0	0.0	0.0	0.0	0.5
Gone concern	**3.5**	**6.2**	**8.9**	**11.6**	**14.3**	**1.0**	**2.0**	**3.0**	**4.0**	**5.0**
of which base requirement	3.5	5.84	8.18	10.52	12.86	1.0	1.875	2.75	3.625	4.5
of which surcharge	0.0	0.36	0.72	1.08	1.44	0.0	0.125	0.25	0.375	0.5
Total loss-absorbing capacity	**14.25**	**18.2**	**21.76**	**25.18**	**28.6**	**4.0**	**5.5**	**7.0**	**8.5**	**10.0**

Does not include the effects of the countercyclical buffers and any rebates for resolvability and for certain tier 2 low-trigger instruments recognized in gone concern capital. As of the end of 3Q16, the Swiss countercyclical buffer for the Group and the Bank was CHF 398 million and CHF 324 million, respectively, which is equivalent to 0.1% and 0.1% of CET1 capital. As of the end of 3Q16, the required extended countercyclical buffer for the Group and the Bank were insignificant.

- Tier 2 capital instruments with a high trigger qualify as going concern capital until the earlier of (i) their maturity date or first call date; and (ii) 31 December 2019. Tier 2 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital until one year before their final maturity; and

- Tier 2 capital instruments with a low trigger also qualify as going concern capital until the earlier of (i) their maturity date or first call date; and (ii) 31 December 2019. Tier 2 capital instruments that no longer qualify as going concern capital pursuant to this provision qualify as gone concern capital until one year before their final maturity.

Furthermore, to be eligible as gone concern capital, outstanding bail-in debt instruments issued before 1 July 2016 and bail-in debt instruments to be issued by a (Swiss or foreign) special purpose vehicle before 1 January 2017 must be approved by FINMA.

Both the going concern and the gone concern requirements are subject to a phase-in with gradually increasing requirements and have to be fully applied by 1 January 2020.

Other requirements

Effective 1 July 2016, Switzerland implemented an extended countercyclical buffer, which is based on the BIS countercyclical buffer that could require banks to hold up to 2.5% of RWA in the form of CET1 capital. The extended countercyclical buffer relates to a requirement that can be imposed by national regulators when credit growth is deemed to be excessive and leading to the build-up of system-wide risk.

The Swiss Federal Council has not activated the BIS countercyclical buffer for Switzerland but instead requires banks to hold CET1 capital in the amount of 2% of their RWA pertaining to mortgage loans that finance residential property in Switzerland (Swiss countercyclical buffer).

In 2013, FINMA introduced increased capital charges for mortgages that finance owner occupied residential property in Switzerland (the "**mortgage multiplier**") to be phased in through 1 January 2019. The mortgage multiplier applies for purposes of both BIS and FINMA requirements.

In December 2013, FINMA issued a decree (the "**FINMA Decree**") specifying capital adequacy requirements for the Bank, on a stand-alone basis (the "**Bank parent company**"), and the Bank and the Group, each on a consolidated basis, as systemically relevant institutions.

Refer to "*Regulatory developments and proposals*" in "*Treasury, Risk, Balance sheet and Off-balance sheet – Capital management*" in the Annual Report 2015 for further information on the FINMA Decree.

Within the Basel framework for FINMA regulatory capital purposes, we implemented risk measurement models, including an incremental risk charge, stressed Value-at-Risk ("**VaR**"), risks not in VaR ("**RNIV**") and advanced credit valuation adjustment ("**CVA**").

For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. In 3Q16, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

Refer to "*Market risk review*" in "*Risk management*" in the Credit Suisse Financial Report 3Q16 for further information.

Refer to "*Risk measurement models*" in "*Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Regulatory capital framework*" in the Annual Report 2015 for further information.

Regulatory developments and proposals

In July 2016, the BCBS published an updated standard for the regulatory capital treatment of securitisation exposures, which will become effective in January 2018. The new standard includes the regulatory capital treatment for "simple, transparent and comparable" ("**STC**") securitisations. It sets forth additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. Reduced minimum capital requirements will apply to securitisations that comply with the STC criteria.

In October 2016, the BCBS published an amendment to the Basel III standard on the definition of capital, which becomes effective 1 January 2019. The new standard requires internationally active banks to deduct from their tier 2 capital TLAC holdings issued by other G-SIBs that do not otherwise qualify as regulatory capital, subject to certain thresholds.

Issuances and redemptions

In August 2016, Credit Suisse issued GBP 500 million of bail-in debt instruments. In August 2016, Credit Suisse redeemed USD 2.0 billion of 7.875% high-trigger tier 2 instruments.

Higher Trigger Capital Amount

The capital ratio write-down triggers for certain of our outstanding capital instruments take into account the fact that other outstanding capital instruments that contain relatively higher capital ratios as part of their trigger feature are expected to convert into equity or be written down prior to the write down of such capital instruments. The amount of additional capital that is expected to be contributed by such conversion into equity or write down is referred to as the Higher Trigger Capital Amount.

With respect to the capital instruments that specify a trigger event if the CET1 ratio were to fall below 5.125%, the Higher Trigger Capital Amount was CHF 6.5 billion and the Higher Trigger Capital Ratio (i.e., the ratio of the Higher Trigger Capital Amount to the aggregate of all RWA of the Group) was 2.4%, both as of the end of 3Q16.

With respect to the capital instruments that specify a trigger event if the CET1 ratio were to fall below 5%, the Higher Trigger Capital Amount was CHF 11.6 billion and the Higher Trigger Capital Ratio was 4.2%, both as of the end of 3Q16.

Refer to the table "BIS capital metrics – Group" below for further information on the BIS statistics used to calculate such measures.

Refer to "*Higher Trigger Capital Amount*" in "*Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Capital issuances and redemptions*" in the Annual Report 2015 for further information on the Higher Trigger Capital Amount.

BIS capital metrics – Group

	Phase-in				**Look-through**			
				% change				*% change*
end of	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
Capital and risk-weighted assets (CHF million)								
CET1 capital	38,646	38,933	42,072	(1)	32,362	32,048	32,938	1
Tier 1 capital	50,001	49,780	53,063	0	43,263	43,005	44,601	1
Total eligible capital	57,044	58,850	62,682	(3)	48,205	49,921	51,425	(3)
Risk-weighted assets	273,779	275,056	294,950	0	270,462	271,455	289,946	0
Capital ratios (%)								
CET1 ratio	14.1	14.2	14.3	—	12.0	11.8	11.4	—
Tier 1 ratio	18.3	18.1	18.0	—	16.0	15.8	15.4	—
Total capital ratio	20.8	21.4	21.3	—	17.8	18.4	17.7	—

BIS capital metrics

Our CET1 ratio was 14.1% as of the end of 3Q16 compared to 14.2% as of the end of 2Q16, reflecting slightly lower CET1 capital and stable RWA. Our tier 1 ratio was 18.3% as of the end of 3Q16 compared to 18.1% as of the end of 2Q16. Our total capital ratio was 20.8% as of the end of 3Q16 compared to 21.4% as of the end of 2Q16.

CET1 capital was CHF 38.6 billion as of the end of 3Q16 compared to CHF 38.9 billion as of the end of 2Q16, mainly reflecting the cash component of a dividend accrual and the negative foreign exchange impact, partially offset by the net effect of share-based compensation.

Additional tier 1 capital increased to CHF 11.4 billion as of the end of 3Q16 compared to CHF 10.8 billion as of the end of 2Q16, mainly reflecting the regulatory reversal of net losses due to changes in own credit risk on fair-valued financial instruments.

Tier 2 capital was CHF 7.0 billion as of the end of 3Q16 compared to CHF 9.1 billion as of the end of 2Q16, mainly reflecting the redemption of the high-trigger tier 2 instruments.

Total eligible capital was CHF 57.0 billion as of the end of 3Q16 compared to CHF 58.9 billion as of the end of 2Q16, mainly reflecting the decrease in tier 2 capital.

As of the end of 3Q16, the look-through CET1 ratio was 12.0% compared to 11.8% as of the end of 2Q16. As of the end of 3Q16, the look-through total capital ratio was 17.8% compared to 18.4% as of the end of 2Q16.

Eligible capital – Group

	Phase-in				Look-through			
				% change				*% change*
end of	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
Eligible capital (CHF million)								
Total shareholders' equity	**44,276**	**44,962**	**44,382**	**(2)**	**44,276**	**44,962**	**44,382**	**(2)**
Regulatory adjustments[1]	(481)	(223)	(459)	116	(481)	(223)	(459)	116
Adjustments subject to phase-in								
Accounting treatment of defined benefit pension plans	1,334	1,362	2,132	(2)	—	—	—	—
Common share capital issued by subsidiaries and held by third parties	79	73	89	8	—	—	—	—
Goodwill[2]	(2,806)	(2,819)	(1,906)	0	(4,678)	(4,699)	(4,765)	0
Other intangible assets[2]	(37)	(39)	(28)	(5)	(62)	(65)	(71)	(5)
Deferred tax assets that rely on future profitability	(2,586)	(2,359)	(1,262)	10	(4,310)	(3,931)	(3,155)	10
Shortfall of provisions to expected losses	(289)	(310)	(234)	(7)	(481)	(517)	(584)	(7)
Gains/(losses) due to changes in own credit on fair-valued liabilities	(464)	(1,225)	(185)	(62)	(773)	(2,042)	(463)	(62)
Defined benefit pension assets[2]	(340)	(336)	(244)	1	(568)	(559)	(611)	2
Investments in own shares	(10)	(22)	(8)	(55)	(16)	(37)	(21)	(57)
Other adjustments[3]	(30)	(54)	(2)	(44)	(49)	(92)	(5)	(47)
Deferred tax assets from temporary differences (threshold-based)	0	(77)	(203)	100	(496)	(749)	(1,310)	(34)
Adjustments subject to phase-in	**(5,149)[4]**	**(5,806)**	**(1,851)**	**(11)**	**(11,433)**	**(12,691)**	**(10,985)**	**(10)**
CET1 capital	**38,646**	**38,933**	**42,072**	**(1)**	**32,362**	**32,048**	**32,938**	**1**

	Phase-in				Look-through			
				% change				*% change*
end of	3Q16	2Q16	4Q15	QoQ	3Q16	2Q16	4Q15	QoQ
CET1 capital	**38,646**	**38,933**	**42,072**	**(1)**	**32,362**	**32,048**	**32,938**	**1**
High-trigger capital instruments (7% trigger)	5,793	5,768	6,562	0	5,793	5,768	6,562	0
Low-trigger capital instruments (5.125% trigger)	5,108	5,189	5,101	(2)	5,108	5,189	5,101	(2)
Additional tier 1 instruments	**10,901**	**10,957**	**11,663**	**(1)**	**10,901**	**10,957**	**11,663**	**(1)**
Additional tier 1 instruments subject to phase-out[5]	2,703	2,672	2,616	1	—	—	—	—
Deductions from additional tier 1 capital	(2,249)[6]	(2,782)	(3,288)	(19)	—	—	—	—
Additional tier 1 capital	**11,355**	**10,847**	**10,991**	**5**	**10,901**	**10,957**	**11,663**	**(1)**
Tier 1 capital	**50,001**	**49,780**	**53,063**	**0**	**43,263**	**43,005**	**44,601**	**1**
High-trigger capital instruments (7% trigger)	699	2,649	2,682	(74)	699	2,649	2,682	(74)
Low-trigger capital instruments (5% trigger)	4,243	4,267	4,142	(1)	4,243	4,267	4,142	(1)
Tier 2 instruments	**4,942**	**6,916**	**6,824**	**(29)**	**4,942**	**6,916**	**6,824**	**(29)**
Tier 2 instruments subject to phase-out	2,197	2,257	2,970	(3)	–	–	–	–
Deductions from tier 2 capital	(96)	(103)	(175)	(7)	–	–	–	–
Tier 2 capital	**7,043**	**9,070**	**9,619**	**(22)**	**4,942**	**6,916**	**6,824**	**(29)**
Total eligible capital	**57,044**	**58,850**	**62,682**	**(3)**	**48,205**	**49,921**	**51,425**	**(3)**

Notes:

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

(2) Net of deferred tax liability.

(3) Includes cash flow hedge reserve.

(4) Reflects 60% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets, and 40% of an adjustment primarily for the accounting treatment of pension plans pursuant to phase-in requirements.

(5) Includes hybrid capital instruments that are subject to phase-out.

(6) Includes 40% of goodwill and other intangible assets (CHF 1.9 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.

Capital movement – Group

3Q16	Phase-in	Look-through
CET1 capital (CHF million)		
Balance at beginning of period	**38,933**	**32,048**
Net income attributable to shareholders	41	41
Foreign exchange impact	(173)[1]	(146)
Other	(155)[2]	419
Balance at end of period	**38,646**	**32,362**
Additional tier 1 capital (CHF million)		
Balance at beginning of period	**10,847**	**10,957**
Foreign exchange impact	(41)	(38)
Other	549[3]	(18)
Balance at end of period	**11,355**	**10,901**
Tier 2 capital (CHF million)		
Balance at beginning of period	**9,070**	**6,916**
Foreign exchange impact	(20)	(4)
Redemptions	(1,946)	(1,946)
Other	(61)	(24)
Balance at end of period	**7,043**	**4,942**
Eligible capital (CHF million)		
Balance at end of period	**57,044**	**48,205**

Notes:

(1) Includes US GAAP cumulative translation adjustments and the foreign exchange impact on regulatory CET1 adjustments.

(2) Includes the impact of a dividend accrual, which includes the assumption that 60% of the proposed dividend is distributed in shares, the net effect of share-based compensation and pensions and a change in other regulatory adjustments (e.g., certain deferred tax assets).

(3) Includes the regulatory reversal of net losses due to changes in own credit risk on fair-valued financial instruments.

Risk-weighted assets

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorised as credit, market, operational and non-counterparty risk RWA. When assessing RWA, it is not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Under Basel III, certain regulatory capital adjustments are dependent on the level of CET1 capital (thresholds).

The amount above the threshold is deducted from CET1 capital and the amount below the threshold is risk weighted. RWA subject to such threshold adjustments are included in credit risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both balance sheet and off-balance sheet items. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty risk RWA primarily reflect the capital requirements for our premises and equipment.

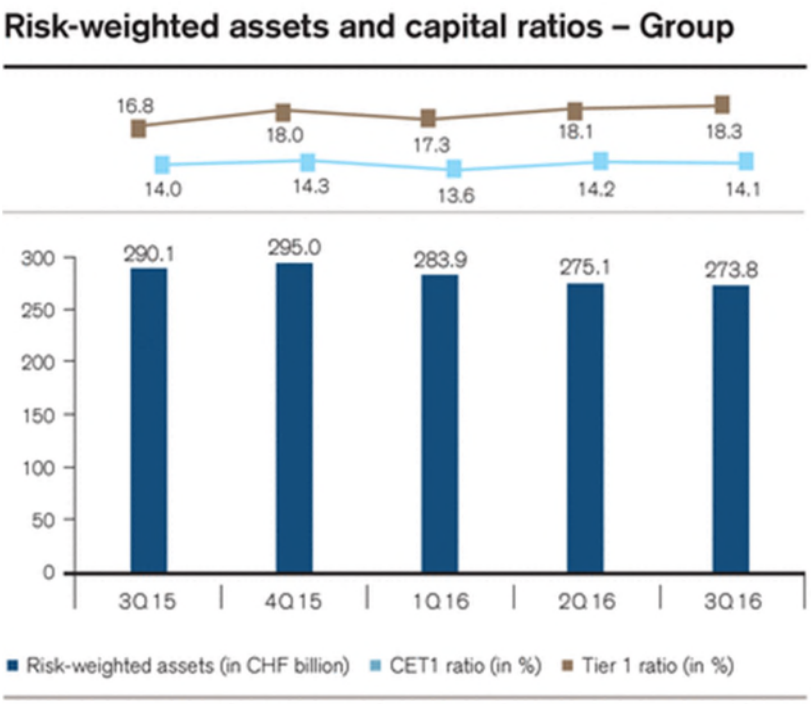
RWA remained stable at CHF 273.8 billion as of the end of 3Q16 compared to the end of 2Q16, primarily driven by a reduction in risk levels in credit risk and market risk and the foreign exchange impact. These movements were mostly offset by increases resulting from methodology and policy changes in credit risk and market risk.

Excluding the foreign exchange impact, the decrease in **credit risk** was primarily driven by movements in risk levels attributable to book size, partially offset by increases related to external methodology and policy changes. The decrease in risk levels attributable to book size was mainly due to reductions in commercial lending exposures in the Strategic Resolution Unit, Asia Pacific and Corporate Center, decreases in derivative exposures in the Strategic Resolution Unit, Asia Pacific and International Wealth Management, reductions in advanced CVA resulting from decreased exposures and an increased benefit from hedges in the Strategic Resolution Unit and decreases in secured financing exposures in Global Markets and Corporate Center. These decreases were partially offset by increases in commercial lending exposures in Global Markets, Investment Banking & Capital Markets and Swiss Universal Bank. External methodology and policy changes were related to a phase-in impact from a new FINMA requirement to treat share-backed lending without personal guarantees as corporate exposures. There was also the multiplier on income producing real estate in Swiss Universal Bank and an additional phase-in of the multiplier on certain investment banking corporate exposures across the Group.

Risk-weighted assets – Group

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Group
3Q16 (CHF million)								
Credit risk	52,702	20,470	18,258	28,073	15,350	29,793	15,484	180,130
Market risk	574	431	8,154	9,330	123	4,236	202	23,050
Operational risk	11,937	12,289	5,783	13,679	2,546	19,000	0	65,234
Non-counterparty risk	358	267	69	45	0	239	4,387	5,365
Risk-weighted assets – phase-in	**65,571**	**33,457**	**32,264**	**51,127**	**18,019**	**53,268**	**20,073**	**273,779**
Look-through adjustment	—	—	—	—	—	—	(3,317)	(3,317)
Risk-weighted assets – look-through	**65,571**	**33,457**	**32,264**	**51,127**	**18,019**	**53,268**	**16,756**	**270,462**

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Group
4Q15 (CHF million)								
Credit risk	47,989	18,653	15,214	33,955	12,856	45,739	18,792	193,198
Market risk	801	858	4,744	15,986	112	7,129	169	29,799
Operational risk	11,240	13,115	6,812	12,839	3,182	19,250	0	66,438
Non-counterparty risk	322	254	65	58	0	306	4,510	5,515
Risk-weighted assets – phase-in	**60,352**	**32,880**	**26,835**	**62,838**	**16,150**	**72,424**	**23,471**	**294,950**
Look-through adjustment	—	—	—	—	—	—	(5,004)	(5,004)
Risk-weighted assets – look-through	**60,352**	**32,880**	**26,835**	**62,838**	**16,150**	**72,424**	**18,467**	**289,946**



Excluding the foreign exchange impact, the increase in **market risk** was primarily driven by internal methodology and policy changes and model and parameter updates. The increase was partially offset by decreases in risk levels. The increase in internal methodology and policy changes was mainly due to a refinement in our RNIV model relating to bond reference spreads. Increases in model and parameter updates were primarily due to market data volatility in Global Markets and the Strategic Resolution Unit, partially offset by decreases in Asia Pacific. The movement in risk levels was primarily related to a reduction in market risk levels in Global Markets and International Wealth Management. This decrease was partially offset by an increase in market risk levels in Asia Pacific. Movements in risk levels was also impacted by an increase in trading book securitisation exposures in Global Markets.

The decrease in **operational risk** was driven by internal methodology and policy changes in Global Markets relating to the removal of the FINMA imposed cap on the benefit from the insurance policy purchased in 2Q16. FINMA approved the policy as part of the AMA capital model. There was also a refinement in the allocation between Global Markets and Asia Pacific to reflect the new organisational structure.

Risk-weighted asset movement by risk type – Group

3Q16 (CHF million)	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Total
Credit risk								
Balance at beginning of period	**51,595**	**20,386**	**18,838**	**27,282**	**13,864**	**33,591**	**16,848**	**182,404**
Foreign exchange impact	(120)	(44)	(47)	(99)	(88)	(157)	(47)	(602)
Movements in risk levels	672	21	(1,005)	1,001	1,265	(3,446)	(1,333)	(2,825)
of which credit risk – book size[1]	553	166	(805)	919	1,126	(3,516)	(1,300)	(2,857)
of which credit risk – book quality[2]	119	(145)	(200)	82	139	70	(33)	32
Model and parameter updates[3]	(38)	(41)	(69)	(180)	(12)	(55)	10	(385)
Methodology and policy changes – internal[4]	26	8	(57)	(135)	75	55	(5)	(33)
Methodology and policy changes – external[5]	567	140	598	204	246	(195)	11	1,571
Balance at end of period – phase-in	**52,702**	**20,470**	**18,258**	**28,073**	**15,350**	**29,793**	**15,484**	**180,130**
Market risk								
Balance at beginning of period	**680**	**687**	**7,954**	**8,463**	**103**	**3,617**	**151**	**21,655**
Foreign exchange impact	(2)	(1)	(3)	(20)	0	(8)	0	(34)
Movements in risk levels	(176)	(293)	423	(521)	18	8	52	(489)
Model and parameter updates[3]	66	33	(335)	657	2	260	0	683
Methodology and policy changes – internal[4]	6	5	115	751	0	359	(1)	1,235
Balance at end of period – phase-in	**574**	**431**	**8,154**	**9,330**	**123**	**4,236**	**202**	**23,050**
Operational risk								
Balance at beginning of period	**11,937**	**12,289**	**4,783**	**14,954**	**2,546**	**19,000**	**0**	**65,509**
Methodology and policy changes – internal[4]	0	0	1,000	(1,275)	0	0	0	(275)
Balance at end of period – phase-in	**11,937**	**12,289**	**5,783**	**13,679**	**2,546**	**19,000**	**0**	**65,234**
Non-counterparty risk								
Balance at beginning of period	**392**	**251**	**69**	**51**	**0**	**273**	**4,452**	**5,488**
Movements in risk levels	(34)	16	0	(6)	0	(34)	(65)	(123)
Balance at end of period – phase-in	**358**	**267**	**69**	**45**	**0**	**239**	**4,387**	**5,365**

3Q16 (CHF million)	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Total
Total								
Balance at beginning of period	**64,604**	**33,613**	**31,644**	**50,750**	**16,513**	**56,481**	**21,451**	**275,056**
Foreign exchange impact	(122)	(45)	(50)	(119)	(88)	(165)	(47)	(636)
Movements in risk levels	462	(256)	(582)	474	1,283	(3,472)	(1,346)	(3,437)
Model and parameter updates[3]	28	(8)	(404)	477	(10)	205	10	298
Methodology and policy changes – internal[4]	32	13	1,058	(659)	75	414	(6)	927
Methodology and policy changes – external[5]	567	140	598	204	246	(195)	11	1,571
Balance at end of period – phase-in	**65,571**	**33,457**	**32,264**	**51,127**	**18,019**	**53,268**	**20,073**	**273,779**
Look-through adjustment[6]	—	—	—	—	—	—	(3,317)	(3,317)
Balance at end of period – look-through	**65,571**	**33,457**	**32,264**	**51,127**	**18,019**	**53,268**	**16,756**	**270,462**

Notes:

(1) Represents changes in portfolio size.

(2) Represents changes in average risk weighting across credit risk classes.

(3) Represents movements arising from updates to models and recalibrations of parameters.

(4) Represents internal changes impacting how exposures are treated.

(5) Represents externally prescribed regulatory changes impacting how exposures are treated.

(6) The look-through adjustment impacts only credit risk within the Corporate Center. The difference between phase-in and look-through risk-weighted assets relates to transitional arrangements such as the impact from pension assets and deferred tax assets not deducted from CET1 during the phase-in period and the transitional impact from threshold-related risk-weighted assets.

Leverage Metrics

Beginning in 1Q15, Credit Suisse adopted the BIS leverage ratio framework, as issued by the BCBS and implemented in Switzerland by FINMA. Under the BIS framework, the leverage ratio measures tier 1 capital against the end of period exposure. BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented in Switzerland by FINMA. Changes in the interpretation of these requirements in Switzerland or in any of our interpretations, assumptions or estimates could result in different numbers from those shown here.

As used herein, 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 leverage exposure was CHF 948.7 billion as of the end of 3Q16 compared to CHF 966.5 billion as of the end of 2Q16. The movement was primarily due to a reduction in the Group's consolidated balance sheet, reflecting lower operating activities and the foreign exchange translation impact.

Refer to "*Balance sheet and off-balance sheet*" in the Credit Suisse Financial Report 3Q16 for further information on the reduction in the Group's consolidated balance sheet.

Look-through leverage exposure – Group

end of	3Q16	2Q16	4Q15
Look-through leverage exposure (CHF million)			
Swiss Universal Bank	246,254	245,108	238,180
International Wealth Management	88,899	95,442	101,628
Asia Pacific	108,495	107,595	98,632
Global Markets	286,694	279,099	276,656
Investment Banking & Capital Markets	44,240	43,756	40,898
Strategic Resolution Unit	115,008	143,805	168,544
Corporate Center	59,154	51,743	63,090
Leverage exposure	**948,744**	**966,548**	**987,628**

BIS leverage ratios – Group

The tier 1 leverage ratio was 5.2% as of the end of 3Q16, with a CET1 component of 4.0%. On a look-through basis, the tier 1 leverage ratio was 4.6%, with a CET1 component of 3.4%.

The CET1 leverage ratio was stable compared to the end of 2Q16, reflecting the slight decrease in CET1 capital, partially offset by lower leverage exposure.

The tier 1 leverage ratio increased compared to the end of 2Q16, reflecting stable tier 1 capital and lower leverage exposure.

Leverage exposure components – Group

	Phase-in				Look-through			
				% change				*% change*
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Leverage exposure (CHF million)								
Balance sheet assets	**806,711**	**821,164**	**820,805**	**(2)**	**806,711**	**821,164**	**820,805**	**(2)**
Adjustments								
Difference in scope of consolidation and tier 1 capital deductions[1]	(9,151)	(11,067)	(10,553)	(17)	(15,387)	(15,276)	(16,431)	1
Derivative financial instruments	91,059	95,582	104,353	(5)	91,059	95,582	104,353	(5)
Securities financing transactions	(17,632)	(15,710)	(16,214)	12	(17,632)	(15,710)	(16,214)	12
Off-balance sheet exposures	83,993	80,788	95,115	4	83,993	80,788	95,115	4
Total adjustments	**148,269**	**149,593**	**172,701**	**(1)**	**142,033**	**145,384**	**166,823**	**(2)**
Leverage exposure	**954,980**	**970,757**	**993,506**	**(2)**	**948,744**	**966,548**	**987,628**	**(2)**

Note:

(1) Includes adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation and tier 1 capital deductions related to balance sheet assets.

BIS leverage metrics – Group

	Phase-in				Look-through			
				% change				*% change*
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Capital and leverage exposure (CHF million)								
CET1 capital	38,646	38,933	42,072	(1)	32,362	32,048	32,938	1
Tier 1 capital	50,001	49,780	53,063	0	43,263	43,005	44,601	1
Leverage exposure	954,980	970,757	993,506	(2)	948,744	966,548	987,628	(2)
Leverage ratios (%)								
CET1 leverage ratio	4.0	4.0	4.2	—	3.4	3.3	3.3	—
Tier 1 leverage ratio	5.2	5.1	5.3	—	4.6	4.4	4.5	—

Swiss capital and leverage metrics

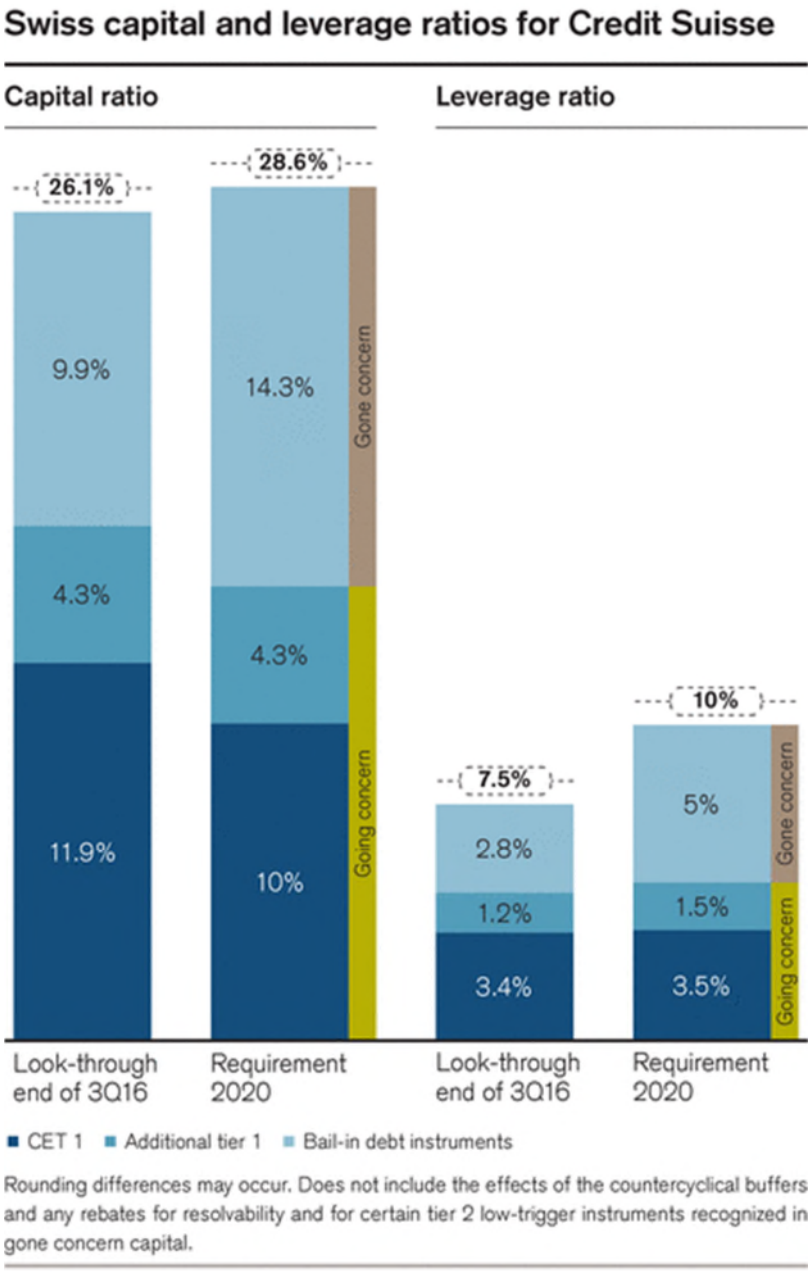
Swiss capital metrics

Refer to "*Swiss Requirements*" in "*Regulatory capital framework*" in the Credit Suisse Financial Report 3Q16 for further information on Swiss regulatory requirements.

As of the end of 3Q16, our Swiss CET1, going concern capital, gone concern capital and TLAC ratios were 14.0%, 19.8%, 9.7% and 29.5%, respectively, compared to the Swiss phase-in requirements of 8.125%, 10.75%, 3.5% and 14.25%, respectively.

On a look-through basis, as of the end of 3Q16, our Swiss CET1 capital was CHF 32.2 billion and our Swiss CET1 ratio was 11.9% compared to the requirement of 10.0%. Our going concern capital was CHF 43.8 billion and our going concern capital ratio was 16.2%, compared to the requirement of 14.3%. Our gone concern capital was CHF 26.9 billion and our gone concern capital ratio was 9.9%, compared to the requirement of 14.3%. Our total loss-absorbing capacity was CHF 70.7 billion and our TLAC ratio was 26.1%, compared to the requirement of 28.6%.

Refer to "*Capital management*" in "*Treasury, risk, balance sheet and off-balance sheet*" in the Credit Suisse Financial Report 2Q16 for previously reported periods.



Swiss capital metrics – Group

end of	Phase-in 3Q16	Look-through 3Q16
Swiss capital and risk-weighted assets (CHF million)		
Swiss CET1 capital	38,498	32,199
Going concern capital	54,341	43,799
Gone concern capital	26,541	26,915
Total loss-absorbing capacity	80,882	70,714
Swiss risk-weighted assets	274,513	271,159

end of	Phase-in 3Q16	Look-through 3Q16
Swiss capital ratios (%)		
Swiss CET1 ratio	14.0	11.9
Going concern capital ratio	19.8	16.2
Gone concern capital ratio	9.7	9.9
TLAC ratio	29.5	26.1

Swiss capital and risk-weighted assets – Group

end of	Phase-in 3Q16	Look-through 3Q16
Swiss capital (CHF million)		
CET1 capital – BIS	38,646	32,362
Swiss regulatory adjustments[1]	(148)	(163)
Swiss CET1 capital	**38,498**	**32,199**
Additional tier 1 high-trigger capital instruments	5,793	5,793
Grandfathered capital instruments	10,050	5,807
of which additional tier 1 low-trigger capital instruments	5,108	5,108
of which tier 2 high-trigger capital instruments	699	699
of which tier 2 low-trigger capital instruments	4,243	—
Swiss additional tier 1 capital	**15,843**	**11,600**
Going concern capital	**54,341**	**43,799**
Bail-in debt instruments	22,672	22,672
Additional tier 1 instruments subject to phase-out	2,703	—
Tier 2 instruments subject to phase-out	2,197	—
Tier 2 amortisation component	1,314	—
Tier 2 low-trigger capital instruments	—	4,243
Deductions	(2,345)	—
Gone concern capital	**26,541**	**26,915**
Total loss-absorbing capacity	**80,882**	**70,714**

end of	Phase-in 3Q16	Look-through 3Q16
Risk-weighted assets (CHF million)		
Risk-weighted assets – BIS	273,779	270,462
Swiss regulatory adjustments[2]	734	697
Swiss risk-weighted assets	**274,513**	**271,159**

Notes:

(1) Includes adjustments for certain unrealised gains outside the trading book.

(2) Primarily includes differences in the credit risk multiplier.

Swiss leverage metrics – Group

end of	Phase-in 3Q16	Look-through 3Q16
Swiss capital and leverage exposure (CHF million)		
Swiss CET1 capital	38,498	32,199
Going concern capital	54,341	43,799
Gone concern capital	26,541	26,915
Total loss-absorbing capacity	80,882	70,714
Leverage exposure	954,980	948,744
Swiss leverage ratios (%)		
Swiss CET1 leverage ratio	4.0	3.4
Going concern leverage ratio	5.7	4.6
Gone concern leverage ratio	2.8	2.8
TLAC leverage ratio	8.5	7.5

Note: Rounding differences may occur.

Swiss leverage metrics

The leverage exposure used in the Swiss leverage ratio is measured on the same period-end basis as the leverage exposure for the BIS leverage ratio.

As of the end of 3Q16, our Swiss CET1 leverage, going concern leverage, gone concern leverage and TLAC leverage ratios were 4.0%, 5.7%, 2.8% and 8.5%, respectively, compared to the Swiss phase-in requirements of 2.3%, 3.0%, 1.0% and 4.0%, respectively.

On a look-through basis, as of the end of 3Q16, our Swiss CET1 leverage ratio was 3.4% compared to the requirement of 3.5%, our going concern leverage ratio was 4.6%, compared to the requirement of 5.0%, our gone concern leverage ratio was 2.8%, compared to the requirement of 5.0% and our TLAC leverage ratio was 7.5% compared to the requirement of 10.0%.

Bank regulatory disclosures

The following capital, RWA and leverage disclosures apply to the Bank. The business of the Bank is substantially the same as that of the Group, including business drivers and trends relating to capital, RWA and leverage metrics.

BIS capital and leverage metrics – Bank

Refer to "BIS capital metrics", "Risk-weighted assets" and "Leverage metrics" below for further information.

BIS capital metrics – Bank

	Phase-in			
				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Capital and risk-weighted assets (CHF million)				
CET1 capital	36,713	37,164	40,013	(1)
Tier 1 capital	47,444	47,497	50,570	0
Total eligible capital	54,543	56,619	60,242	(4)
Risk-weighted assets	266,168	267,502	286,947	0
Capital ratios (%)				
CET1 ratio	13.8	13.9	13.9	—
Tier 1 ratio	17.8	17.8	17.6	—
Total capital ratio	20.5	21.2	21.0	—

Eligible capital and risk-weighted assets – Bank

	Phase-in			
				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Eligible capital (CHF million)				
Total shareholder's equity	**43,172**	**43,997**	**43,406**	**(2)**
Regulatory adjustments [1]	(495)	(313)	(5)	58
Adjustments subject to phase-in	(5,964)[2]	(6,520)	(3,388)	(9)
CET1 capital	**36,713**	**37,164**	**40,013**	**(1)**
Additional tier 1 instruments	10,024[3]	10,098	10,805	(1)
Additional tier 1 instruments subject to phase-out [4]	2,703	2,672	2,616	1
Deductions from additional tier 1 capital	(1,996)[5]	(2,437)	(2,864)	(18)
Additional tier 1 capital	**10,731**	**10,333**	**10,557**	**4**

	Phase-in			
				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Tier 1 capital	**47,444**	**47,497**	**50,570**	**0**
Tier 2 instruments	4,991[6]	6,962	6,865	(28)
Tier 2 instruments subject to phase-out	2,197	2,257	2,970	(3)
Deductions from tier 2 capital	(89)	(97)	(163)	(8)
Tier 2 capital	**7,099**	**9,122**	**9,672**	**(22)**
Total eligible capital	**54,543**	**56,619**	**60,242**	**(4)**
Risk-weighted assets by risk type (CHF million)				
Credit risk	172,878	175,221	185,574	(1)
Market risk	22,999	21,602	29,755	6
Operational risk	65,234	65,509	66,438	0
Non-counterparty risk	5,057	5,170	5,180	(2)
Risk-weighted assets	**266,168**	**267,502**	**286,947**	**0**

Notes:

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

(2) Primarily reflects 60% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets.

(3) Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.9 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.2 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 40% of goodwill and other intangible assets (CHF 1.6 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) Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 0.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.2 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

Leverage exposure components – Bank

	Phase-in			
				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Leverage exposure (CHF million)				
Balance sheet assets	**789,158**	**804,003**	**803,931**	**(2)**
Adjustments				
Difference in scope of consolidation and tier 1 capital deductions[1]	(11,476)	(12,877)	(13,059)	(11)
Derivative financial instruments	91,370	95,821	104,604	(5)
Securities financing transactions	(17,633)	(15,712)	(16,215)	12
Off-balance sheet exposures	83,208	79,918	94,312	4
Total adjustments	**145,469**	**147,150**	**169,642**	**(1)**
Leverage exposure	**934,627**	**951,153**	**973,573**	**(2)**

Note:

(1) Includes adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation and tier 1 capital deductions related to balance sheet assets.

BIS leverage metrics – Bank

	Phase-in			
				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Capital and leverage exposure (CHF million)				
CET1 capital	36,713	37,164	40,013	(1)
Tier 1 capital	47,444	47,497	50,570	0
Leverage exposure	934,627	951,153	973,573	(2)
Leverage ratios (%)				
CET1 leverage ratio	3.9	3.9	4.1	—
Tier 1 leverage ratio	5.1	5.0	5.2	—

Swiss capital and leverage metrics – Bank

Refer to "Swiss capital and leverage metrics" below for further information.

Swiss capital metrics – Bank

end of	Phase-in 3Q16
Swiss capital and risk-weighted assets (CHF million)	
Swiss CET1 capital	36,585
Going concern capital	51,600
Gone concern capital	26,800
Total loss-absorbing capacity	78,400
Swiss risk-weighted assets	266,869
Swiss capital ratios (%)	
Swiss CET1 ratio	13.7
Going concern capital ratio	19.3
Gone concern capital ratio	10.0
TLAC ratio	29.4

Swiss capital and risk-weighted assets – Bank

end of	Phase-in 3Q16
Swiss capital (CHF million)	
CET1 capital – BIS	36,713
Swiss regulatory adjustments[1]	(128)
Swiss CET1 capital	**36,585**
Additional tier 1 high-trigger capital instruments	5,873
Grandfathered capital instruments	9,142
of which additional tier 1 low-trigger capital instruments	4,151
of which tier 2 high-trigger capital instruments	748
of which tier 2 low-trigger capital instruments	4,243
Swiss additional tier 1 capital	**15,015**
Going concern capital	**51,600**
Bail-in debt instruments	22,672
Additional tier 1 instruments subject to phase-out	2,703
Tier 2 instruments subject to phase-out	2,197
Tier 2 amortisation component	1,314
Deductions	(2,086)

end of	Phase-in 3Q16
Gone concern capital	**26,800**
Total loss-absorbing capacity	**78,400**

end of	Phase-in 3Q16
Risk-weighted assets (CHF million)	
Risk-weighted assets – BIS	266,168
Swiss regulatory adjustments[2]	701
Swiss risk-weighted assets	**266,869**

Notes:

(1) Includes adjustments for certain unrealised gains outside the trading book.

(2) Primarily includes differences in the credit risk multiplier.

Swiss leverage metrics – Bank

end of	Phase-in 3Q16
Swiss capital and leverage exposure (CHF million)	
Swiss CET1 capital	36,585
Going concern capital	51,600
Gone concern capital	26,800
Total loss-absorbing capacity	78,400
Leverage exposure	934,627
Swiss leverage ratios (%)	
Swiss CET1 leverage ratio	3.9
Going concern leverage ratio	5.5
Gone concern leverage ratio	2.9
TLAC leverage ratio	8.4

Other regulatory disclosures

In connection with the implementation of Basel III, certain regulatory disclosures for the Group, the Bank, the Bank parent company and Credit Suisse International are required. Additional information on capital instruments, including the main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base of the Group, G-SIB financial indicators, subsidiary regulatory

reporting, reconciliation requirements, Pillar 3 disclosures, leverage ratios and certain liquidity disclosures can be found on our website.

Refer to www.credit-suisse.com/regulatorydisclosures for additional information.

Shareholders' equity and share metrics

Total shareholders' equity

Our total shareholders' equity decreased to CHF 44.3 billion as of the end of 3Q16 compared to CHF 45.0 billion as of the end of 2Q16. Total shareholders' equity was negatively impacted by losses on fair value elected liabilities relating to credit risk and foreign exchange-related movements on cumulative translation adjustments. These movements were partially offset by an increase in the share-based compensation obligation.

Refer to the "*Consolidated statements of changes in equity (unaudited)*" in "*Condensed consolidated financial statements – unaudited for further information on shareholders' equity*" in the Credit Suisse Financial Report 3Q16.

Shareholders' equity and share metrics

				% change
end of	**3Q16**	**2Q16**	**4Q15**	**QoQ**
Shareholders' equity (CHF million)				
Common shares	84	84	78	0
Additional paid-in capital	31,925	31,702	31,925	1
Retained earnings	28,573	28,532	29,139	0
Treasury shares, at cost	(18)	(94)	(125)	(81)
Accumulated other comprehensive loss	(16,288)	(15,262)	(16,635)	7
Total shareholders' equity	**44,276**	**44,962**	**44,382**	**(2**
Goodwill	(4,725)	(4,745)	(4,808)	0
Other intangible assets	(192)	(191)	(196)	1
Tangible shareholders' equity[1]	**39,359**	**40,026**	**39,378**	**(2)**
Shares outstanding (million)				
Common shares issued	2,089.9	2,089.9	1,957.4	0
Treasury shares	(1.6)	(8.5)	(5.9)	(81)
Shares outstanding	**2,088.3**	**2,081.4**	**1,951.5**	**0**
Par value (CHF)				
Par value	**0.04**	**0.04**	**0.04**	**0**
Book value per share (CHF)				
Total book value per share	**21.20**	**21.60**	**22.74**	**(2)**
Goodwill per share	(2.26)	(2.28)	(2.46)	(1)
Other intangible assets per share	(0.09)	(0.09)	(0.10)	0
Tangible book value per share[1]	**18.85**	**19.23**	**20.18**	**(2)**

Note:

(1) Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that shall be applicable to the Notes.

PART A

The CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes ("**Notes**") are issued by Credit Suisse Group AG (the "**Issuer**" or "**CSG**"), and are subject to these terms and conditions (the "**Conditions**", which expression shall, unless the context otherwise requires, include the detailed provisions of the pricing schedule relating to the Notes as set out in Part B of these Conditions (the "**Pricing Schedule**"). In the event of any inconsistency between Part A of these Conditions and the Pricing Schedule, the Pricing Schedule shall prevail. The Notes are issued with the benefit of a Swiss law-governed Agency Agreement (the "**Agency Agreement**") dated the Issue Date between the Issuer and Credit Suisse AG, Zurich, Switzerland as principal paying agent and calculation agent. The principal paying agent, any other paying agent appointed from time to time under the Agency Agreement and the calculation agent(s) for the time being (if any) are referred to respectively as the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent) and the "**Calculation Agent(s)**" (each such expression shall include any successors or additional such agents as the Issuer may appoint from time to time under the Agency Agreement)).

1 Amount, Denomination, Interest Basis and Form

(a) Amount, Denomination and Interest Basis

The initial aggregate amount of the Notes is specified in the relevant Pricing Schedule. Each Note will be issued in the Specified Denomination(s) specified in the relevant Pricing Schedule.

Each Note is a Fixed Rate Note, a Floating Rate Note or a Fixed/Floating Rate Note, depending upon the Interest Basis shown in the relevant Pricing Schedule.

(b) Form

The Notes are issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations.

The uncertificated securities (*Wertrechte*) will be created by the Issuer by means of a registration in its register of uncertificated securities (*Wertrechtebuch*). Such uncertificated securities will then be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Notes will constitute intermediated securities (*Bucheffekten*) ("**Intermediated Securities**") in accordance with the provisions of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*).

2 Transfers of Notes

So long as the Notes are Intermediated Securities (*Bucheffekten*), the Notes may only be transferred by the entry of the transferred Notes in a securities account of the transferee.

The records of the Intermediary will determine the number of Notes held through each participant of that Intermediary. In respect of Notes held in the form of Intermediated Securities, the holders of the Notes (the "**Holders**" and, individually, a "**Holder**") will be the persons holding the Notes in a securities account (*Effektenkonto*) which is in their name, or, in case of intermediaries (*Verwahrungsstellen*), the intermediaries

(*Verwahrungsstellen*) holding the Notes for their own account in a securities account (*Effektenkonto*) which is in their name.

The conversion of the uncertificated securities (*Wertrechte*) into a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of, a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*). No physical delivery of the Notes shall be made.

3 Status of the Notes

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 4.

4 Subordination of the Notes

(a) Subordination

In the event of an order being made, or an effective resolution being passed, for the liquidation or winding-up of the Issuer (except, in any such case, a solvent liquidation or winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in accordance with Condition 13(a) and (y) do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions), the claims of the Holders against the Issuer in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Notes shall rank (i) junior to all claims of Priority Creditors, (ii) *pari passu* with Parity Obligations and (iii) senior to the rights and claims of all holders of Junior Capital.

Any claim of any Holder in respect of or arising under the Notes (including, without limitation, any claim in relation to any unsatisfied payment obligation of the Issuer subject to enforcement by any Holder pursuant to Condition 12 or in relation to the occurrence of any other Event of Default) shall be subject to, and superseded by, Condition 7, irrespective of whether the relevant Write-down Event has occurred prior to or after the occurrence of an Event of Default or any other event.

(b) Definitions:

As used in these Conditions:

"**Junior Capital**" means (i) all classes of paid-in capital in relation to shares (and participation certificates, if any) of the Issuer and (ii) all other obligations of the Issuer which rank, or are expressed to rank, junior to claims in respect of the Notes and/or any Parity Obligation.

"**Parity Obligations**" means (i) all obligations of the Issuer in respect of CSG Tier 1 Instruments (excluding any such obligations that rank, or are expressed to rank, junior to claims in respect of the Notes) and (ii) any other securities or obligations (including any guarantee, credit support agreement or similar undertaking) of the Issuer that rank, or are expressed to rank, *pari passu* with the obligations of the Issuer under the Notes and/or any other Parity Obligation.

"**Priority Creditors**" means creditors of the Issuer whose claims are in respect of debt and other obligations (including those in respect of bonds, notes, debentures and guarantees) which are unsubordinated, or which are subordinated (including, but not limited to, CSG Tier 2 Instruments) and

which do not, or are not expressly stated to, rank *pari passu* with, or junior to, the obligations of the Issuer under the Notes and/or any Parity Obligation.

5 Set-off

Subject to applicable law, each Holder, by acceptance of a Note, agrees that it shall not, and waives its right to, exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes.

6 Interest Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Fixed Rate of Interest, such interest being, subject as provided in Condition 6(h), payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Floating Rate of Interest, such interest being, subject as provided in Condition 6(h), payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 6(f).

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the relevant Pricing Schedule is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Floating Rate of Interest for Floating Rate Notes

The Floating Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined as provided herein:

(x) The Floating Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) if required pursuant to Condition 6(b)(iii)(y) below, the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time if the Reference Rate is LIBOR or Brussels time if the Reference Rate is EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Pricing Schedule as being other than LIBOR or EURIBOR, the Floating Rate of Interest in respect of such Notes will be determined as provided in the relevant Pricing Schedule.

(y) If the Relevant Screen Page is not available or if Condition 6(b)(iii)(x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If Condition 6(b)(iii)(y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Floating Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks, or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, any one or more banks

(which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Floating Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) Interest on Fixed/Floating Rate Notes

Each Fixed/Floating Rate Note bears interest on its principal amount from time to time from (and including) the Interest Commencement Date and during the Fixed Interest Rate Period at the rate per annum (expressed as a percentage) equal to the Fixed Rate of Interest, such interest being, subject as provided in Condition 6(h), paid in arrear on each Interest Payment Date falling in the Fixed Interest Rate Period, and during the Floating Interest Rate Period at the rate per annum (expressed as a percentage) equal to the Floating Rate of Interest, such interest being, subject as provided in Condition 6(h), paid in arrear on each Interest Payment Date falling in the Floating Rate Interest Period. The amount of interest payable shall be determined in accordance with Condition 6(f).

(d) Accrual of Interest

(i) Where a Note is to be redeemed pursuant to Condition 8(c), 8(d) or 8(e), interest shall accrue up to (but excluding) the due date for redemption, and shall cease to accrue on such Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the relevant Rate of Interest from time to time in the manner provided in this Condition 6 to the Due Date.

(ii) Upon the occurrence of a Write-down Event, interest shall accrue on the principal amount of each Note up to (but excluding), and shall cease to accrue on each Note with effect from, the date of the relevant Write-down Notice.

(e) Margin, Maximum/Minimum Rates of Interest and Rounding

(i) If any Margin is specified in the relevant Pricing Schedule (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Pricing Schedule, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such

currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is legal tender.

(f) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be calculated by reference to the Rate of Interest, the Calculation Amount specified in the relevant Pricing Schedule and the Day Count Fraction for such Interest Accrual Period, unless (as specified in the relevant Pricing Schedule) an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

(g) Determination and Publication of Rates of Interest and Interest Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation under the Conditions, calculate such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer, each of the Paying Agents, the Holders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 6(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If there is an Event of Default in payment in respect of the Notes as provided in Condition 12(a)(i), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition 6 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Cancellation of Interest; Prohibited Interest

(i) The Issuer may, at its discretion, elect to cancel all or part of any payment of interest which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Holders in accordance with Condition 17, and to the Principal Paying Agent, not more than 30 nor less than 10 Business Days prior to the relevant Interest Payment Date. This Condition 6(h)(i) is without prejudice to the provisions of Condition 6(h)(ii) and Condition 6(h)(v).

(ii) The Issuer shall be prohibited from making, in whole or in part, any payment of interest on the Notes on the relevant Interest Payment Date if, and to the extent that, on such Interest Payment Date:

(a) CSG has an amount of Distributable Profits which is less than the sum of (i) the aggregate amount of such interest payment and (ii) all other payments (other than redemption payments) made by CSG since the date of the Relevant Accounts (1) on the Notes and (2) on or in respect of any Tier 1 Instruments or Tier 1 Shares, in each case, excluding any portion of such other payments already accounted for in determining the Distributable Profits and, in each case as necessary, translated into CSG's reporting currency at the relevant Prevailing Rate on or around such Interest Payment Date;

(b) the Regulatory Condition is not satisfied or would not be satisfied if such interest payment were made; and/or

(c) the Regulator has required the Issuer not to make such interest payment.

The Issuer shall deliver a certificate signed by the Authorised Signatories to the Principal Paying Agent and shall give notice, in accordance with Condition 17, to the Holders in each case as soon as practicable following any determination that interest is required to be cancelled pursuant to this Condition 6(h)(ii) or, where no such prior determination is made, promptly following any Interest Payment Date on which interest was scheduled to be paid if such interest is being cancelled in accordance with this Condition 6(h)(ii), to such effect setting out brief details as to the amount of interest being cancelled and the reason therefor.

As used in these Conditions:

"**Distributable Profits**" means, in respect of any Interest Payment Date, the aggregate amount of (i) net profits carried forward and (ii) freely available reserves (other than reserves for own shares), in each case, less any amounts that must be contributed to legal reserves under applicable law, all in CSG's reporting currency and as appearing in the Relevant Accounts.

"**Regulatory Condition**" means, in respect of any Interest Payment Date, that CSG is, and will be immediately after the relevant payment of interest, in compliance with all applicable minimum regulatory capital adequacy requirements of the National Regulations.

"**Relevant Accounts**" means, in respect of any Interest Payment Date, the audited unconsolidated financial statements of CSG for the financial year ended immediately prior to such Interest Payment Date.

(iii) If, on any Interest Payment Date, any payment of interest scheduled to be made on such date is not made in full by reason of Condition 6(h)(i) (such amount not paid, being "**Unpaid Interest**") or by reason of Condition 6(h)(ii),

(a) CSG shall not, directly or indirectly, resolve, or recommend to holders of Ordinary Shares, that any dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) be paid or made on any Ordinary Shares; and

(b) CSG shall not, directly or indirectly, redeem, purchase or otherwise acquire any Ordinary Shares other than in relation to (1) transactions effected by or for the account of customers of CSG or any of its Subsidiaries or in connection with the distribution or trading of, or market making in respect of Ordinary Shares; (2) the satisfaction by CSG or any of its Subsidiaries of its obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants;

(3) a reclassification of the capital stock of CSG or any of its Subsidiaries or the exchange or conversion of one class or series of such capital stock for another class or series of such capital stock; or (4) the purchase of fractional interests in shares of the capital stock of CSG or any of its majority-owned subsidiaries pursuant to the provisions of any security being converted into or exchanged for such capital stock,

in each case unless and until (x) the interest payment due and payable on the Notes on any subsequent Interest Payment Date has been paid in full (or an amount equal to the same has been paid in full to a designated third party trust account for the benefit of the Holders prior to payment by the trustee thereof to the Holders on such subsequent Interest Payment Date) or, if earlier, (y) the date on which the Notes have been redeemed in accordance with Condition 8 or cancelled in accordance with Condition 7.

(iv) Payments of interest on the Notes are not cumulative. Notwithstanding any other provision in these Conditions but without prejudice to Condition 6(h)(v), the cancellation or non-payment of any interest amount by virtue of this Condition 6(h) shall not constitute a default for any purpose (including, without limitation, Condition 12(a)) on the part of the Issuer. Any interest payment not paid by virtue of this Condition 6(h) shall not accumulate or be payable at any time thereafter, and Holders shall have no right thereto.

(v) Notwithstanding any other provision in these Conditions, if the holders of Ordinary Shares resolve to make or pay a dividend or other distribution in cash or in kind (other than in the form of Ordinary Shares) on the Ordinary Shares in respect of a financial year or other specified period during which there has arisen any Unpaid Interest on one or more occasions, the Issuer shall, subject as provided below, pay to the Holders, within five Business Days of such distribution or dividend being paid or made, an amount equal to the aggregate amount of all Unpaid Interest which has arisen during such financial year or other specified period. For the avoidance of doubt, if the holders of Ordinary Shares do not resolve to make or pay a distribution or dividend on the Ordinary Shares as described in this Condition 6(h)(v), no amount shall be payable under this Condition 6(h)(v).

(i) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Financial Centres specified in the relevant Pricing Schedule a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in such Financial Centre(s) or, if no currency is indicated, generally in each of such Financial Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the relevant Pricing Schedule, the actual number of days in the Calculation Period divided by 360;

(iv) if "**Actual/Actual-ICMA**" is specified in the relevant Pricing Schedule,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date(s) specified as such in the relevant Pricing Schedule or, if none is so specified, the Interest Payment Date(s); and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Pricing Schedule, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Fixed Interest Rate Period**" means the period specified as such in the relevant Pricing Schedule.

"**Fixed Rate of Interest**" means the rate of interest payable from time to time in respect of a Fixed Rate Note or during the Fixed Interest Rate Period in respect of a Fixed/Floating Rate Note and that is either specified in the relevant Pricing Schedule or calculated in accordance with the provisions in the relevant Pricing Schedule.

"**Floating Interest Rate Period**" means the period specified as such in the relevant Pricing Schedule.

"**Floating Rate of Interest**" means the rate of interest payable from time to time in respect of a Floating Rate Note or during the Floating Interest Rate Period in respect of a Fixed/Floating Rate Note and that is either specified in the relevant Pricing Schedule or calculated in accordance with the provisions in the relevant Pricing Schedule.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Pricing Schedule, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Pricing Schedule as being payable on the Interest Payment Date ending in the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date specified in the relevant Pricing Schedule or such other date as may be specified in the relevant Pricing Schedule.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Schedule or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Payment Date**" means, in respect of the Notes, the date or dates specified as such, or determined as provided, in the relevant Pricing Schedule.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on

(and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the relevant Pricing Schedule.

"**Rate of Interest**" means the Fixed Rate of Interest and/or Floating Rate of Interest, as the case may be.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer in consultation with the Calculation Agent or as specified in the relevant Pricing Schedule.

"**Reference Rate**" means the rate specified as such in the relevant Pricing Schedule.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Pricing Schedule.

"**Specified Currency**" means the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Pricing Schedule and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7 Write-down

(a) Write-down Event

(i) Write-down Event

If a Contingency Event or, subject to Condition 7(c), a Viability Event (any such event, a "**Write-down Event**") occurs at any time while the Notes are outstanding and prior to a Statutory Loss Absorption Date (if any), a Write-down shall, subject to and as provided in this Condition 7, occur on the relevant Write-down Date.

(ii) Contingency Event

As used in these Conditions, a "**Contingency Event**" means the giving of a Contingency Event Notice in accordance with this Condition 7(a)(ii).

CSG, or, following any substitution under Condition 13(c), the Substitute Issuer or CSG shall give a notice (the "**Contingency Event Notice**") to the Holders in accordance with Condition 17 in the event that, as at any Reporting Date, the CET1 Ratio contained in the relevant Financial Report is below the Threshold Ratio; *provided*, *however*, that no Contingency Event Notice shall be given, and no Contingency Event in relation thereto shall be deemed to have occurred, if the Regulator, at the request of CSG, has agreed on or prior to the publication of the relevant Financial Report that a Write-down shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have, the effect of restoring the CET1 Ratio to a level above the Threshold Ratio that the Regulator and CSG deem, in their absolute discretion, to be adequate at such time.

Any Contingency Event Notice shall:

(A) state that, with the giving of such notice, a Contingency Event has occurred and a Write-down will take place;

(B) specify the relevant Write-down Date; and

(C) be given no later than the fifth Business Day after the date of publication of the relevant Financial Report.

(iii) Viability Event

As used in these Conditions, a "**Viability Event**" means that either:

(A) the Regulator has notified CSG that it has determined that a write-down of the Notes, together with the conversion or write-down/off of holders' claims in respect of any and all other Going Concern Capital Instruments, Tier 1 Instruments and Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written-down/off at that time, is, because customary measures to improve CSG's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent CSG from becoming insolvent, bankrupt or unable to pay a material part of its debts as they fall due, or from ceasing to carry on its business; or

(B) customary measures to improve CSG's capital adequacy being at the time inadequate or unfeasible, CSG has received an irrevocable commitment of extraordinary support from the Public Sector (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving CSG's capital adequacy and without which, in the determination of the Regulator, CSG would have become insolvent, bankrupt, unable to pay a material part of its debts as they fall due or unable to carry on its business.

CSG, or, following any substitution under Condition 13(c), the Substitute Issuer or CSG shall give a notice (the "**Viability Event Notice**") to the Holders in accordance with Condition 17 following the occurrence of a Viability Event, which notice shall (x) state that a Viability Event has occurred and a Write-down shall take place, (y) specify the relevant Write-down Date and (z) be given no later than three Business Days after the occurrence of the relevant Viability Event.

(b) Write-down

Following the occurrence of a Write-down Event, on the relevant Write-down Date,

(i) the full principal amount of each Note will be written down to zero and all references to the principal amount of the Notes in these Conditions shall be construed accordingly;

(ii) the Holders will be deemed to have irrevocably waived their rights to, and will no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes, and the Holders will be deemed to have agreed to the foregoing (*bedingte Aufhebung einer Forderung durch Übereinkunft*);

(iii) all rights of any Holder for payment of any accrued but unpaid interest or any other amounts under, or in respect of, the Notes (including, without limitation, any amounts arising as a result of, or due and payable upon the occurrence of, an Event of Default) will become null and void, irrespective of whether such amounts have become due and payable or such claims have arisen prior to the occurrence of the Write-down Event, the date of the Write-down Notice or the Write-down Date; and

(iv) the Notes will be permanently cancelled.

(c) Alternative Loss Absorption

In the event of the implementation of any new, or amendment to or change in the interpretation of any existing, laws or components of National Regulations, in each case occurring after the Issue Date, that alone or together with any other law(s) or regulation(s) has, in the joint determination of CSG and the Regulator, or, following any substitution under Condition 13(c), CSG, the Substitute Issuer and the Regulator, the effect that Condition 7(a)(iii) could cease to apply to the Notes without giving rise to a Capital Event, then the Issuer shall give notice to the Holders no later than five Business Days after such joint determination stating that such provisions shall cease to apply from the date of such notice (the "**Statutory Loss Absorption Date**"), and from the date of such notice, such provisions shall cease to apply to the Notes.

8 Redemption, Substitution, Variation and Purchase

(a) No Fixed Redemption Date

The Notes are perpetual securities in respect of which there is no fixed redemption date. Unless previously redeemed or purchased and cancelled as provided in these Conditions, each Note is perpetual and shall only be redeemed or purchased as specified in this Condition 8.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Notes in accordance with Condition 8(c), (d), (e), (g) or (h) is subject to the Issuer or, following any substitution under Condition 13(c), the Substitute Issuer and CSG receiving the prior approval of the Regulator, if then required.

Prior to the publication of any notice of redemption pursuant to Conditions 8(d) or 8(e) or notice of substitution or variation pursuant to Condition 8(h), the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Authorised Signatories of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as the case may be, vary is satisfied and the reasons therefor and such certificate shall be conclusive and binding on the Holders. Prior to the publication of any notice of redemption pursuant to Condition 8(d), the Issuer shall deliver an opinion of independent legal advisers of recognised standing to the Principal Paying Agent to the effect that circumstances entitling the Issuer to exercise its rights of redemption under Condition 8(d) have arisen.

(c) Optional Redemption

If Optional Redemption is specified in the Pricing Schedule as being applicable, then, subject to Conditions 8(b) and 8(f), the Issuer may elect, by giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall,

subject to Conditions 8(b) and 8(f), be irrevocable), to redeem in accordance with these Conditions all, but not some only, of the Notes on the First Optional Redemption Date specified in the applicable Pricing Schedule or any other Optional Redemption Date specified for such purpose in the applicable Pricing Schedule at their Optional Redemption Amount together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the relevant Notes as aforesaid.

(d) Redemption due to Taxation

If, prior to the giving of the notice referred to below, a Tax Event has occurred and is continuing, then the Issuer may, subject to Conditions 8(b) and 8(f) and having given not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall, subject to Conditions 8(b) and 8(f), be irrevocable), redeem in accordance with these Conditions at any time specified for such purpose in the Pricing Schedule all, but not some only, of the Notes at their Tax Event Redemption Amount, together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the Notes as aforesaid.

(e) Redemption for Capital Event

If, prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to Conditions 8(b) and 8(f) and having given not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall, subject to Conditions 8(b) and 8(f), be irrevocable), redeem in accordance with these Conditions at any time specified for such purpose in the Pricing Schedule all, but not some only, of the Notes at their Capital Event Redemption Amount, together with any accrued but unpaid interest to (but excluding) the relevant redemption date. Upon the expiry of such notice, the Issuer shall, subject to Conditions 8(b) and 8(f), redeem the Notes as aforesaid.

(f) No redemption following a Write-down Event

Notwithstanding the other provisions of this Condition 8, the Issuer may not give a notice of redemption of the Notes or redeem the Notes pursuant to this Condition 8 if a Write-down Event shall have occurred prior to the date of such notice or the relevant redemption date, as the case may be.

(g) Purchases

CSG (or any Subsidiary of CSG) may, subject to Condition 8(b), at any time purchase or procure others to purchase beneficially for its account Notes in any manner and at any price.

(h) Substitution or Variation upon a Capital Event or a Tax Event

If a Capital Event or a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 8(b) and having given not less than 30 days' notice to the Holders in accordance with Condition 17 (which notice shall, subject as provided in Condition 8(f), be irrevocable), without any requirement for the consent or approval of the Holders unless so required by the mandatory provisions of Swiss law, either substitute all, but not some only, of the Notes for, or vary the terms of the Notes in such manner that they remain or, as appropriate, become, Compliant Securities (and provided such Tax Event or, as the case may be, Capital Event, no longer continues following, and no other Tax Event or Capital Event arises as a result of, such substitution or variation). Upon the expiry of the notice required by Condition 8(b), the Issuer shall, subject as provided below, either vary the terms of, or substitute, the Notes in accordance with this Condition 8(h), as the case may be.

Notwithstanding the other provisions of this Condition 8(h), the Issuer may not give a notice of substitution or variation of the Notes or substitute or vary the Notes pursuant to this Condition 8(h) if a Write-down Event shall have occurred prior to the date of such notice or the relevant date set for such substitution or variation, as the case may be.

In connection with any substitution or variation in accordance with this Condition 8(h), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(i) Cancellation

All Notes redeemed by the Issuer pursuant to this Condition 8 will forthwith be cancelled. All Notes purchased by or on behalf of CSG or any Subsidiary of CSG may be held, reissued, resold or, at the option of CSG or any such Subsidiary, cancelled by the Principal Paying Agent. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged upon such cancellation of such Notes.

9 Payments

(a) Notes

(i) All payments required to be made to Holders in respect of the Notes shall be made available in good time in freely disposable CHF and be placed at the free disposal of the Principal Paying Agent on behalf of the Holders.

(ii) If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Notes will be made to the Holders in CHF without collection costs.

(b) Payments subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**"), as amended or described in any agreement between any Tax Jurisdiction and the United States relating to the foreign account provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any agreement, law, regulation, or other official guidance implementing an intergovernmental agreement or other intergovernmental approach thereto (collectively, "**FATCA**"). No commission or expenses shall be charged to the Holders in respect of payments made to Holders in respect of the Notes.

(c) Appointment of Agents

The Principal Paying Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Calculation Agents, provided that there shall at all times be (i) a Principal Paying Agent, (ii) one or more Calculation Agent(s) where these Conditions so require, (iii) for so long as any Notes are listed on the SIX Swiss Exchange, a Paying Agent that has an office in Switzerland and is a bank or securities dealer subject to supervision by FINMA to perform the functions of a Swiss paying agent,

and (iv) such other agents as may be required by any stock exchange on which the Notes may at any time be listed (if any).

Notice of any such change or any change of any specified office shall promptly be given to the Holders in accordance with Condition 17.

(d) Non-Business Days

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in such jurisdictions (if any) as shall be specified as "**Financial Centres**" in the relevant Pricing Schedule and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

10 Taxation

All payments of principal, premium (if any) and/or interest to Holders by or on behalf of the Issuer in respect of the Notes shall be made without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction or any authority thereof or therein having power to impose, levy, collect, withhold or assess taxes, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result (after such withholding or deduction) in receipt by the Holders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes; except that no such Additional Amounts shall be payable with respect to any Note on account of:

(a) any such taxes, duties, assessments or other governmental charges imposed in respect of such Note by reason of the Holder having some connection with a Tax Jurisdiction other than the mere holding of such Note; or

(b) any such taxes, duties, assessments or other governmental charges imposed on a payment in respect of such Note where such withholding or deduction is required to be made pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation of the Swiss Federal Council of 17 December 2014, or otherwise changing the Swiss federal withholding tax system from an issuer-based system to a paying agent-based system pursuant to which a person in Switzerland other than the issuer is required to withhold tax on any interest payments; or

(c) any withholding or deduction imposed on any payment by reason of FATCA; or

(d) any combination of two or more items set out in (a) to (c) above.

11 Prescription

Claims against the Issuer for payment in respect of the Notes shall become time-barred after a period of 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Due Date in respect of them.

12 Events of Default

(a) Events of Default

An event of default ("**Event of Default**") will occur in the following circumstances:

(i) the Issuer fails to make any payment of principal in respect of the Notes for a period of 10 days or more after the date such payment is due, or the Issuer fails to make any payment of interest in respect of the Notes for a period of 30 days or more after the date on which such payment is due;

(ii) an involuntary case or other proceeding shall be commenced against the Issuer, with respect to the Issuer or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Issuer or for any substantial part of the property and assets of the Issuer, and such involuntary case or other proceedings shall remain undismissed and unstayed for a period of 60 days, except that the issuance of a writ of payment (*Zahlungsbefehl*) under the Swiss debt enforcement and bankruptcy laws shall not constitute such involuntary case or proceeding for the purpose of this Condition 12(a); or an order for relief shall be entered against the Issuer for the purpose of this Condition 12(a); or an order for relief shall be entered against the Issuer under any bankruptcy, insolvency or other similar law now or hereafter in effect; or

(iii) the Issuer (x) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (y) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer for all or substantially all of the property and assets of the Issuer, or (z) effects any general assignment for the benefit of creditors.

Upon the occurrence of an Event of Default and subject to Condition 7, the payment obligations in respect of the Notes (being, in the case of an Event of Default referred to in Condition 12(a)(i) relating to any failure of the Issuer to meet any payment obligation under the Notes, such payment obligation (and such payment obligation only) and, in the case of an Event of Default referred to in Condition 12(a)(ii) or (iii), as described below) shall be deemed due and payable (*fällige*) payment obligations of the Issuer, and if such payment has not been made within the statutory period after the Holder has formally requested payment and a writ of payment (*Zahlungsbefehl*) has been issued as provided by the Swiss insolvency laws, such Holder may institute proceedings against the Issuer in Switzerland (but not elsewhere) to enforce its rights under Swiss insolvency laws.

Upon the occurrence of an Event of Default referred to in Condition 12(a)(ii) or (iii), Holders will have a claim on a subordinated basis as described in Condition 4 for an amount equal to the principal amount of their Notes together with any accrued but unpaid interest thereon and the Issuer shall not (i) after having received the writ of payment (*Zahlungsbefehl*), argue or plead that the payment obligations are not due and payable by the Issuer and (ii) prior to the declaration of bankruptcy (or similar proceeding under Swiss insolvency laws), make any payment to the Holder.

(b) Extent of Holder's remedy

No remedy against the Issuer other than as referred to in this Condition 12, shall be available to the Holders for the recovery of amounts owing in respect of the Notes.

13 Meetings of Holders, Modification and Substitution

(a) Meetings of Holders

The provisions on bondholder meetings contained in Article 1157 et seq. of the Swiss Federal Code of Obligations shall apply in relation to meetings of Holders.

(b) Modifications

Notwithstanding Condition 13(a), the Issuer may, subject to mandatory provisions of Swiss law, without the consent or approval of the Holders, make such amendments to the terms of the Notes and the Agency Agreement as it considers necessary or desirable to give effect to the provisions of Condition 7(c), Condition 8(h) and Condition 13(c) and such other changes that in its opinion are of a formal, minor or technical nature or made to correct a manifest or proven error or that in its opinion are not materially prejudicial to the interests of the Holders.

(c) Issuer Substitution

The Issuer may, without the consent of the Holders, substitute any Subsidiary of CSG (whether or not such entity is organised under the laws of Switzerland) (such substitute entity, the "**Substitute Issuer**") for itself as principal debtor under the Notes upon giving no more than 30 and no less than 10 days' notice to the Holders in accordance with Condition 17, *provided* that:

(i) at least 95 per cent. of the Substitute Issuer's capital and voting rights are held, directly or indirectly, by CSG;

(ii) the Issuer is not in default in respect of any amount payable under the Notes at the time of such substitution;

(iii) the Issuer and the Substitute Issuer enter into such documents (the "**Substitution Documents**") as are necessary to give effect to such substitution and pursuant to which the Substitute Issuer undertakes in favour of each Holder to be bound by these Conditions as the principal debtor (on a subordinated basis corresponding to Condition 4) under the Notes in place of the Issuer and procure that all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Substitution Documents and the Notes represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect;

(iv) if the Substitute Issuer's residence for tax purposes is in a jurisdiction (the "**New Residence**") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "**Former Residence**"), the Substitution Documents contain an undertaking by the Substitute Issuer and/or such other provisions as may be necessary to ensure that each Holder has the benefit of an undertaking in terms corresponding to the provisions of Condition 10 in relation to the payment of all amounts due and payable under, or in respect of, the Notes and in relation to the guarantee referred to in (vi) below, with, in the case of the Notes but not such guarantee, the substitution of references to the Former Residence with references to the New Residence, and an undertaking by the Substitute Issuer to indemnify each Holder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the New Residence and, if different, the jurisdiction of the Substitute Issuer's organisation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to such substitution;

(v) the Issuer and the Substitute Issuer have obtained all necessary governmental and other approvals and consents for such substitution and for the performance by the Substitute Issuer of its obligations under the Substitution Documents;

(vi) CSG irrevocably and unconditionally guarantees to the Holders in accordance with article 111 of the Swiss Code of Obligations, on a subordinated basis corresponding *mutatis mutandis* to Conditions 4 and 5, (A) the due and punctual payment of all amounts due and payable by the Substitute Issuer under, or in respect of, the Notes, and (B) the performance of any other action to be performed by the Substitute Issuer in accordance with these Conditions on terms whereby Conditions 6(h)(iii), 12 and 13 shall apply to CSG and to its obligations under the guarantee with any necessary consequential amendments;

(vii) if the Substitute Issuer is not organised under the laws of Switzerland, the Substitute Issuer has appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes or the Agency Agreement;

(viii) legal opinions addressed to the Holders shall have been delivered to them (care of the Principal Paying Agent) from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (iv) above and in Switzerland and England as to the fulfilment of the preceding conditions of this Condition 13(c); and

(ix) such substitution does not give rise to a Tax Event or a Capital Event.

Upon any substitution pursuant to this Condition 13(c), the Substitute Issuer shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Notes with the same effect as if the Substitute Issuer had been named as Issuer in these Conditions, and the Issuer shall be released from its obligations under the Notes.

14 Currency Indemnity

Any amount received or recovered in a currency other than the Specified Currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Holder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Specified Currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 14, it shall be sufficient for the Holder to demonstrate that it would have suffered a loss had an actual purchase been made. This indemnity constitutes a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

15 [Reserved]

16 Further Issues

The Issuer may, from time to time, without the consent of the Holders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first

payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to "Notes" include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Notes.

17 Notices

So long as the Notes are listed on the SIX Swiss Exchange, notices to Holders shall be given by the Listing Agent (a) by means of electronic publication on the internet website of the SIX Swiss Exchange (www.six-swiss-exchange.com), where notices are currently published under the address www.six-swiss-exchange.com/news/official_notices/search_en.html or (b) otherwise in accordance with the regulations of the SIX Swiss Exchange.

If the Notes are for any reason no longer listed on the SIX Swiss Exchange, notices to Holders shall be valid if published in a leading daily newspaper published in Switzerland (which is expected to be the *Neue Zuercher Zeitung*). Any such notice shall be deemed to be validly given on the date of such publication or, if published more than once, on the date of the first such publication as provided above.

18 Definitions

The following terms shall have the following meanings:

"**Additional Amounts**" has the meaning given to it in Condition 10;

"**Additional Tier 1 Capital**" means, at any time, any or all items constituting additional tier 1 capital within the meaning of the Basel III Document, as implemented and amended pursuant to BIS Regulations applicable at such time;

"**Auditor**" means the accounting firm appointed by the Board of Directors or shareholders of CSG, as the case may be, to provide, *inter alia*, audit and review opinions on CSG's financial statements;

"**Authorised Signatories**" means any two authorised officers of the Issuer signing jointly;

"**Basel III Document**" means the Basel Committee on Banking Supervision document "Basel III: A global regulatory framework for more resilient banks and banking systems" published in December 2010, as revised in June 2011;

"**BIS Regulations**" means the capital adequacy standards and guidelines applicable from time to time and promulgated by the Basel Committee on Banking Supervision, as implemented by CSG in a manner agreed with the Regulator and/or its Auditor for the purpose of financial reporting and disclosure, *inter alia*, in the Quarterly Financial Report;

"**Business Day**" has the meaning given to it in Condition 6(i);

a "**Capital Event**" is deemed to have occurred if a change in National Regulations and/or BIS Regulations occurs on or after the Issue Date having the effect that the entire principal amount of the Notes ceases to be eligible to be both (i) treated as Additional Tier 1 Capital under BIS Regulations and (ii) counted towards the Going Concern Requirement;

"**CET1 Amount**" means, at any time, as calculated by CSG in respect of the Group and expressed in CSG's reporting currency, the sum of all amounts (whether positive or negative) of Common Equity Tier 1 Capital of the Group as at such time;

"**CET1 Ratio**" means the ratio (expressed as a percentage) of CET1 Amount divided by the RWA Amount as at the relevant Reporting Date, in each case as calculated by CSG and appearing in the relevant Financial

Report as "BIS Common Equity Tier 1 Ratio", "BIS CET1 Ratio" or any such other term having the same meaning;

"**CHF**" and "**Swiss francs**" means the lawful currency for the time being of Switzerland;

"**Common Equity Tier 1 Capital**" means all items that constitute common equity tier 1 capital, or deductions from common equity tier 1 capital, in each case within the meaning of these terms in the Basel III Document as amended by, and as determined by CSG pursuant to, BIS Regulations applicable at the relevant time;

"**Compliant Securities**" means securities issued directly by CSG or by a Subsidiary of CSG and guaranteed by CSG that:

(i) have economic terms not materially less favourable to a Holder than these Conditions (as reasonably determined by the Issuer, and provided that a certification to such effect of the Authorised Signatories shall have been delivered to the Principal Paying Agent prior to the issue of the relevant securities), provided that such securities (a) include terms which provide for the same interest rate and principal from time to time applying to the Notes; (b) rank *pari passu* with the Notes (or, in the case of securities issued by a Subsidiary of CSG and guaranteed by CSG, with a guarantee ranking *pari passu* within the Notes); and (c) preserve any existing rights under these Conditions to any accrued but unpaid interest which has not been satisfied; and

(ii) where the Notes which have been substituted or varied were listed immediately prior to their substitution or variation, the relevant securities are listed on (a) the SIX Swiss Exchange or (b) such other internationally recognised stock exchange as selected by the Issuer; and

(iii) where the Notes which have been substituted or varied were rated by a Rating Agency immediately prior to their substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe and publish, an equal or higher rating to the relevant securities;

"**Contingency Event**" has the meaning given to it in Condition 7(a)(ii);

"**Contingency Event Notice**" has the meaning given to it in Condition 7(a)(ii);

"**CS**" means Credit Suisse AG;

"**CSG**" means Credit Suisse Group AG;

"**CSG Tier 1 Instruments**" means any and all shares, securities, participation securities or other obligations issued (i) by the Issuer (whether or not acting through a branch) but excluding Tier 1 Shares or (ii) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which shares, securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of CSG and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

"**CSG Tier 2 Instruments**" means any and all securities or other obligations issued (i) by the Issuer (whether or not acting through a branch) or (ii) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 2 Capital of CSG and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

"**Due Date**" in respect of any payment on any Note, means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount required to be paid is made;

"**Event of Default**" has the meaning given to it in Condition 12(a);

"**Financial Report**" means a Quarterly Financial Report or an Interim Capital Report, as the case may be;

"**FINMA**" means the Swiss Financial Market Supervisory Authority FINMA;

"**Going Concern Capital**" means, at any time, any or all items that, pursuant to National Regulations at such time, are eligible to be counted towards the Going Concern Requirement;

"**Going Concern Capital Instruments**" means, at any time, any or all securities and other instruments (other than Common Equity Tier 1 Capital) issued by CSG or any other member of the Group, as the case may be, that are, at such time, eligible to be treated as Going Concern Capital;

"**Going Concern Requirement**" means the requirement under National Regulations for systemically relevant banks (*systemrelevante Banken*) to hold a minimum amount of going concern capital (*Eigenmittel zur ordentlichen Weiterführung der Bank*), which amount is set by reference to the risk weighted assets (*risikogewichtete Positionen*) and/or by reference to the leverage ratio (*Höchstverschuldungsquote*) of such bank;

"**Group**" means CSG together with, from time to time, its consolidated Subsidiaries and any and all other entities included in its consolidated capital adequacy reports prepared pursuant to National Regulations or, as appropriate, BIS Regulations to which it is subject at such time;

"**Holder**" has the meaning given to it in Condition 2;

"**Independent Financial Adviser**" means an independent financial institution of international repute appointed at its own expense by CSG;

"**Interest Payment Date**" has the meaning given to it in Condition 6(i);

"**Interim Capital Report**" means a report based on the financial accounts of CSG and the Group containing, *inter alia*, the CET1 Ratio prepared by CSG upon request of the Regulator in respect of the Notes and with respect to which the Auditor has performed procedures in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements;

"**Interim Report Date**" means the date as at which the CET1 Ratio set out in an Interim Capital Report has been prepared;

"**National Regulations**" means the prevailing national banking and capital adequacy laws directly applicable to CSG and prevailing capital adequacy regulations promulgated by the Regulator and applicable to CSG;

"**Ordinary Shares**" means the registered ordinary shares of CSG with a nominal value of CHF 0.04 each;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

"**Prevailing Rate**" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (Zurich time) on that date as appearing on or derived from the Reference Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (Zurich time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Reference Page, the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe;

"**Public Sector**" means the federal or central government or central bank in CSG's country of incorporation;

"**Quarterly Financial Report**" means the financial accounts and disclosures of CSG and the Group in respect of a calendar quarter reporting period contained in a customary financial report published by CSG;

"**Rating Agency**" means the rating agency specified for this purpose in the Pricing Schedule;

"**Reference Page**" means the relevant page on Bloomberg or such other information service provider that displays the relevant information;

"**Regulator**" means the national regulator body having the leading authority to supervise and regulate CSG with respect to its consolidated capital adequacy at the relevant time, being at the Issue Date FINMA;

"**Reporting Date**" means, with respect to any Financial Report, (i) in the case of a Quarterly Financial Report, the date of the financial statements contained in such Quarterly Financial Report, and (ii) in the case of an Interim Capital Report, the relevant Interim Report Date;

"**RWA Amount**" means, as at any date, the aggregate amount of all risk-weighted assets of the Group, calculated by CSG pursuant to BIS Regulations applicable at such time expressed in CSG's reporting currency;

"**SIX SIS**" means SIX SIS Ltd;

"**SIX Swiss Exchange**" means SIX Swiss Exchange Ltd.;

"**Specified Currency**" has the meaning given to it in Condition 6(i);

"**Statutory Loss Absorption Date**" has the meaning given to it in Condition 7(c);

"**Subsidiary**" means a direct or indirect subsidiary within the meaning of applicable Swiss law;

"**TARGET Business Day**" has the meaning given to it in Condition 6(i);

a "**Tax Event**" is deemed to have occurred if in making any payments on the Notes, the Issuer (i) has paid or will or would on the next payment date be required to pay Additional Amounts, or (ii) has paid, or will or would be required to pay, any additional tax in respect of the Notes, in each case under the laws or regulations of a Tax Jurisdiction, or any political subdivision or authority therein or thereof having the power to impose, levy, collect, withhold or assess taxes, including, without limitation, any treaty to which a Tax Jurisdiction is a party, or any generally published application or interpretation of such laws, including a decision of any court or tribunal, or the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, and the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

"**Tax Jurisdiction**" means Switzerland;

"**Threshold Ratio**" means, at any time, 7.00 per cent.;

"**Tier 1 Capital**" means Additional Tier 1 Capital together with Common Equity Tier 1 Capital;

"**Tier 1 Instruments**" means any and all shares, securities, participation securities or other obligations issued (i) by CSG or CS (in either case, whether or not acting through a branch) but excluding Tier 1 Shares or (ii) by any Subsidiary of CSG and having the benefit of a guarantee, credit support agreement or similar undertaking of CSG or CS, each of which shares, securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of CSG or CS and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

"**Tier 1 Shares**" means all classes of paid-in capital in relation to shares and participation certificates, if any, of CSG or any Subsidiary of CSG that qualify as Tier 1 Capital of CSG on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

"**Tier 2 Capital**" means any or all items constituting tier 2 capital under National Regulations or BIS Regulations, as the case may be;

"**Tier 2 Instruments**" means any and all securities or other obligations issued (i) by CSG or CS (in either case, whether or not acting through a branch) or (ii) by any Subsidiary of CSG and having the benefit of a guarantee, credit support agreement or similar undertaking of CSG or CS, each of which securities or other obligations under (i) and (ii) qualify, or are issued in respect of a security that qualifies, as Tier 2 Capital of CSG, CS and/or the Group (without regard to quantitative limits on such capital) on a consolidated (*Finanzgruppe*) or on an unconsolidated (*Einzelinstitut*) basis;

"**Viability Event**" has the meaning given to it in Condition 7(a)(iii);

"**Viability Event Notice**" has the meaning given to it in Condition 7(a)(iii);

"**Write-down**" means the events set out in Condition 7(b);

"**Write-down Date**" means the date specified as such in the relevant Write-down Notice, which date shall be no later than ten Business Days after the date of the relevant Write-down Notice;

"**Write-down Event**" has the meaning given to it in Condition 7(a)(i); and

"**Write-down Notice**" means a Contingency Event Notice or a Viability Event Notice, as the case may be.

In these Conditions, capitalised terms have the respective meanings given to them in the relevant Pricing Schedule, the absence of any such meaning indicating that such term is not applicable to the Notes.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment.

Unless the context otherwise requires, references to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes and all other amounts in the nature of principal payable pursuant to these Conditions or any amendment or supplement to it, and (ii) "**interest**" shall be deemed to include any Additional Amounts that may be payable under Condition 10 or any undertaking given in addition to or in substitution for it pursuant to Condition 14 in respect of any such amount.

References in Condition 7 to listing on the SIX Swiss Exchange (or like or similar references) shall be construed as listing according to the International Reporting Standard (or any successor standard) of the SIX Swiss Exchange.

19 Governing Law and Jurisdiction

(a) Governing Law

The Notes and these Conditions shall be governed by, and construed in accordance with, the laws of Switzerland.

(b) Jurisdiction

Any dispute which might arise based on these Conditions and the Notes shall fall within the exclusive jurisdiction of the Courts of the city of Zurich and, if permitted, the Commercial Court of the Canton of Zurich, the place of jurisdiction being Zurich 1.

The above-mentioned courts shall have exclusive jurisdiction for any declaration of cancellation of the Notes.

PART B
Pricing Schedule
relating to Credit Suisse Group AG
CHF 200,000,000 3.875 per cent. Perpetual Tier 1 Contingent Write-down Capital Notes

This Pricing Schedule supplements, and forms an integral part of, the Terms and Conditions of the Notes.

1	Issuer:	Credit Suisse Group AG
2	Series Number:	1
3	Specified Currency or Currencies:	CHF
4	Aggregate Nominal Amount:	
	(i) Series:	CHF 200,000,000
	(ii) Tranche:	1
5	(i) Specified Denominations:	CHF 5,000 and integral multiples of CHF 5,000 in excess thereof
	(ii) Calculation Amount:	CHF 5,000
6	Issue Date:	22 March 2017
7	Interest Commencement Date:	Issue Date
8	Interest Basis:	Fixed Rate (further particulars specified below)
9	Redemption/Payment Basis:	100 per cent. of principal amount
10	Change of Interest or Payment Basis:	Applicable. See item 11 below

PROVISIONS RELATING TO INTEREST PAYABLE

11	**Fixed Rate Note Provisions:**	Applicable
	(i) Fixed Rate of Interest:	3.875 per cent. per annum, payable annually in arrear to (but excluding) the First Optional Redemption Date and shall, save as provided below, amount to CHF 193.75 per Calculation Amount. There will be a short first Interest Period. The first payment of interest will be made on 22 September 2017 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date and shall amount to CHF 96.875 per Calculation Amount. From (and including) the First Optional Redemption Date, at the applicable Reset Interest Rate per annum payable annually in arrear. "**Mid Market Swap Rate**" means, in relation to a Reset Interest Period, the applicable annual 5-year CHF mid market swap rate (the "**5-year Mid Swap Rate**") displayed on GOTTEX page "CHF LCH – CHF Main Page" (or such other page as may

		replace that page on GOTTEX, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 11.00 a.m. (London time) on the relevant Reset Determination Date. If the 5-year Mid Swap Rate does not appear on that page, it shall be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the CHF swap market of the rates at which swaps for a 5 year period in CHF are offered by it at approximately 11.00 a.m. (London time) on the relevant Reset Determination Date to participants in the CHF swap market; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations. "**Reset Date**" means the First Optional Redemption Date and every fifth anniversary thereafter. "**Reset Determination Date**" means, in respect of a Reset Interest Period, the day falling two Business Days prior to the first day of such Reset Interest Period. "**Reset Interest Period**" means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date. "**Reset Interest Rate**" means, in relation to a Reset Interest Period, the rate equal to the Mid Market Swap Rate in relation to that Reset Interest Period plus 3.993 per cent.
	(ii) Interest Payment Date(s):	22 September in each year commencing on 22 September 2017
	(iii) Day Count Fraction:	30/360
	(iv) Determination Dates:	Not Applicable
12	**Floating Rate Note Provisions:**	Not Applicable
13	**Fixed/Floating Rate Note Provisions:**	Not Applicable
PROVISIONS RELATING TO REDEMPTION		
14	**Optional Redemption**	
	First Optional Redemption Date:	22 September 2023
	Other Optional Redemption Dates:	Each Reset Date after the First Optional Redemption Date
	Optional Redemption Amount:	100 per cent. of principal amount

15	**Redemption due to Taxation**	
	Tax Event Redemption Amount:	100 per cent. of principal amount
	Tax Event redemption dates:	At any time in accordance with Condition 8(d)
16	**Redemption for Capital Event**	
	Capital Event Redemption Amount:	100 per cent. of principal amount
	Capital Event redemption dates:	At any time in accordance with Condition 8(e)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17	Financial Centre(s) or other special provisions relating to payment dates:	Zurich
18	Ratings:	The Notes are expected to be rated: Fitch Ratings Limited: BB Standard & Poor's Credit Market Services Europe Limited: BB-
19	Listing:	Application has been made to admit the Notes to listing on the SIX Swiss Exchange
20	Listing Agent:	Credit Suisse AG
21	Principal Paying Agent:	Credit Suisse AG
22	Common Code:	158411610
23	ISIN Code:	CH0360172719
24	Swiss Security Number:	36017271

USE OF PROCEEDS

The net proceeds from the Notes, amounting to CHF 197,000,000, will be used by the Issuer for its general corporate purposes, which could include investments in its subsidiaries.

CREDIT SUISSE GROUP AG

Structure and Business of the Issuer

CSG is a holding company for financial services companies domiciled in Switzerland.

The Group's strategy builds on its core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in its home market of Switzerland. The Group takes a balanced approach to capture the wealth management opportunities in emerging markets, the largest of which is in the Asia Pacific region, while also serving key developed markets with an emphasis on Switzerland. Founded in 1856, the Group today has a global reach with operations in about 50 countries and 47,690 employees from over 150 different nations. The Group's broad footprint helps it to generate a geographically balanced stream of revenues and net new assets and allows it to capture growth opportunities around the world. The Group serves its clients through three regionally focused divisions: Swiss Universal Bank, International Wealth Management ("**IWM**") and Asia Pacific. These regional businesses are supported by two other divisions specialising in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. The Strategic Resolution Unit ("**SRU**") consolidates the remaining portfolios from the former non strategic units plus additional businesses and positions that do not fit with the Group's strategic direction. The Group's business divisions cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

For information regarding the evolution of the Group's legal entity structure, refer to "*II—Operating and financial review—Credit Suisse—Evolution of legal entity structure*" in the Annual Report 2015 and "*I—Credit Suisse results—Credit Suisse*" in the 2016 Quarterly Reports.

Swiss Universal Bank

The Swiss Universal Bank division offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients primarily domiciled in the Group's home market of Switzerland, which offers attractive growth opportunities and where the Group can build on a strong market position across its key businesses. The Group's private banking business has a leading franchise in its Swiss home market and serves ultra high net worth individuals, high net worth individuals and retail clients. The Group's corporate and institutional banking business serves large corporate clients, small and medium sized enterprises, institutional clients and financial institutions.

International Wealth Management

The IWM division offers tailored financial solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America through its private banking business. The division's footprint spans emerging economies as well as mature European markets and it has access to the broad spectrum of the Group's global resources and capabilities. The Group's asset management business offers investment solutions and services globally to its private banking businesses and a wide range of other clients, including pension funds, governments, foundations and endowment funds, corporations and individuals.

Asia Pacific

The Asia Pacific division offers integrated private banking and investment banking financial solutions to wealthy individuals, institutional investors and corporate clients in the Asia Pacific region, drawing on the Group's global resources. The division is well positioned to capture market opportunities in Asia Pacific, which is experiencing rapid wealth creation and where the number of ultra high-net-worth individuals is

growing. The Group offers institutional investors access to broader financial markets and differentiated product offerings.

Global Markets

The Global Markets division offers a broad range of equities and fixed income products and services and focuses on client driven businesses and on supporting the Group's private banking businesses and their clients. The Group's suite of products and services includes global securities sales, trading and execution services, prime brokerage, underwriting and comprehensive investment research. The Group's clients include financial institutions, corporations, governments, institutional investors – including pension funds and hedge funds – and private individuals around the world.

Investment Banking & Capital Markets

The Investment Banking & Capital Markets division offers a broad range of investment banking services to corporations, financial institutions, financial sponsors and ultra high-net-worth individuals and sovereign clients. The Group's range of products and services includes advisory services related to mergers and acquisitions, divestitures, takeover defence mandates, business restructurings and spin offs. The division also engages in debt and equity underwriting of public securities offerings and private placements.

Strategic Resolution Unit

The SRU was created to facilitate the immediate right sizing of the Group's business divisions from a capital perspective and includes remaining portfolios from former non-strategic units plus transfers of additional exposures from the business divisions. The unit's primary focus is on facilitating the rapid wind down of capital usage and costs to reduce the negative impact on the Group's performance. Repositioned as a separate division, this provides clearer accountability, governance and reporting.

Management

Board of Directors of Credit Suisse Group AG (the "Board")

Board members as of the date of this Information Memorandum are listed below.[1] All members of the Board are also members of the board of directors of Credit Suisse AG and, if applicable, hold the same chairmanships on both boards.

Name	Business address	Position held
Urs Rohner	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	Professional history 2004 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2009 - present) Chairman of the Board (2011 - present) and the Chairman's and Governance Committee (2011 - present) Non-executive director of Credit Suisse (Schweiz) AG (2015 –

[1] On 14 February 2017, CSG announced that Noreen Doyle and Jean Lanier, upon reaching the respective tenure limits, and Jassim Bin Hamad J.J. Al Thani will not stand for re-election at the Annual General Meeting on 28 April 2017. The Board has proposed Alexandre Zeller and Andreas Gottschling for election as new non-executive Board members at the Annual General Meeting on 28 April 2017.

present)

Vice-Chair of the Board and member of the Chairman's and Governance Committee (2009 - 2011)

Member of the Risk Committee (2009 - 2011)

Chief Operating Officer (2006 - 2009)

General Counsel of Credit Suisse AG (2005 - 2009)

General Counsel of Credit Suisse Group AG (2004 - 2009)

Member of the Credit Suisse AG Executive Board (2005 - 2009)

Member of the Credit Suisse Group AG Executive Board (2004 - 2009)

2000 - 2004 ProSiebenSat.1 Media AG

Chairman of the Executive Board and CEO

1983 – 1999: Lenz & Staehelin

Partner (1992 - 1999)

Attorney (1983 - 1988; 1990 - 1992)

1988 – 1989: Sullivan & Cromwell LLP, New York, attorney

Education

1990 Admission to the bar of the State of New York

1986 Admission to the bar of the Canton of Zurich

1983 Master in Law (lic.iur.), University of Zurich, Switzerland

Other activities and functions

GlaxoSmithKline plc, board member

Swiss Bankers Association, governing board member

		Swiss Finance Council, board member Institute of International Finance, board member European Banking Group, member European Financial Services Round Table, member University of Zurich Department of Economics, chairman of the advisory board Lucerne Festival, board of trustees member Mr. Rohner also serves as a board, advisory board or board of trustees member in other Swiss and international organisations, including: Economiesuisse, Avenir Suisse, Alfred Escher Foundation, International Institute for Management Development (IMD), Swiss University Sports Foundation, Institute International d'Etudes Bancaires and the International Business Leaders Advisory Council of the Mayor of Beijing.
Jassim Bin Hamad J.J Al Thani	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2010 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2010 - present) 2004 – present: Qatar Islamic Bank Chairman of the board (2005 - present) Member of the board (2004 - present) 1998 – present: Al Mirqab Capital LLC CEO (2007 - present) Member of senior management (1998 - 2007)

		Education 1998 Graduated as an Officer Cadet from the Royal Military Academy in England **Other activities and functions** Q-RE LLC, chairman Damaan Islamic Insurance Co. (BEEMA), chairman QInvest, chairman Qatar Insurance Company, board member Qatar Navigation (Milana), board member
Iris Bohnet	Harvard Kennedy School Harvard University Cambridge, Massachusetts USA	**Professional history** 2012 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2012 - present) Member of the Compensation Committee (2012 - present) 1998 - present Harvard Kennedy School Director of the Women and Public Policy Program (2008 - present) Professor of public policy (2006 - present) Academic dean (2011 - 2014) Associate professor of public policy (2003 - 2006) Assistant professor of public policy (1998 - 2003) 1997 – 1998: Haas School of Business, University of California at Berkeley, visiting scholar **Education** 1997 Doctorate in Economics, University of Zurich, Switzerland 1992 Master’s degree in Economic History, Economics and Political Science, University of Zurich, Switzerland

		Other activities and functions Economic Dividends for Gender Equality (EDGE), advisory board member Global Agenda Council on Behavior, member University of Lucerne, board member Negotiations Center, University of Texas at Dallas, board member Decision Making and Negotiations Journal, advisory board member Vienna University of Economics and Business Administration, advisory board member
Noreen Doyle	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2004 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2004 - present) Vice-Chair of the Board and Lead Independent Director (2014 - present) Member of the Chairman's and Governance Committee (2014 - present) Member of the Risk Committee (2016 – present, 2009 - 2014; 2004 - 2007) Member of the Audit Committee (2014 – 2016; 2007 - 2009) Non-executive director of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries, 2011 - present); chair of the boards (2013 - present); and chair of the audit committees (2011 - 2012) 1992 – 2005: European Bank for Reconstruction and Development (EBRD) First vice president and head of banking (2001 - 2005)

		Deputy vice president finance and director of risk management (1997 - 2001) Chief credit officer and director of syndications (1994 - 1997) Head of syndications (1992 - 1994) Prior to 1992 Bankers Trust Company, Houston, New York and London Managing director, European Structured Sales (1990 - 1992) Various positions at management level **Education** 1974 MBA in Finance, Tuck at Dartmouth College, New Hampshire 1971 BA in Mathematics, The College of Mount Saint Vincent, New York **Other activities and functions** Newmont Mining Corporation, chair British Bankers' Association (BBA), chair UK Panel on Takeovers and Mergers, member Tuck European Advisory Board, member Women in Banking and Finance in London, patron Marymount International School, London, chair of the board of governors Sarita Kenedy East Foundation, trustee
Alexander Gut	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2016 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2016 - present)

		Member of the Audit Committee (2016 - present) Non-executive director of Credit Suisse (Schweiz) AG (June 2016 – present) 2007 – present: Gut Corporate Finance AG Managing Partner 2003 – 2007: KPMG Switzerland Member of the Executive Committee of KPMG Switzerland Head of Audit Financial Services, Switzerland Partner and Head of Audit Financial Services, Zurich 2001 – 2003: Ernst & Young Partner, Transaction Advisory Services practice 1991 – 2001: KPMG Switzerland Senior Manager, Audit Financial Services Senior Manager, Banking Audit Banking Auditor **Education** 1996 Swiss Certified Accountant, Swiss Institute of Certified Accountants and Tax Consultants 1995 Doctorate in Business Administration, University of Zurich 1990 Masters degree in Business Administration, University of Zurich **Other activities and functions** LafargeHolcim Ltd, board member and member of the audit committee Adecco SA, board member and chairman of the nomination and compensation committee SIHAG Swiss Industrial Holding Ltd., board member
Andreas N. Koopmann	Credit Suisse Group AG Paradeplatz 8 8001 Zurich	**Professional history** 2009 – present: Credit Suisse Member of the Board of Directors

	Switzerland	of Credit Suisse Group AG and Credit Suisse AG (2009 - present) Member of the Compensation Committee (2013 - present) Member of the Risk Committee (2009 - present) Non-executive director of Credit Suisse (Schweiz) AG (2015 – present) 1982 – 2009: Bobst Group S.A., Lausanne Group CEO (1995 - 2009) Member of the board (1998 - 2002) Executive Vice President (1994 - 1995) Member of the Group Executive Committee, head of manufacturing (1991 - 1994) Management positions in engineering and manufacturing (1982 – 1991) Prior to 1982 Bruno Piatti AG and Motor Columbus AG, various positions **Education** 1978 MBA, International Institute for Management Development, Switzerland 1976 Master's degree in Mechanical Engineering, Swiss Federal Institute of Technology, Switzerland **Other activities and functions** Nestlé SA, board member and vice-chairman Georg Fischer AG, chairman of the board CSD Group, board member Sonceboz SA, board member Economiesuisse, board member EPFL, Lausanne, Switzerland,

		strategic advisory board member EPFL+ Foundation, member of the board of trustees
Jean Lanier	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2005 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2005 - present) Chairman of the Compensation Committee (2013 - present) Member of the Chairman's and Governance Committee (2013 - present) Member of the Compensation Committee (2011 - present) Member of the Audit Committee (2005 - 2015) 1990 – 2004: Euler Hermes Group, Paris Chairman of the managing board and group CEO (1998 - 2004) Chairman of the boards of principal subsidiaries (1998 - 2004) Managing director of Euler Group (1997 - 1998) COO and managing director of SFAC (subsequently Euler Hermes SFAC) (1990 - 1997) Prior to 1990 Pargesa Group, Paris and Geneva, managing director Lambert Brussells Capital Corporation, New York, president Paribas Group, various positions, among others: senior vice president of the finance division and senior executive for North America **Education** 1970 Master of Science in Operations Research and Finance, Cornell University, New York

		1969 Master's degree in Engineering, Ecole Centrale des Arts et Manufactures, Paris **Other activities and functions** Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA (subsidiaries of Swiss Re AG), chairman of the board La Fondation Internationale de l'Arche, chairman of the board Friends of l'Arche Long Island, chairman of the board Association Jean Vanier, board member
Seraina Maag	Hamilton USA 600 College Road East Suite 3500 Princeton, NJ 08540 USA	**Professional history** 2015 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2015 - present) Member of the Audit Committee (2015 - present) 2016 – present: Hamilton USA CEO 2013 – 2016: AIG Corporation CEO and President of AIG EMEA (2013 - 2016) 2010 – 2013: XL Insurance North America, chief executive 2002 – 2010: Zurich Financial Services CFO Specialties Unit (2007 - 2010); Various positions, among others: head of the joint investor relations and rating agencies management departments; head of rating agencies management; senior investor relations officer (2002 - 2008) 2000 – 2002: NZB Neue Zürcher Bank

		founding partner and financial analyst 1990 – 2000: Swiss Re Rating agency coordinator, Swiss Re Group (2000) Senior underwriter and deputy head of financial products (1996 - 1999) Various senior positions in Zurich and Melbourne (1990 - 1996) **Education** 2001 Chartered Financial Analyst (CFA), CFA Institute, USA 1999 MBA, Monash Mt Eliza Business School, Australia 1997 Post-graduate certificate in Management, Deakin University, Australia **Other activities and functions** Association of Professional Insurance Women, member Food Bank for New York City, board member
Kai S. Nargolwala	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2008 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2013 - present) Member of the Compensation Committee (2014 - present) Member of the Risk Committee (2013 - present) Non-executive chairman of Credit Suisse's Asia-Pacific region (2010 - 2011) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2008 - 2010) CEO of Credit Suisse's Asia Pacific region (2008 - 2010) 1998 - 2007 Standard Chartered plc

		main board executive director Prior to 1998 Bank of America Group executive vice president and head of Asia Wholesale Banking group in Hong Kong (1990 - 1995) Head of High Technology Industry group in San Francisco and New York (1984 - 1990) Various management and other positions in the UK, the U.S. and Asia (1976 - 1984) Peat Marwick Mitchell & Co., London, accountant (1970 - 1976) **Education** 1974 Fellow of the Institute of Chartered Accountants (FCA), England and Wales 1969 BA in Economics, University of Delhi **Other activities and functions** Prudential plc, member of the board Prudential Corporation Asia Limited, director and non-executive chairman PSA International Pte. Ltd. Singapore, board member Clifford Capital Pte. Ltd., director and non-executive chairman Casino Regulatory Authority in Singapore, board member Duke-NUS Graduate Medical School, Singapore, chairman of the governing board
Joaquin J. Ribeiro	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2016 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2016 - present) Member of the Audit Committee

		(2016 - present) 1997 – 2016: Deloitte LLP (USA) Vice Chairman and Chairman of Global Financial Services Industry practice (2010 - 2016) Head of U.S. Financial Services Industry practice (2003 – 2010) Head of Global Financial Services Industry practice in Asia (1997 - 2003) Head of South East Asian Corporate Restructuring practice (1997 - 2000) Senior Advisor to Deloitte sponsored “Transitional Labs” for Chief Financial Officers and Audit Committee members 2005 – 2010: World Economic Forum Senior Advisor to Finance Governor’s Committee **Education** 1996 Executive Business Certificate, Columbia Business School, New York 1988 MBA in Finance, New York University, New York 1980 Certified Public Account, New York state 1978 Bachelor degree in Accounting, Pace University, New York **Other activities and functions** Institute of International Finance, member Securities Industry and Financial Markets Association, member Pace University, board of trustees member
Severin Schwan	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2014 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2014 - present)

		Member of the Risk Committee (2014 - present) Non-executive director of Credit Suisse (Schweiz) AG (2015 – present) 1993 – present: Roche Group CEO (2008 - present) CEO, Division Roche Diagnostics (2006 - 2008) Head Asia Pacific Region, Roche Diagnostics Singapore (2004 - 2006) Head Global Finance & Services, Roche Diagnostics Basel (2000 - 2004) Various management and other positions with Roche Germany, Belgium and Switzerland (1993 - 2000) **Education** 1993 Doctor of Law, University of Innsbruck, Austria 1991 Master's degrees in Economics and Law, University of Innsbruck, Austria **Other activities and functions** Roche Holding Ltd., board member International Business Leaders Advisory Council for the Mayor of Shanghai, member
Richard E. Thornburgh	Corsair Capital LLC 717 Fifth Avenue New York, NY 10022 USA	**Professional history** 2006 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2006 - present) Vice-Chair of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2014 - present) Member of the Audit Committee (2011 - present) Chairman of the Risk Committee

(2009 - present)

Member of the Chairman's and Governance Committee (2009 - present)

Member of the Risk Committee (2006 - present)

Non-executive director and chair of Credit Suisse Holdings (USA), Inc. (US subsidiary) (2015 - present)

Non-executive director of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries) (2013 - 2016)

2006 – 2015: Corsair Capital LLC, New York

vice-chairman (2006 - 2015)

Prior to 2006: Credit Suisse

Member of the Group Executive Board in various executive roles including Group CRO, Group CFO and CFO Investment Banking (1997 - 2005)

Chief financial and administrative officer and member of the executive board of Credit Suisse First Boston (1995 - 1996)

Began investment banking career in New York with The First Boston Corporation (predecessor firm of Credit Suisse First Boston)

Education

2009 Honorary Doctorate, Commercial Sciences, University of Cincinnati, Ohio

1976 MBA Finance, Harvard University, Cambridge, Massachusetts

1974 BBA Finance, University of Cincinnati, Ohio

Other activities and functions

Corsair Capital LLC, investment committee member

		S&P Global Inc., board executive committee member and financial policy committee chair CapStar Bank, board member New Star Financial Inc., board member and lead director St. Xavier High School, trustee and finance committee chair University of Cincinnati, investment committee member
John Tiner	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2009 – present: Credit Suisse Member of the Board of Directors of Credit Suisse Group AG and Credit Suisse AG (2009 – present) Chairman of the Audit Committee (2011 - present) Member of the Chairman's and Governance Committee (2011 - present) Member of the Risk Committee (2011 - present) Member of the Audit Committee (2009 - present) Non-executive director of Credit Suisse Holdings (USA), Inc. (US subsidiary) (2015 - present) 2008 – 2013: Resolution Operations LLP CEO 2001 – 2007: Financial Services Authority (FSA) CEO (2003 - 2007) Managing director of the investment, insurance and consumer directorate (2001 - 2003) Prior to 2001: Arthur Andersen, UK Managing partner, UK Business Consulting (1997 - 2001) Managing partner, Worldwide

		Financial Services practice (1997 - 2001) Head of UK Financial Services practice (1993 - 1997) Partner in banking and capital markets (1988 - 1997) Auditor and consultant, Tansley Witt (later Arthur Anderson UK) (1976 - 1988) **Education** 2010 Honorary Doctor of Letters, Kingston University, London 1980 UK Chartered Accountant, Institute of Chartered Accountants in England and Wales **Other activities and functions** Towergate Insurance, chairman Tilney Bestinvest, board member Corsair Capital LLC, advisory board member The Urology Foundation, chairman

The Board consists solely of non-executive directors, of which at least the majority must be determined to be independent. As of the date of this Information Memorandum, all but one member of the Board is independent.

Executive Board of Credit Suisse Group AG (the "Executive Board")

The Executive Board is responsible for the day-to-day operational management of the Issuer. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions and the corporate functions and establishes Group-wide policies.

The members of the Executive Board as of the date of this Information Memorandum are listed below.

Name	Business address	Position held
Tidjane Thiam	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2015 – present: Credit Suisse Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Non-executive director of Credit

		Suisse (Schweiz) AG (October 2016 – present) 2008 – 2015: Prudential plc Group Chief Executive (2009 - 2015) Chief Financial Officer (2008 - 2009) 2002 – 2008: Aviva Chief Executive, Europe (2006 - 2008) Managing director, International (2004 - 2006) Group strategy & development director (2002 - 2004) 2000 – 2002: McKinsey & Co, partner, Paris 1998 – 1999: Minister of planning and development, Côte d'Ivoire 1994 – 1998: National Bureau for Technical Studies & Development, Côte d'Ivoire, Chairman and Chief Executive 1986 - 1994 McKinsey & Co partner, consultant, Paris, London and New York **Education** 1988 MBA, INSEAD 1986 Advanced Mathematics and Physics, Ecole Nationale Supérieure des Mines de Paris 1984 Ecole Polytechnique, Paris **Other activities and functions** World Economic Forum 2016 in Davos, co-chair Group of Thirty (G30), member 21st Century Fox, board member
James L. Amine	Credit Suisse Eleven Madison Avenue New York 10010 3629 NY United States	**Professional history** 1997 – present: Credit Suisse CEO Investment Banking & Capital Markets (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2014 – present)

Joint Head of Investment Banking, responsible for the Investment Banking Department (2014 - 2015)

Head of Investment Banking Department (2012 - present)

Co-Head of Investment Banking Department, responsible for the Americas and Asia Pacific (2010 - 2012)

Co-Head of Investment Banking Department, responsible for EMEA and Asia Pacific and Head of Global Market Solutions Group (2008 - 2010)

Head of European Global Markets Solutions Group and Co-Head of Global Leveraged Finance (2005 - 2008)

Head of European Leveraged Finance (1999 - 2000; 2003 - 2005), Co-Head (2000 - 2003)

Various functions within High-Yield Capital Markets of Credit Suisse First Boston (1997 - 1999)

Prior to 1997: Cravath, Swaine & Moore

attorney

Education

1984 JD, Harvard Law School

1981 BA, Brown University

Other activities and functions

New York Cares, board member

Americas Diversity Council, member

Leadership Committee of Lincoln Center Corporate Fund, member

Caramoor Center for Music and the Arts, board member

Harvard Law School, dean’s advisory board member

Credit Suisse Americas Foundation, board member

Pierre-Olivier Bouée	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2015 – present: Credit Suisse Chief Operating Officer of Credit Suisse Group AG and Credit Suisse AG (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Chief of Staff (2015) 2008 – 2015: Prudential Plc Group Risk Officer (2013 - 2015) Managing director, CEO Office (2009 - 2013) Business representative Asia (2008 - 2013) 2004 – 2008: Aviva Director, Central & Eastern Europe (2006 - 2008) Director, Group strategy (2004 - 2006) 2000 – 2004: McKinsey & Co Associate principal (2004) Engagement manager (2002 - 2004) Associate (2000 - 2002) 1997 – 2000: French Government Ministry of Economy and Finance, Treasury Department Deputy General Secretary of the Paris Club Deputy Head, International Debt office (F1) **Education** 1997 Master in Public Administration, Ecole Nationale d'Administration (ENA) 1991 Master in Business and Finance, Hautes Etudes Commerciales (HEC) 1991 Master in Corporate Law, Faculté de Droit Paris XI, Jean Monnet
Brian Chin	Credit Suisse	**Professional history**

	Eleven Madison Avenue New York 10010 3629 NY United States	2003 – present: Credit Suisse CEO Global Markets (2016 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2016 - present) Co-Head of Credit Pillar within Global Markets Division (2015 - 2016) Global Head of Securitized Products and Co-Head of Fixed Income, Americas (2012 - 2016) Other senior positions within Investment Banking (2003 - 2012) 2000 - 2003: Deloitte & Touche LLP, Senior Analyst, Securitization Transaction Team Prior to 2000: PricewaterhouseCoopers LLP, Capital Markets Advisory Services The United States Attorney's Office, Frauds Division **Education** 2000 B.S. Accounting, Rutgers University
Romeo Cerutti	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2006 – present: Credit Suisse General Counsel of Credit Suisse Group AG and Credit Suisse AG (2009 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2009 – present) Global Co-Head of Compliance, Credit Suisse AG (2008 - 2009) General Counsel, Private Banking (2006 - 2009) 1999 – 2006: Lombard Odier Darier Hentsch & Cie Partner of the Group Holding (2004 - 2006) Head of Corporate Finance (1999 - 2004)

		1995 – 1999: Homburger Rechtsanwälte, Zurich, attorney-at-law Prior to 1995: Latham and Watkins, Los Angeles attorney-at-law **Education** 1998 Post-doctorate degree in Law (Habilitation), University of Fribourg 1992 Admission to the bar of the State of California 1992 Master of Law (LLM), University of California, Los Angeles 1990 Doctorate in Law, University of Fribourg 1989 Admission to the bar of the Canton of Zurich 1986 Master in Law (lic.iur.), University of Fribourg **Other activities and functions** Galenica Ltd, board member American-Swiss Chamber of Commerce, legal group member Association Friends of the Zurich Art Museum, board member University of Fribourg, board of trustees member
Peter Goerke	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2015 – present: Credit Suisse Head Human Resources, Communications & Branding of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) 2011 – 2015: Prudential Plc Group Human Resources director 2005 – 2011: Zurich Financial Services Group Head of Human Resources

		2000 – 2005: Egon Zehnder consultant 1997 – 2000: McKinsey & Company, Zurich and Chicago consultant **Education** 2002 Advanced Management Program (AMP), University of Pennsylvania—The Wharton School 1989 lic. oec., University of St. Gallen
Thomas P. Gottstein	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 1999 – present: Credit Suisse CEO Credit Suisse (Schweiz) AG (October 2016 - present) CEO Swiss Universal Bank (2015 - present) Member of the Executive Board of Credit Suisse Group AG (2015 – present) Member of the Executive Board of Credit Suisse AG (2015 – 2016) Head of Premium Clients Switzerland & Global External Asset Managers, Private Banking & Wealth Management (2013 - 2015) Head of Investment Banking Coverage Switzerland (2009 - 2013) Co-Head of Equity Capital Markets EMEA (2007 - 2009) Head Equity Capital Markets Switzerland, Austria and Scandinavia, London (2005 - 2007) Head Equity Capital Markets Switzerland, Zurich (2002 - 2005) Investment Banking Department Switzerland (1999 - 2002) Prior to 1999: UBS Telecoms Investment Banking and Equity Capital Markets

		Education 1996 PhD in Finance and Accounting, University of Zurich 1989 Degree in Business Administration and Economics, University of Zurich **Other activities and functions** Pension Fund CS Group (Schweiz), member of the foundation board Private Banking STC of the Swiss Banking Association, member FINMA Private Banking Panel, member
Iqbal Khan	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2013 - present Credit Suisse CEO International Wealth Management (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) CFO Private Banking & Wealth Management (2013 - 2015) 2001 – 2013: Ernst & Young, Switzerland Managing Partner of Assurance and Advisory Services—Financial Services Switzerland (2011 - 2013) Member of Swiss Management Committee (2011 - 2013) Industry Lead Partner Banking and Capital Markets, Switzerland and EMEA Private Banking (2009 - 2011) **Education** 2012 Advanced Master of International Business Law (LLM), University of Zurich 2004 Certified Financial Analyst 2002 Swiss Certified Public Accountant 1999 Swiss Certified Trustee
David R. Mathers	Credit Suisse Group AG	**Professional history**

	Paradeplatz 8 8001 Zurich Switzerland	1998 – present: Credit Suisse Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG (2010 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2010 – present) CEO of Credit Suisse International and Credit Suisse Securities (Europe) Limited (UK subsidiaries) (2016 - present) Head of Strategic Resolution Unit (2015 - present) Head of IT and Operations (2012 - 2015) Head of Finance and COO of Investment Banking (2007 - 2010) Senior positions in Credit Suisse's Equity business, including Director of European Research and Co-Head of European Equities (1998 - 2007) Prior to 1998: HSBC Global head of equity research (1997 - 1998) Research analyst, HSBC James Capel (1987 - 1997) **Education** 1991 MA in Natural Sciences, University of Cambridge, England 1987 BA in Natural Sciences, University of Cambridge, England **Other activities and functions** European CFO Network, member Women in Science & Engineering (WISE) program and academic awards and grants at Robinson College, Cambridge, sponsor
Joachim Oechslin	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2014 – present: Credit Suisse Chief Risk Officer of Credit Suisse Group AG and Credit Suisse AG (2014 - present) Member of the Executive Board of

		Credit Suisse Group AG and Credit Suisse AG (2014 – present) 2007 – 2013: Munich Re Group Chief Risk Officer 2007: AXA Group deputy Chief Risk Officer 2001 – 2006: Winterthur Member of the executive board (2006) Chief Risk Officer (2003 - 2006) Head of risk management (2001 - 2003) 1998 – 2001: McKinsey & Company consultant **Education** 1998 Licentiate/Master of Science in Mathematics, Swiss Federal Institute of Technology (ETH), Zurich 1994 Engineering degree, Higher Technical Institute (HTL), Winterthur **Other activities and functions** International Financial Risk Institute, member
Helman Sitohang	Credit Suisse One Raffles Link South Lobby, # 03/#04-01 Singapore 039393 Singapore	**Professional history** 1999 – present: Credit Suisse CEO Asia Pacific (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Regional CEO of APAC (2014 - 2015) Head of the Investment Banking Asia Pacific (2012 - 2015) Co-Head of the Emerging Markets Council (2012 - 2015) CEO for South East Asia (2010 - 2015) Co-Head of the Investment Banking Department—Asia Pacific (2009 - 2012)

		Co-Head of the Global Markets Solutions Group—Asia Pacific (2009 - 2012) Country CEO, Indonesia (1999 - 2010) Prior to 1999: Bankers Trust Derivatives Group **Education** 1989 B.S. degree in Engineering, Bandung Institute of Technology
Lara J. Warner	Credit Suisse Group AG Paradeplatz 8 8001 Zurich Switzerland	**Professional history** 2002 – present: Credit Suisse Chief Compliance and Regulatory Affairs Officer of Credit Suisse Group AG and Credit Suisse AG (2015 - present) Member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG (2015 – present) Chief Operating Officer, Investment Bank (2013 - 2015) Chief Financial Officer, Investment Bank (2010 - 2015) Head of Global Fixed Income Research (2009 - 2010) Head of US Equity Research (2004 - 2009) Senior Equity Research Analyst (2002 - 2004) 1999 – 2001: Lehman Brothers, equity research analyst Prior to 1999: AT&T Director of Investor Relations (1997 - 1999) Chief Financial Officer, Competitive Local Exchange Business (1995 - 1997) Various finance and operating roles (1998 - 1995) **Education** 1988 B.S., Pennsylvania State University **Other activities and functions**

	Women's Leadership Board of Harvard University's John F. Kennedy School of Government, executive committee chair
	Aspen Institute's Business and Society Program, board member

There are no conflicts of interest between the private interests or other duties of the Directors and members of the Executive Board listed above and their respective duties to the Issuer.

Audit Committee

The Issuer's audit committee ("Audit Committee") consists of at least three members, all of whom must be independent pursuant to its charter. The current members of the Audit Committee are:

- John Tiner (Chairman)
- Alexander Gut
- Seraina Maag
- Joaquin J. Ribeiro
- Richard E. Thornburgh

The Audit Committee has its own charter, which has been approved by the Board. In accordance with its charter, the members of the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from the Group other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the audit committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on the Audit Committee. For further information, refer to "*—Board of Directors—Independence*" and "*—Board Committees—Audit Committee*" in "*IV—Corporate Governance and Compensation—Corporate Governance*" in the Annual Report 2015.

Corporate Governance

The Issuer fully adheres to the principles set out in the Swiss Code of Best Practice for Corporate Governance, dated 28 August 2014, including its appendix stipulating recommendations on the process for setting compensation for the Board and the Executive Board. The Issuer continuously monitors regulatory and legislative developments in all applicable jurisdictions, as well as industry best practices in compensation and guidance issued by various regulatory bodies. As in the past few years, regulators focused their attention on compensation practices at financial institutions. For further information, refer to "*IV—Corporate Governance and Compensation—Compensation*" in the Annual Report 2015.

In connection with the Issuer's primary listing on the SIX Swiss Exchange, it is subject to the SIX Swiss Exchange Directive on Information Relating to Corporate Governance, dated 1 January 2016. The Issuer's shares are also listed on the New York Stock Exchange (the "**NYSE**") in the form of American Depositary Shares ("**ADS**") and certain of the Issuer's exchange traded notes are listed on the Nasdaq Stock Market (the "**Nasdaq**"). As a result, the Issuer is subject to certain U.S. rules and regulations. The Issuer adheres to the NYSE's and the Nasdaq's corporate governance listing standards, with a few exceptions where

the rules are not applicable to foreign private issuers. For more information, refer to "*IV—Corporate Governance and Compensation—Corporate Governance—Additional Information* in the Annual Report 2015.

Incorporation, Legislation, Legal Form, Duration, Name, Registered Office, Headquarters

The Issuer was incorporated under Swiss law as a corporation (*Aktiengesellschaft*) with unlimited duration under the name "CS Holding" on 3 March 1982 in Zurich, Switzerland, and was registered with the Commercial Registrar of the Canton of Zurich under the number CH-020.3.906.075-9 and is now registered under the number CHE-105.884.494. As of 6 May 2008, the Issuer changed its name to "Credit Suisse Group AG." The Issuer's registered and principal executive office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland and its telephone number is +41 44 212 1616.

Business Purpose

Article 2 of the Issuer's Articles of Association (as of 26 October 2016) states:

"1. The purpose of the Company is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The Company has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.

2. The Company has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad."

Dividends

The following table outlines the dividends paid by the Issuer for the years ended 31 December:

Dividend per ordinary share	**CHF**	**U.S.$ (1)**
2015(2)	0.70	0.72
2014(2)	0.70	0.75
2013(3)	0.70	0.79
2012(4)	0.75	0.80
2011(5)	0.75	0.78

Notes:

(1) Represents the distribution on each ADS, rounded to the nearest U.S.$ 0.01.

(2) Distribution out of reserves from capital contributions. The distribution was paid in the form of cash or new shares or a combination thereof (subject to any legal restrictions applicable in the relevant shareholder's home jurisdiction).

(3) Distribution out of reserves from capital contributions.

(4) Distribution out of reserves from capital contributions. Distribution consisted of CHF 0.10 (U.S.$ 0.11) per share in cash and a stock dividend with a theoretical value of approximately CHF 0.65 (U.S.$ 0.69) per subscription right as approved at the Annual General Meeting on 26 April 2013 for the financial year 2012.

(5) Distribution out of reserves from capital contributions. Subject to any legal restrictions applicable in their home jurisdiction, shareholders were entitled to receive new shares, a cash distribution or a combination thereof.

In addition, the Board of Directors will propose a distribution of CHF 0.70 per share out of reserves from capital contributions for the financial year 2016 to shareholders at the Annual General Meeting on 28 April 2017. If approved, and subject to any legal restrictions applicable in their home jurisdiction, shareholders may elect to receive such dividend either as a cash payment or in the form of new shares.

For further information relating to dividends, refer to "*Treasury, Risk, Balance sheet and Off-balance sheet—Capital management*" in the Annual Report 2015 and "*Treasury, Risk, Balance sheet and Off-balance sheet—Capital management*" in the 2016 Quarterly Reports.

Auditor

The Issuer's independent registered public accounting firm is KPMG AG, which we refer to as "KPMG AG," Badenerstrasse 172, CH-8004 Zurich, Switzerland. The Issuer's consolidated financial statements as of 31 December 2015 and 2014 and for each of the years in the three-year period ended 31 December 2015 were audited by KPMG AG in accordance with the standards of the Public Company Accounting Oversight Board (United States). The Issuer's statutory auditor is KPMG AG. The Issuer's standalone financial statements for the year ended 31 December 2015 were audited by KPMG AG in accordance with Swiss law and Swiss Auditing Standards. The Issuer's statutory auditor is independent in accordance with Swiss Auditing Standards, as stated in its audit report included in the Annual Report 2015, which is incorporated by reference in this Information Memorandum.

The lead engagement partners are Anthony Anzevino, Global Lead Partner (since 2012) and Nicholas Edmonds, Group Engagement Partner (since 2016).

In addition, the Issuer has mandated BDO AG, Zurich, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations. KPMG AG and BDO AG are both licensed by the Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals that provide audit services in Switzerland.

For further information, refer to "*IV—Corporate Governance and Compensation—Corporate Governance—Audit*" in the Annual Report 2015.

Share Capital

The following summary describes the material terms of the Issuer's registered ordinary shares ("**registered shares**"), with a par value CHF 0.04 each. For a detailed description of the terms of the registered shares, refer to the Annual Report 2015, which is incorporated by reference into this Information Memorandum.

As of 31 December 2016, the Issuer had fully paid and issued share capital of CHF 83,595,895.12 comprised of 2,089,897,378 registered shares with a par value of CHF 0.04 each. As of 31 December 2016, the Issuer had additional authorised share capital in the amount of CHF 6,299,274.64, authorising the Board of Directors of the Issuer to issue at any time until 29 April 2018 up to 157,481,866 registered shares to be fully paid up, with a par value of CHF 0.04 each, of which 54,481,866 registered shares were reserved exclusively for issuance to shareholders in connection with a stock dividend or a scrip dividend. As of 31 December 2016, the Issuer had total conditional share capital in the amount of CHF 16,000,000, for the issuance of a maximum of 400,000,000 registered shares (300,000,000 of which were reserved for high-trigger instruments) with a par value of CHF 0.04 each, reserved for the purpose of increasing share capital through the conversion of bonds or other financial market instruments of the Issuer or any other member of the Group, that allow for contingent compulsory conversion into the Issuer's shares and that are issued in order to fulfil or maintain compliance with regulatory requirements of the Issuer and/or any of other member of the Group (contingent convertible bonds). Of this CHF 16,000,000 in conditional share capital, up to CHF 4,000,000 was also available for share capital increases executed through the voluntary or compulsory exercise of conversion rights and/or warrants granted in connection with bonds or other financial market instruments of the Issuer or any other member of the Group (equity-related financial market instruments). As of 31 December 2016, the Issuer had conversion capital in the amount of CHF 6,000,000 through the issue of a maximum of 150,000,000 registered shares (of which 115,099,920 were reserved for high-trigger capital

instruments), to be fully paid in, with a par value of CHF 0.04 each, through the compulsory conversion upon occurrence of the trigger event of claims arising out of contingent convertible bonds of the Issuer or any other member of the Group, or other financial market instruments of the Issuer or any other member of the Group, that provide for a contingent or unconditional compulsory conversion into shares of the Issuer.

As of 28 February 2017, the Issuer had fully paid and issued share capital of CHF 83,595,895.12 comprised of 2,089,897,378 registered shares with a par value of CHF 0.04 each. As of 28 February 2017, the Issuer had additional authorised share capital in the amount of CHF 6,299,274.64, authorising the Board of Directors of the Issuer to issue at any time until 29 April 2018 up to 157,481,866 registered shares to be fully paid up, with a par value of CHF 0.04 each, of which 54,481,866 registered shares were reserved exclusively for issuance to shareholders in connection with a stock dividend or a scrip dividend. As of 28 February 2017, the Issuer had total conditional share capital in the amount of CHF 16,000,000, for the issuance of a maximum of 400,000,000 registered shares (372,242,777 of which were reserved for high-trigger instruments) with a par value of CHF 0.04 each, reserved for the purpose of increasing share capital through the conversion of bonds or other financial market instruments of the Issuer or any other member of the Group, that allow for contingent compulsory conversion into the Issuer's shares and that are issued in order to fulfil or maintain compliance with regulatory requirements of the Issuer and/or any of other member of the Group (contingent convertible bonds). Of this CHF 16,000,000 in conditional share capital, up to CHF 4,000,000 was also available for share capital increases executed through the voluntary or compulsory exercise of conversion rights and/or warrants granted in connection with bonds or other financial market instruments of the Issuer or any other member of the Group (equity-related financial market instruments). As of 28 February 2017, the Issuer had conversion capital in the amount of CHF 6,000,000 through the issue of a maximum of 150,000,000 registered shares (of which 150,000,000 were reserved for high-trigger capital instruments), to be fully paid in, with a par value of CHF 0.04 each, through the compulsory conversion upon occurrence of the trigger event of claims arising out of contingent convertible bonds of the Issuer or any other member of the Group, or other financial market instruments of the Issuer or any other member of the Group, that provide for a contingent or unconditional compulsory conversion into shares of the Issuer.

As of 28 February 2017, the Issuer, together with its subsidiaries, held 7,229,279 of its own shares (representing 0.35% of its issued shares on 28 February 2017.

Shares issued as a result of the conversion of conditional capital and the corresponding increase in share capital are generally recorded only once a year, and this recording entails a revision of the Issuer's Articles of Association and new registration of the total share capital in the Commercial Register.

The Issuer's shares are listed on the SIX Swiss Exchange under the symbol "CSGN." The Issuer's ADS are traded on the NYSE under the symbol "CS." The last reported sale price of the Issuer's shares on 10 March 2017 was CHF 15.58 and the last reported sale price of the Issuer's ADS on 10 March 2017 was USD 15.40.

Legal Proceedings

The Issuer and its subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of their businesses. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

For further information regarding legal proceedings and the Group's litigation provisions as of the end of 2015, see "*Note 39—Litigation*" in "*V—Consolidated Financial Statements—Credit Suisse Group*" in the Annual Report 2015. For further information regarding legal proceedings and the Group's litigation provisions as of 30 September 2016, see "*Note 31—Litigation*" in "*III—Condensed consolidated financial*

statements—unaudited" in the Financial Report 3Q16, which is incorporated by reference into this Information Memorandum.

Additional Information

Shares of CSG

The Issuer is a publicly held corporation and the Issuer's registered shares have been listed and are traded on the SIX Swiss Exchange (Swiss Security Number: 1 213 853 / ISIN: CH001 213 853 0) in the International Reporting Standard and as ADS in New York. CSG's ADS are traded on the NYSE.

Subsidiaries of CSG

For information on CSG's subsidiaries, see "*Note 40—Significant subsidiaries and equity method investments*" in "*V—Consolidated Financial Statements—Credit Suisse Group*" in the Annual Report 2015 and "*Credit Suisse Group AG—Recent Developments*" in this Information Memorandum.

The Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) is CSG's official medium for publication of notices and announcements. Announcements for and notices to shareholders and others are published in the Swiss Official Gazette of Commerce, except where the law prescribes some other manner of notification.

Financial statements

CSG prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. CSG does not prepare its accounts in accordance with International Financial Reporting Standards.

For further information about CSG, refer to the Annual Report 2015 and the 2016 Quarterly Reports, which are incorporated by reference in this Information Memorandum.

CSG's Articles of Association were last revised on 26 October 2016, and are incorporated by reference into this Information Memorandum.

Recent Developments

Credit Suisse (Schweiz) AG commences business operations

On 20 November 2016, Credit Suisse (Schweiz) AG started its operations as a subsidiary of Credit Suisse AG to carry out the portion of the Swiss Universal Bank division's business that was carried out by Credit Suisse AG prior to such date. We remain on track with the preparations for the planned partial IPO of Credit Suisse (Schweiz) AG in the second half of 2017, market conditions permitting and subject to, among other things, all necessary approvals.

Announcement of 4Q16 and FY16 Earnings

See the Earnings Release 4Q2016 dated 14 February 2017 set forth in "*Earnings Release 4Q2016*" beginning on page 141.

FINANCIAL INFORMATION OF CSG

For further information regarding the financial statements and other financial information of CSG, refer to the Annual Report 2014, the Annual Report 2015, the Financial Report 1Q16, the Financial Report 2Q16 and the Financial Report 3Q16, which are incorporated by reference herein as described in "*Documents incorporated by reference*". Also see the Earnings Release 4Q2016 dated 14 February 2017 set forth in "*Earnings Release 4Q2016*" beginning on page 141.

TAXATION

Switzerland

The following discussion of taxation under the heading "Switzerland" in this section is only an indication of certain tax implications currently in force under the laws of Switzerland as they may affect investors. It applies only to persons who are beneficial owners of the Notes and may not apply to certain classes of person. The summary contains general information only; it is not exhaustive and does not constitute legal or tax advice and is based on taxation law and practice at the date of this Information Memorandum. Potential investors should be aware that tax law and interpretation, as well as the level and bases of taxation, may change from those described and that changes may alter the benefits of investment in, holding or disposing of, Notes. The Issuer makes no representations as to the completeness of the information nor undertakes any liability of whatsoever nature for the tax implications for investors. Potential investors are strongly advised to consult their own professional advisers on the implications of making an investment in, holding or disposing of, Notes under the laws of the countries in which they are liable to taxation and in light of their particular circumstances.

Swiss Withholding Tax

The Notes will qualify for the statutory exemption under Article 5(1)(g) of the Swiss Withholding Tax Act (*Bundesgesetz über die Verrechnungssteuer*), pursuant to which interest payments by the Issuer in respect of such Notes will be exempt from Swiss withholding tax (*Verrechnungssteuer*). In order for the Notes to qualify for the exemption, the Swiss Resolution Authority must have approved the Notes for purposes of meeting regulatory requirements. In respect of the Notes, the Issuer will obtain such approval from the Swiss Resolution Authority and, on the basis of such approval, will obtain from the Swiss Tax Administration confirmation on the qualification of the Notes for the statutory withholding tax exemption, in each case prior to issuance of the Notes.

On 4 November 2015 the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on 17 December 2014, which was subsequently withdrawn on 24 June 2015. If such a new paying agent-based regime were to be enacted and were to result in the deduction or withholding of Swiss withholding tax on any interest payments in respect of a Note by any person other than the Issuer, the Holder would not be entitled to receive any Additional Amounts as a result of such deduction or withholding under the terms of the Notes.

Swiss Securities Turnover Tax

The issue, and the sale and delivery, of the Notes on the Issue Date to initial Holders of the Notes is not subject to Swiss securities turnover tax (*Umsatzabgabe*) (primary market).

The trading of the Notes in the secondary market is subject to Swiss securities turnover tax at a rate of 0.15% of the consideration paid for the Notes traded, however, only if a Swiss securities dealer, as defined in the Swiss federal stamp tax act (*Bundesgesetz über die Stempelabgaben*), is a party or an intermediary to the transaction and no exemption applies in respect of one of the parties to the transaction. Subject to applicable statutory exemptions, generally half of the tax is charged to one party to the transaction and the other half to the other party. Where both the seller and the purchaser of the Notes are not residents of Switzerland or the Principality of Liechtenstein, no Swiss securities turnover tax will apply.

Swiss Income Taxation

(i) Classification and Coupon Split

The Notes classify as transparent structured financial products composed of a bond and one or more options or similar rights the yield-to-maturity of which predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium (*Obligationen ohne überwiegende Einmalverzinsung*; non-IUP).

Each Interest Amount of any Note will be split into two components for tax purposes, i.e. into a taxable interest payment (hereinafter for purposes of this section, the "**Embedded Interest Amount**") and a non-taxable option premium amount for the write-down feature (hereinafter for purposes of this section, the "**Embedded Premium Amount**"). The respective amounts will be determined by the Swiss Federal Tax Administration and following determination be disclosed on Telekurs.

(ii) Notes held by Non-Swiss Holders

Holders who are not residents of Switzerland for tax purposes and who during the taxable year have not held Notes through a permanent establishment within Switzerland are not subject to any Swiss income tax in respect of their Notes.

For a discussion of the potential new Swiss withholding tax legislation replacing the current issuer-based withholding tax system for a paying-agent based system, see above under "*—Swiss Withholding Tax*", for a discussion of the automatic exchange of information in tax matters, see below under "*—International Automatic Exchange of Information in Tax Matters*" and for a discussion of the Swiss facilitation of the implementation of the Foreign Account Tax Compliance Act, see below under "*—Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act*".

(iii) Notes held as Private Assets by Swiss Resident Holders

Individuals who reside in Switzerland and hold Notes as private assets are required to include all payments of Embedded Interest Amounts on the Notes in their personal income tax return for the relevant tax period and are taxable on any net taxable income (including the payments of Embedded Interest Amounts) for such tax period at the then prevailing tax rates.

The payment of Embedded Premium Amounts on the Notes and gain realised on the sale or other disposal of Notes, relating, *inter alia*, to the option(s) or similar right(s) embedded in the Notes, interest accrued, or a market interest rate change, is a tax-free private capital gain. The same applies for gain realised upon the redemption of Notes, except when Notes are redeemed early, in which case compensation for interest accrued paid by the Issuer to a Holder constitutes a taxable interest amount. Conversely, a loss, including relating to, *inter alia*, a market interest rate change, realised on the sale or other disposal or redemption of Notes, or a loss resulting from a Write-down is a non-tax-deductible private capital loss. Refer to *"—Notes held as Assets of a Trade or Business in Switzerland"* below for a summary of the taxation treatment of Swiss resident individuals who, for income tax purposes, are classified as "professional securities dealers".

(iv) Notes held as Assets of a Trade or Business in Switzerland

Individuals who hold Notes through a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers resident abroad holding Notes through a permanent establishment situated in Switzerland, are required to recognise payments of Embedded Interest Amounts and Embedded Premium Amounts and a gain or loss realised on the disposal or redemption of Notes (including relating to a change of market interest rates), or, as the case may be, a loss realised upon a Write-down in their income statement for the relevant tax period, and will be taxable on any net taxable earnings for such tax period at the then

prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, classify as "professional securities dealers" for reasons of, *inter alia*, frequent dealings, or leveraged transactions, in securities.

International Automatic Exchange of Information in Tax Matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information ("**AEOI**") in tax matters (the "**AEOI Agreement**"), which is replacing the repealed EU savings tax agreement and the repealed agreements of Switzerland with Austria and UK on final withholding taxes. The AEOI Agreement became effective as of 1 January 2017, and applies to all 28 member states and also Gibraltar. In addition, Switzerland has concluded the multilateral competent authority agreement on the automatic exchange of financial account information ("**MCAA**"), and based on the MCAA, a number of bilateral AEOI agreements, including with Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Cost Rica, Greenland, Iceland, India, Indonesia, Israel, Japan, Liechtenstein, Malaysia, Mexico, New Zealand, Norway, Russia, Saudi Arabia, South Africa, South Korea, United Arab Emirates, Uruguay and a number of other jurisdictions. These bilateral agreements became effective on 1 January 2017, or, subject to ratification, will become effective on 1 January 2018. Based on the AEOI Agreement and the bilateral agreements and the implementing laws of Switzerland, Switzerland began or will begin to collect data in respect of financial assets, including Notes, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a EU member state or a treaty state from 2017 or 2018, and begin to exchange it from 2018 or 2019, depending on the effectiveness date of the agreement. Switzerland has announced to conclude further AEOI agreements with further countries. An updated list of AEOI agreements of Switzerland can be found on: www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsausausch.html.

Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of the U.S. Foreign Account Tax Compliance Act ("**FATCA**"). The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On 8 October 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Tax Administration, which in turn provides the information to the U.S. tax authorities. The new regime may come into force in 2018. For further information on FATCA, see the discussion below under "*—U.S. Foreign Account Tax Compliance Act*".

U.S. Foreign Account Tax Compliance Act

Pursuant to FATCA, a foreign financial institution (as defined by FATCA) may be required to conduct diligence on its account holders and its investors in order to determine whether its accounts are "U.S. accounts", and to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. Pursuant to FATCA, an investor may be required to provide a financial institution in the chain of payments on the Notes, information regarding the investor's identity, and in the case of an investor that is an entity, the investor's direct and indirect owners, and this information may be reported to applicable tax authorities (including to the U.S. Internal Revenue Service). A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the

provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA from payments that it makes. Even if withholding were required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019. If an amount of, or in respect of, such withholding taxes were to be deducted or withheld from any payments in respect of the Notes as a result of an investor or intermediary's failure to comply with these rules, no Additional Amounts will be paid on the Notes held by such investor as a result of the deduction or withholding of such tax. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

Common Reporting Standard

On 13 February 2014, the Organisation for Economic Co-operation and Development released the Common Reporting Standard (the "**CRS**") designed to create a global standard for the automatic exchange of financial account information. Pursuant to the CRS requirements, financial institutions must identify and report FATCA-like information in respect of specified persons who are resident in the jurisdictions that sign and implement the CRS. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement ("**Multilateral Agreement**") that activates this automatic exchange of information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 90 jurisdictions have committed to adopting the CRS. Early adopters who signed the Multilateral Agreement have pledged to work towards the first information exchanges taking place by September 2017. Certain other signatories are expected to follow with information exchange starting in 2018. Switzerland has signed the Multilateral Agreement. See above "*Taxation—Switzerland—International Automatic Exchange of Information in Tax Matters*" for information on the adoption of the CRS by Switzerland.

SELLING RESTRICTIONS

Subscription and Sale

Credit Suisse AG, Commerzbank Aktiengesellschaft, Zürcher Kantonalbank, Basler Kantonalbank, Crédit Agricole Corporate and Investment Bank, LGT Bank AG, Lloyds Bank plc, Raiffeisen Switzerland Cooperative, Bank Julius Baer & Co. AG, Bank J. Safra Sarasin AG, Bank Vontobel AG and Banque Lombard Odier & Cie SA (the "**Managers**") have, pursuant to a Note Purchase Agreement dated 20 March 2017 (the "**Note Purchase Agreement**"), severally and not jointly agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Notes. The Issuer has agreed to pay certain commissions to the Managers and to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Note Purchase Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Selling Restrictions

UNITED STATES

(Regulation S Category 2)

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Note Purchase Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Credit Suisse AG, an affiliate of the Issuer, may (but is not obligated to) engage in secondary market transactions for purposes of making a market in the Notes. For purposes of the Securities Act, any sale of the Notes by the Issuer or its affiliates (including Credit Suisse AG) in connection with such activities may be considered an issuance of the Notes, with the result that a new 40-day distribution compliance period might commence pursuant to Regulation S. Accordingly, neither the Issuer nor any of its affiliates (including Credit Suisse AG) will sell the Notes in connection with any such activities within the United States or to, or for the account or benefit of, a U.S. person and in connection with any sale to a dealer, the Issuer and its affiliates will include in the confirmation relating to such sale a notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons that would be applicable to such dealer if a new distribution compliance period had commenced for purposes of Regulation S.

EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

UNITED KINGDOM

In relation to the Notes, each Manager has represented, warranted and agreed in the Note Purchase Agreement that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of the Issuer, would not if it was not an authorised person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL

Persons who receive this Information Memorandum are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of the Notes under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor any Manager shall have responsibility therefor. In accordance with the above, the Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances

which would result in the Issuer being obliged to register any further information memorandum or corresponding document relating to the Notes in such jurisdiction.

In particular, but without limiting the generality of the preceding paragraph, and subject to any amendment or supplement which may be agreed with the Issuer, each purchaser of the Notes must comply with the restrictions described above, except to the extent that, as a result of changes in, or in the official interpretation of, any applicable legal or regulatory requirements, non-compliance would not result in any breach of the requirements set forth in the preceding paragraph.

GENERAL INFORMATION

1 Authorisation

The issue of the Notes has been duly authorised by the Chief Financial Officer of the Issuer on 17 March 2017.

2 Approval, Listing and Admission to Trading

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, the Issuer has appointed Credit Suisse AG as its representative to lodge the listing application with the Regulatory Board of the SIX Swiss Exchange.

3 Documents Available

So long as the Notes have been listed on the SIX Swiss Exchange, copies of the following documents will, when published, be available from the registered office of the Issuer:

(a) the constitutional documents (with an English translation thereof) of the Issuer;

(b) the Annual Report 2014;

(c) the Annual Report 2015;

(d) the Financial Report 1Q16;

(e) the Financial Report 2Q16;

(f) the Financial Report 3Q16;

(g) the other documents incorporated by reference herein as described under "*Documents Incorporated by Reference*"; and

(h) a copy of this Information Memorandum.

4 Clearing Systems

The Notes have been accepted for clearance through SIX SIS AG, Euroclear and Clearstream, Luxembourg. The International Securities Identification Number ("**ISIN**"), Common Code and Swiss Security Number for the Notes are CH0360172719, 158411610 and 36017271. The address of SIX SIS AG is Baslerstrasse 100, CH-4600 Olten, Switzerland and the address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels; the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

5 Significant or Material Change

Save as disclosed herein (including in the documents incorporated herein by reference), there have been no material changes that have occurred in the Issuer's assets and liabilities, financial position or profits and losses since 30 September 2016.

6 Court, Arbitral and Administrative Proceedings

Except as disclosed in this Information Memorandum (including the documents incorporated by reference herein), there are no pending or threatened court, arbitral or administrative proceedings of which the Issuer is aware that are of material importance to the Issuer's assets and liabilities or profits and losses.

7 Conflicts of Interest

Credit Suisse AG, acting as the sole bookrunner, is a direct subsidiary of the Issuer. Furthermore, certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. Certain of the Managers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliates" includes also parent companies.

EARNINGS RELEASE 4Q2016

For purposes of this section, unless the context otherwise requires, the terms "Credit Suisse," "the Group," "we," "us" and "our" mean CSG 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. Capitalised terms defined in the Credit Suisse Earnings Release 4Q16 and not otherwise defined in this section shall have the same meaning when used in this section.

Key metrics

			in / end of	% change			in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Credit Suisse (CHF million, except where indicated)								
Net income/(loss) attributable to shareholders	(2,347)	41	(5,828)	–	(60)	(2,438)	(2,944)	(17)
Basic earnings/(loss) per share (CHF)	(1.12)	0.02	(3.28)	–	(66)	(1.19)	(1.73)	(31)
Diluted earnings/(loss) per share (CHF)	(1.12)	0.02	(3.28)	–	(66)	(1.19)	(1.73)	(31)
Return on equity attributable to shareholders (%)	(21.3)	0.4	(51.3)	–	–	(5.5)	(6.8)	–
Effective tax rate (%)	(23.2)	83.3	9.7	–	–	(23.9)	(21.6)	–
Core Results (CHF million, except where indicated)								
Net revenues	5,383	5,561	4,336	(3)	24	21,594	23,286	(7)
Provision for credit losses	47	50	33	(6)	42	141	187	(25)
Total operating expenses	4,644	4,437	9,422	5	(51)	17,960	22,869	(21)
Income/(loss) before taxes	692	1,074	(5,119)	(36)	–	3,493	230	–
Cost/income ratio (%)	86.3	79.8	217.3	–	–	83.2	98.2	–
Assets under management and net new assets (CHF billion)								
Assets under management	1,252.5	1,255.2	1,214.1	(0.2)	3.2	1,252.5	1,214.1	3.2
Net new assets	(6.7)	11.9	2.1	–	–	27.8	46.9	(40.7)
Balance sheet statistics (CHF million)								
Total assets	819,833	806,711	820,805	2	0	819,833	820,805	0
Net loans	275,976	274,606	272,995	0	1	275,976	272,995	1
Total shareholders' equity	42,169	44,276	44,382	(5)	(5)	42,169	44,382	(5)
Tangible shareholders' equity	37,043	39,359	39,378	(6)	(6)	37,043	39,378	(6)
Basel III regulatory capital and leverage statistics								
CET1 ratio (%)	13.6	14.1	14.3	–	–	13.6	14.3	–
Look-through CET1 ratio (%)	11.6	12.0	11.4	–	–	11.6	11.4	–
Look-through CET1 leverage ratio (%)	3.3	3.4	3.3	–	–	3.3	3.3	–
Look-through Tier 1 leverage ratio (%)	4.4	4.6	4.5	–	–	4.4	4.5	–
Share information								
Shares outstanding (million)	2,089.9	2,088.3	1,951.5	0	7	2,089.9	1,951.5	7
of which common shares issued	2,089.9	2,089.9	1,957.4	0	7	2,089.9	1,957.4	7
of which treasury shares	0.0	(1.6)	(5.9)	100	100	0.0	(5.9)	100
Book value per share (CHF)	20.18	21.20	22.74	(5)	(11)	20.18	22.74	(11)
Tangible book value per share (CHF)	17.72	18.85	20.18	(6)	(12)	17.72	20.18	(12)
Market capitalization (CHF million)	30,533	26,563	42,456	15	(28)	30,533	42,456	(28)
Number of employees (full-time equivalents)								
Number of employees	47,170	47,690	48,210	(1)	(2)	47,170	48,210	(2)

See relevant tables for additional information on these metrics.

Credit Suisse

In 4Q16, we recorded a net loss attributable to shareholders of CHF 2,347 million. The diluted loss per share was CHF 1.12 and the return on equity attributable to shareholders was (21.3)%. As of the end of 4Q16, our BIS CET1 ratio was 11.6% on a look-through basis.

Results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net interest income	1,622	1,930	2,194	(16)	(26)	7,562	9,299	(19)
Commissions and fees	2,941	2,680	2,914	10	1	11,092	12,044	(8)
Trading revenues	258	232	(1,349)	11	–	313	1,340	(77)
Other revenues	360	554	451	(35)	(20)	1,356	1,114	22
Net revenues	**5,181**	**5,396**	**4,210**	(4)	23	**20,323**	**23,797**	(15)
Provision for credit losses	**75**	**55**	**133**	36	(44)	**252**	**324**	(22)
Compensation and benefits	2,682	2,674	3,149	0	(15)	10,572	11,546	(8)
General and administrative expenses	3,884	1,978	2,808	96	38	9,470	8,574	10
Commission expenses	394	322	409	22	(4)	1,455	1,623	(10)
Goodwill impairment	0	0	3,797	–	(100)	0	3,797	(100)
Restructuring expenses	49	145	355	(66)	(86)	540	355	52
Total other operating expenses	4,327	2,445	7,369	77	(41)	11,465	14,349	(20)
Total operating expenses	**7,009**	**5,119**	**10,518**	37	(33)	**22,037**	**25,895**	(15)
Income/(loss) before taxes	**(1,903)**	**222**	**(6,441)**	–	(70)	**(1,966)**	**(2,422)**	(19)
Income tax expense/(benefit)	442	185	(627)	139	–	469	523	(10)
Net income/(loss)	**(2,345)**	**37**	**(5,814)**	–	(60)	**(2,435)**	**(2,945)**	(17)
Net income/(loss) attributable to noncontrolling interests	2	(4)	14	–	(86)	3	(1)	–
Net income/(loss) attributable to shareholders	**(2,347)**	**41**	**(5,828)**	–	(60)	**(2,438)**	**(2,944)**	(17)
Statement of operations metrics (%)								
Return on regulatory capital	(16.0)	1.8	(50.7)	–	–	(4.1)	(4.5)	–
Cost/income ratio	135.3	94.9	249.8	–	–	108.4	108.8	–
Effective tax rate	(23.2)	83.3	9.7	–	–	(23.9)	(21.6)	–
Earnings per share (CHF)								
Basic earnings/(loss) per share	(1.12)	0.02	(3.28)	–	(66)	(1.19)	(1.73)	(31)
Diluted earnings/(loss) per share	(1.12)	0.02	(3.28)	–	(66)	(1.19)	(1.73)	(31)
Return on equity (%, annualized)								
Return on equity attributable to shareholders	(21.3)	0.4	(51.3)	–	–	(5.5)	(6.8)	–
Return on tangible equity attributable to shareholders [1]	(24.1)	0.4	(62.7)	–	–	(6.2)	(8.4)	–
Balance sheet statistics (CHF million)								
Total assets	819,833	806,711	820,805	2	0	819,833	820,805	0
Risk-weighted assets [2]	268,045	270,462	289,946	(1)	(8)	268,045	289,946	(8)
Leverage exposure [2]	950,763	948,744	987,628	0	(4)	950,763	987,628	(4)
Number of employees (full-time equivalents)								
Number of employees	47,170	47,690	48,210	(1)	(2)	47,170	48,210	(2)

[1] 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.

[2] Disclosed on a look-through basis.

RESULTS SUMMARY

4Q16 results

In 4Q16, Credit Suisse reported a net loss attributable to shareholders of CHF 2,347 million compared to net income attributable to shareholders of CHF 41 million in 3Q16 and a net loss attributable to shareholders of CHF 5,828 million in 4Q15. The 4Q16 results included net litigation provisions of CHF 2,170 million, primarily relating to the settlement with the US Department of Justice (DOJ) regarding our legacy residential mortgage-backed securities (RMBS) business. Our 4Q15 results included a significant goodwill impairment charge of CHF 3,797 million. In 4Q16, Credit Suisse reported an adjusted income before taxes of CHF 171 million.

2016 results

In 2016, Credit Suisse reported a net loss attributable to shareholders of CHF 2,438 million compared to CHF 2,944 million in 2015. The 2016 results included net litigation provisions of CHF 2,686 million, primarily relating to the settlement with the DOJ regarding our legacy RMBS business. Our 2015 results included the significant goodwill impairment charge. In 2016, Credit Suisse reported an adjusted income before taxes of CHF 615 million. See "Earnings Release 4Q16-Appendix" for a reconciliation of our adjusted results to the most directly comparable US GAAP measures.

RESULTS

Net revenues

We reported net revenues of CHF 5,181 million, which decreased 4% compared to 3Q16, primarily reflecting lower net revenues in Swiss Universal Bank and Global Markets, partially offset by higher net revenues in International Wealth Management and Investment Banking & Capital Markets. Net revenues in Swiss Universal Bank decreased mainly due to gains on the sale of real estate of CHF 346 million in 3Q16. The decrease in net revenues in Global Markets reflected a seasonal slowdown in client activity partially offset by improved performance in equities. The increase in net revenues in International Wealth Management was primarily due to significantly higher transaction- and performance-based revenues in both Asset Management and Private Banking and a gain on the sale of real estate of CHF 54 million. The increase in net revenues in Investment Banking & Capital Markets was primarily due to higher revenues from advisory and other fees.

Net revenues increased 23% compared to 4Q15, primarily reflecting higher net revenues in Corporate Center, Investment Banking & Capital Markets and International Wealth Management. Net revenues in Corporate Center increased, primarily driven by fair value losses from movements in own credit spreads in 4Q15, which, beginning in 1Q16, were no longer recorded in the consolidated income statement under US GAAP. Net revenues in Investment Banking & Capital Markets increased primarily driven by higher debt underwriting revenues. Net revenues in International Wealth Management increased primarily due to higher net interest income and the gain on the sale of real estate.

Provision for credit losses

In 4Q16, there was a provision for credit losses of CHF 75 million, primarily related to a net provision for credit losses of CHF 34 million in Swiss Universal Bank and CHF 28 million in the Strategic Resolution Unit.

Total operating expenses

We reported total operating expenses of CHF 7,009 million in 4Q16, an increase of 37% compared to 3Q16, reflecting a 96% increase in general and administrative expenses, including higher net litigation provisions of CHF 2,170 million, primarily related to the settlement with the DOJ regarding our legacy RMBS business, partially offset by a 66% decrease in restructuring expenses. We incurred CHF 49 million of restructuring expenses in 4Q16, of which CHF 30 million were expenses related to compensation and benefits.

Total operating expenses decreased 33% compared to 4Q15, primarily due to a goodwill impairment charge of CHF 3,797 million in 4Q15. Compensation and benefits decreased 15%, mainly due to lower salaries and variable compensation, and restructuring expenses decreased 86%. These movements were partially offset by a 38% increase in general and administrative expenses, mainly due to higher net

litigation provisions, primarily related to the settlement with the DOJ regarding our legacy RMBS business.

Income tax expense

Income tax expense of CHF 442 million recorded in 4Q16 mainly reflected the impact of the geographical mix of results as well as the impact of tax contingency accruals. Overall, net deferred tax assets decreased CHF 704 million to CHF 5,731 million, mainly driven by earnings and the start of operations of Credit Suisse (Schweiz) AG, partially offset by foreign exchange impacts. Deferred tax assets on net operating losses decreased CHF 758 million to CHF 2,198 million during 4Q16. The Credit Suisse effective tax rate was (23.2)% in 4Q16, compared to 83.3% in 3Q16. The 4Q16 tax rate was mostly impacted by the non-deductible civil monetary penalty relating to the final settlement with the DOJ for the legacy RMBS business.

RMBS settlement

In January 2017, Credit Suisse reached a final settlement with the DOJ related to its legacy RMBS business – a business conducted through 2007. The settlement releases Credit Suisse from potential civil claims by the DOJ related to its securitization, underwriting, issuance and sale of RMBS. Under the terms of the settlement, Credit Suisse will pay to the DOJ a civil monetary penalty of USD 2.48 billion. In addition, Credit Suisse will provide consumer relief totaling USD 2.8 billion within five years post settlement. These consumer relief measures include affordable housing payments and loan forgiveness. The DOJ and Credit Suisse agreed to the appointment of an independent monitor to oversee the completion of the consumer relief requirements of the settlement. In 4Q16, Credit Suisse recorded a litigation provision of USD 1,990 million in the Strategic Resolution Unit in addition to its existing provisions of USD 550 million against this matter which were recorded in prior periods.

Investor Day 2016

At the Investor Day on December 7, 2016, we communicated our financial targets for the Group and the divisions.

Financial objectives for the Group:

- reduce our operating cost base on an adjusted basis to below CHF 17.0 billion by year-end 2018;
- increase our net cost savings to more than CHF 4.2 billion by year-end 2018;
- achieve a look-through common equity tier 1 (CET1) ratio (pre-major litigation expenses) of between 12-13% by year-end 2018 and greater than 13% (pre-Basel III reform uplift) and greater than 11% (post-Basel III reform uplift) by year-end 2019; and
- achieve a look-through CET1 leverage ratio of greater than 3.5% by year-end 2018.

Financial objectives for the divisions:

- achieve adjusted income before taxes for Asia Pacific of CHF 1.6 billion in 2018, of which we aim to achieve CHF 0.7 billion from Private Banking and wealth management connected activities;
- achieve adjusted income before taxes in International Wealth Management of CHF 1.8 billion in 2018;
- achieve adjusted income before taxes for the Swiss Universal Bank of CHF 2.3 billion in 2018;
- achieve adjusted return on regulatory capital for Global Markets of between 10-15% by year-end 2018;
- achieve adjusted return on regulatory capital for Investment Banking & Capital Markets of between 15-20% by year-end 2018; and
- reduce adjusted pre-tax loss for the Strategic Resolution Unit to approximately USD 1.4 billion by year-end 2018 and approximately USD 0.8 billion by year-end 2019 and reduce risk-weighted assets to USD 30 billion and leverage exposure to USD 40 billion by year-end 2019.

Capital distribution proposal

Our Board of Directors will propose to the shareholders at the Annual General Meeting on April 28, 2017 a distribution of CHF 0.70 per share out of reserves from capital contributions for the financial year 2016. The distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The distribution will be payable in

cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

Credit Suisse reporting structure

Credit Suisse includes the results of our six reporting segments, including the Strategic Resolution Unit, and the Corporate Center. Core Results do not include revenues and expenses from our Strategic Resolution Unit.

Swiss Universal Bank

In 4Q16, we reported income before taxes of CHF 382 million and net revenues of CHF 1,399 million. Income before taxes was CHF 376 million lower compared to 3Q16 and CHF 18 million higher compared to 4Q15. For 2016, we reported income before taxes of CHF 2,025 million and net revenues of CHF 5,759 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported income before taxes of CHF 382 million and net revenues of CHF 1,399 million. Compared to 3Q16, net revenues were 16% lower, mainly due to gains on the sale of real estate of CHF 346 million in 3Q16, partially offset by higher transaction-based revenues and slightly higher net interest income. Total operating expenses were 12% higher compared to 3Q16, primarily reflecting higher general and administrative expenses mainly due to higher allocated corporate function costs and higher litigation provisions.

Compared to 4Q15, net revenues were 6% lower, mainly due to gains on the sale of real estate, an extraordinary dividend from our ownership interest in SIX Group AG and a partial sale of an investment in Euroclear in 4Q15. Total operating expenses decreased 10% compared to 4Q15, reflecting lower restructuring expenses, lower compensation and benefits and lower general and administrative expenses.

Adjusted income before taxes of CHF 378 million was 12% lower compared to 3Q16 and 13% higher compared to 4Q15.

2016 results

In 2016, we reported income before taxes of CHF 2,025 million and net revenues of CHF 5,759 million. Compared to 2015, net revenues were stable with higher gains on the sale of real estate and increased net interest income, offset by lower transaction-based revenues and the impact of the deconsolidation of the cards issuing business in 3Q15, primarily reflected in recurring commissions and fees. Net interest income increased 5%, reflecting improved loan margins on stable average loan volumes, partially offset by slightly lower deposit margins on lower average deposit volumes. The decrease in transaction-based revenues primarily reflected lower brokerage and product issuing fees, lower fees from foreign exchange client business and lower sales and trading revenues, partially offset by increased revenues from our Swiss investment banking business. Excluding the net impact from the deconsolidation of the cards issuing business of CHF 115 million, recurring commissions and fees were stable. Provision for credit losses was CHF 79 million in 2016 on a net loan portfolio of CHF 165.7 billion. Total operating expenses decreased 6%, primarily reflecting lower expenses due to the deconsolidation of the cards issuing business and lower allocated corporate function costs, partially offset by higher professional services fees and higher contractor services fees.

Adjusted income before taxes of CHF 1,738 million was 7% higher compared to 2015.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**1,399**	**1,667**	**1,495**	(16)	(6)	**5,759**	**5,721**	1
Provision for credit losses	**34**	**30**	**43**	13	(21)	**79**	**138**	(43)
Compensation and benefits	497	474	535	5	(7)	1,937	1,985	(2)
General and administrative expenses	416	320	438	30	(5)	1,375	1,597	(14)
Commission expenses	73	66	73	11	0	283	284	0
Restructuring expenses	(3)	19	42	–	–	60	42	43
Total other operating expenses	486	405	553	20	(12)	1,718	1,923	(11)
Total operating expenses	**983**	**879**	**1,088**	12	(10)	**3,655**	**3,908**	(6)
Income before taxes	**382**	**758**	**364**	(50)	5	**2,025**	**1,675**	21
Statement of operations metrics (%)								
Return on regulatory capital	12.2	24.7	12.3	–	–	16.5	13.8	–
Cost/income ratio	70.3	52.7	72.8	–	–	63.5	68.3	–
Economic risk capital and return								
Average economic risk capital (CHF million)	5,763	5,649	5,123	2	12	5,564	5,119	9
Pre-tax return on average economic risk capital (%) [1]	26.6	53.7	28.5	–	–	36.5	32.8	–
Number of employees and relationship managers								
Number of employees (full-time equivalents)	13,140	13,440	13,400	(2)	(2)	13,140	13,400	(2)
Number of relationship managers	1,970	1,980	2,060	(1)	(4)	1,970	2,060	(4)

[1] Calculated using a return excluding interest costs for allocated goodwill.

Capital and leverage metrics

As of the end of 4Q16, our reported risk-weighted assets of CHF 65.7 billion were stable compared to the end of 3Q16. Leverage exposure was CHF 252.9 billion, reflecting an increase of CHF 6.6 billion compared to the end of 3Q16, driven by increased high-quality liquid assets (HQLA) and business growth.

Divisional results (continued)

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenue detail (CHF million)								
Private Banking	858	1,160	963	(26)	(11)	3,704	3,696	0
Corporate & Institutional Banking	541	507	532	7	2	2,055	2,025	1
Net revenues	**1,399**	**1,667**	**1,495**	(16)	(6)	**5,759**	**5,721**	1
Net revenue detail (CHF million)								
Net interest income	745	724	753	3	(1)	2,884	2,757	5
Recurring commissions and fees	378	361	373	5	1	1,446	1,569	(8)
Transaction-based revenues	270	249	287	8	(6)	1,112	1,313	(15)
Other revenues	6	333	82	(98)	(93)	317	82	287
Net revenues	**1,399**	**1,667**	**1,495**	(16)	(6)	**5,759**	**5,721**	1
Provision for credit losses (CHF million)								
New provisions	46	45	60	2	(23)	150	205	(27)
Releases of provisions	(12)	(15)	(17)	(20)	(29)	(71)	(67)	6
Provision for credit losses	**34**	**30**	**43**	13	(21)	**79**	**138**	(43)
Balance sheet statistics (CHF million)								
Total assets	228,363	222,164	220,359	3	4	228,363	220,359	4
Net loans	165,685	166,910	162,717	(1)	2	165,685	162,717	2
of which Private Banking	115,277	115,601	–	0	–	115,277	–	–
Risk-weighted assets	65,669	65,571	60,352	0	9	65,669	60,352	9
Leverage exposure	252,889	246,254	238,180	3	6	252,889	238,180	6

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees, fees for general banking products and services and revenues from wealth structuring solutions. Transaction-based revenues arise primarily from brokerage and product issuing fees, fees from foreign exchange client transactions, trading and sales income, equity participations income and other transaction-based income. Other revenues include fair value gains/(losses) on synthetic securitized loan portfolios and other gains and losses.

Reconciliation of adjusted results

			Private Banking			Corporate & Institutional Banking			**Swiss Universal Bank**
in	**4Q16**	3Q16	4Q15	**4Q16**	3Q16	4Q15	**4Q16**	3Q16	4Q15
Adjusted results (CHF million)									
Net revenues	**858**	**1,160**	**963**	**541**	**507**	**532**	**1,399**	**1,667**	**1,495**
Real estate gains	(20)	(346)	(72)	0	0	0	(20)	(346)	(72)
Gains on business sales	0	0	(10)	0	0	(13)	0	0	(23)
Adjusted net revenues	**838**	**814**	**881**	**541**	**507**	**519**	**1,379**	**1,321**	**1,400**
Provision for credit losses	**10**	**13**	**14**	**24**	**17**	**29**	**34**	**30**	**43**
Total operating expenses	**654**	**603**	**784**	**329**	**276**	**304**	**983**	**879**	**1,088**
Restructuring expenses	3	(16)	(33)	0	(3)	(9)	3	(19)	(42)
Major litigation provisions	0	0	(25)	(19)	0	0	(19)	0	(25)
Adjusted total operating expenses	**657**	**587**	**726**	**310**	**273**	**295**	**967**	**860**	**1,021**
Income before taxes	**194**	**544**	**165**	**188**	**214**	**199**	**382**	**758**	**364**
Total adjustments	(23)	(330)	(24)	19	3	(4)	(4)	(327)	(28)
Adjusted income before taxes	**171**	**214**	**141**	**207**	**217**	**195**	**378**	**431**	**336**
Adjusted return on regulatory capital (%)	–	–	–	–	–	–	12.1	14.0	11.4

Reconciliation of adjusted results (continued)

in	Private Banking 2016	Private Banking 2015	Corporate & Institutional Banking 2016	Corporate & Institutional Banking 2015	Swiss Universal Bank 2016	Swiss Universal Bank 2015
Adjusted results (CHF million)						
Net revenues	**3,704**	**3,696**	**2,055**	**2,025**	**5,759**	**5,721**
Real estate gains	(366)	(95)	0	0	(366)	(95)
Gains on business sales	0	(10)	0	(13)	0	(23)
Adjusted net revenues	**3,338**	**3,591**	**2,055**	**2,012**	**5,393**	**5,603**
Provision for credit losses	**39**	**49**	**40**	**89**	**79**	**138**
Total operating expenses	**2,471**	**2,772**	**1,184**	**1,136**	**3,655**	**3,908**
Restructuring expenses	(51)	(33)	(9)	(9)	(60)	(42)
Major litigation provisions	0	(25)	(19)	0	(19)	(25)
Adjusted total operating expenses	**2,420**	**2,714**	**1,156**	**1,127**	**3,576**	**3,841**
Income before taxes	**1,194**	**875**	**831**	**800**	**2,025**	**1,675**
Total adjustments	(315)	(47)	28	(4)	(287)	(51)
Adjusted income before taxes	**879**	**828**	**859**	**796**	**1,738**	**1,624**
Adjusted return on regulatory capital (%)	–	–	–	–	14.2	13.4

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

PRIVATE BANKING

RESULTS

In 4Q16, income before taxes of CHF 194 million was CHF 350 million lower compared to 3Q16, reflecting lower net revenues and higher total operating expenses. Compared to 4Q15, income before taxes increased 18%, reflecting lower total operating expenses, partially offset by lower net revenues. Adjusted income before taxes of CHF 171 million decreased 20% compared to 3Q16 and increased 21% compared to 4Q15.

Net revenues

Compared to 3Q16, net revenues of CHF 858 million were 26% lower due to the gains on the sale of real estate of CHF 346 million in 3Q16 reflected in other revenues. Recurring commissions and fees of CHF 253 million increased 4%, primarily driven by higher discretionary mandate management fees, higher investment product management fees and increased revenues from wealth structuring solutions. Net interest income was slightly higher at CHF 454 million with stable loan margins on slightly higher average loan volumes and slightly higher deposit margins on stable average deposit volumes. Transaction-based revenues of CHF 131 million were 5% higher, primarily due to higher brokerage and product issuing fees. Adjusted net revenues of CHF 838 million were slightly higher compared to 3Q16.

Compared to 4Q15, net revenues decreased 11%, driven by the gains on the sale of real estate and the partial sale of an investment in Euroclear in 4Q15 reflected in other revenues. Transaction-based revenues decreased 18%, primarily due to an extraordinary dividend from our ownership interest in SIX Group AG in 4Q15. Net interest income was slightly lower with decreased deposit margins on stable average deposit volumes, partially offset by improved loan margins on slightly higher average loan volumes. Recurring commissions and fees were slightly lower, primarily reflecting lower investment product management fees partially offset by higher investment advisory fees. Adjusted net revenues decreased 5% compared to 4Q15.

Provision for credit losses

The Private Banking loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities and, to a lesser extent, consumer finance loans.

In 4Q16, Private Banking recorded provision for credit losses of CHF 10 million compared to CHF 13 million in 3Q16 and CHF 14 million in 4Q15. The provision was primarily related to our consumer finance business.

Results - Private Banking

			in / end of	% change			in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**858**	**1,160**	**963**	(26)	(11)	**3,704**	**3,696**	0
Provision for credit losses	**10**	**13**	**14**	(23)	(29)	**39**	**49**	(20)
Compensation and benefits	324	312	368	4	(12)	1,258	1,327	(5)
General and administrative expenses	282	233	335	21	(16)	975	1,221	(20)
Commission expenses	51	42	48	21	6	187	191	(2)
Restructuring expenses	(3)	16	33	–	–	51	33	55
Total other operating expenses	330	291	416	13	(21)	1,213	1,445	(16)
Total operating expenses	**654**	**603**	**784**	8	(17)	**2,471**	**2,772**	(11)
Income before taxes	**194**	**544**	**165**	(64)	18	**1,194**	**875**	36
Statement of operations metrics (%)								
Cost/income ratio	76.2	52.0	81.4	–	–	66.7	75.0	–
Net revenue detail (CHF million)								
Net interest income	454	446	465	2	(2)	1,801	1,770	2
Recurring commissions and fees	253	243	257	4	(2)	971	1,102	(12)
Transaction-based revenues	131	125	159	5	(18)	564	720	(22)
Other revenues	20	346	82	(94)	(76)	368	104	254
Net revenues	**858**	**1,160**	**963**	(26)	(11)	**3,704**	**3,696**	0
Margins on assets under management (annualized) (bp)								
Gross margin [1]	141	191	159	–	–	154	148	–
Net margin [2]	32	89	27	–	–	50	35	–
Number of relationship managers								
Number of relationship managers	1,490	1,500	1,570	(1)	(5)	1,490	1,570	(5)

[1] Net revenues divided by average assets under management.

[2] Income before taxes divided by average assets under management.

Total operating expenses

Compared to 3Q16, total operating expenses of CHF 654 million increased 8%, primarily reflecting higher general and administrative expenses. General and administrative expenses of CHF 282 million increased 21% primarily due to higher allocated corporate function costs and higher professional services fees. Compensation and benefits of CHF 324 million increased 4% compared to 3Q16, primarily reflecting higher discretionary compensation expenses partially offset by lower salary expenses. Adjusted total operating expenses of CHF 657 million were CHF 70 million higher compared to 3Q16.

Compared to 4Q15, total operating expenses were 17% lower, despite investments in regulatory and compliance functions, reflecting decreased general and administrative expenses, lower compensation and benefits and lower restructuring expenses. General and administrative expenses decreased 16%, primarily reflecting decreased allocated corporate function costs and lower litigation provisions. Compensation and benefits were 12% lower, driven by decreased salary expenses mainly due to a recalibration of Swiss holiday accruals in 4Q15. Adjusted total operating expenses were 10% lower compared to 4Q15.

MARGINS

Gross margin

Our gross margin was 141 basis points in 4Q16, 50 basis points lower compared to 3Q16, mainly reflecting the gains on the sale of real estate in 3Q16 on stable average assets under management. Compared to 4Q15, our gross margin was 18 basis points lower, primarily due to the gains on the sale of real estate in 4Q15 and lower transaction-based revenues on stable average assets under management. On the basis of adjusted net revenues, our gross margin was 138 basis points in 4Q16, four basis points higher compared to 3Q16 and seven basis points lower compared to 4Q15. See “- Assets under management” for further information.

Net margin

Our net margin was 32 basis points in 4Q16, 57 basis points lower compared to 3Q16, mainly due to the gains on the sale of real estate in 3Q16 and higher total operating expenses. Compared to 4Q15, our net margin was five basis points higher, primarily due to lower total operating expenses, partially offset by the gains on the sale of real estate in 4Q15 and lower transaction-based revenues. On the basis of adjusted income before taxes, our net margin was 28 basis points in 4Q16, seven basis points lower compared to 3Q16 and five basis points higher compared to 4Q15.

ASSETS UNDER MANAGEMENT

As of the end of 4Q16, assets under management of CHF 242.9 billion were CHF 1.6 billion lower compared to the end of 3Q16, mainly driven by net asset outflows, partially offset by favorable foreign exchange-related and market movements. Net asset outflows of CHF 3.5 billion reflected terminated relationships with certain external asset managers, the regularization of client assets of CHF 0.8 billion and seasonal effects.

As of the end of 2016, assets under management of CHF 242.9 billion were stable compared to the end of 2015. Net asset outflows of CHF 1.7 billion mainly reflected terminated relationships with certain external asset managers, and the regularization of client assets of CHF 2.0 billion.

Assets under management – Private Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Assets under management (CHF billion)								
Assets under management	242.9	244.5	241.0	(0.7)	0.8	242.9	241.0	0.8
Average assets under management	242.9	243.2	242.8	(0.1)	0.0	241.2	249.0	(3.1)
Assets under management by currency (CHF billion)								
USD	41.8	41.6	40.5	0.5	3.2	41.8	40.5	3.2
EUR	36.3	36.8	31.5	(1.4)	15.2	36.3	31.5	15.2
CHF	153.3	154.6	153.0	(0.8)	0.2	153.3	153.0	0.2
Other	11.5	11.5	16.0	0.0	(28.1)	11.5	16.0	(28.1)
Assets under management	**242.9**	**244.5**	**241.0**	(0.7)	0.8	**242.9**	**241.0**	0.8
Growth in assets under management (CHF billion)								
Net new assets	(3.5)	0.2	(2.9)	–	–	(1.7)	3.2	–
Other effects	1.9	2.9	6.8	–	–	3.6	(20.8)	–
of which market movements	0.6	3.7	4.9	–	–	3.0	(2.6)	–
of which foreign exchange	1.7	(0.1)	0.3	–	–	0.4	(4.0)	–
of which other	(0.4)	(0.7)	1.6	–	–	0.2	(14.2)	–
Growth in assets under management	**(1.6)**	**3.1**	**3.9**	–	–	**1.9**	**(17.6)**	–
Growth in assets under management (annualized) (%)								
Net new assets	(5.7)	0.3	(4.9)	–	–	(0.7)	1.2	–
Other effects	3.1	4.9	11.5	–	–	1.5	(8.0)	–
Growth in assets under management (annualized)	**(2.6)**	**5.2**	**6.6**	–	–	**0.8**	**(6.8)**	–
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	(0.7)	(0.5)	1.2	–	–	–	–	–
Other effects	1.5	3.6	(8.0)	–	–	–	–	–
Growth in assets under management (rolling four-quarter average)	**0.8**	**3.1**	**(6.8)**	–	–	–	–	–

CORPORATE & INSTITUTIONAL BANKING

RESULTS

In 4Q16, income before taxes of CHF 188 million decreased 12% compared to 3Q16, driven by higher total operating expenses, partially offset by higher net revenues. Compared to 4Q15, income before taxes decreased 6%, reflecting higher total operating expenses, partially offset by slightly higher net revenues. Adjusted income before taxes of CHF 207 million decreased 5% compared to 3Q16 and increased 6% compared to 4Q15.

Net revenues

Compared to 3Q16, net revenues of CHF 541 million increased 7%, mainly driven by higher transaction-based revenues and higher net interest income. Transaction-based revenues of CHF 139 million were 12% higher, primarily reflecting increased revenues from our Swiss investment banking business and fees from foreign exchange client business. Net interest income of CHF 291 million increased 5%, with stable loan margins on slightly higher average loan volumes, partially offset by lower deposit margins on slightly lower average deposit volumes. Recurring commissions and fees of CHF 125 million were 6% higher compared to 3Q16, primarily due to increased banking services and investment product management fees.

Compared to 4Q15, net revenues increased slightly, with higher transaction-based revenues and higher recurring commissions and fees, partially offset by lower other revenues. Transaction-based revenues were 9% higher due to increased revenues from our Swiss investment banking business, partly offset by lower fees from foreign exchange client business. Recurring commissions and fees increased 8% with higher banking services fees and higher fees from lending activities, partly offset by lower investment advisory fees. The decrease in other revenues was driven by the partial sale of an investment in Euroclear in 4Q15.

Results – Corporate & Institutional Banking

			in / end of	% change			in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**541**	**507**	**532**	7	2	**2,055**	**2,025**	1
Provision for credit losses	**24**	**17**	**29**	41	(17)	**40**	**89**	(55)
Compensation and benefits	173	162	167	7	4	679	658	3
General and administrative expenses	134	87	103	54	30	400	376	6
Commission expenses	22	24	25	(8)	(12)	96	93	3
Restructuring expenses	0	3	9	(100)	(100)	9	9	0
Total other operating expenses	156	114	137	37	14	505	478	6
Total operating expenses	**329**	**276**	**304**	19	8	**1,184**	**1,136**	4
Income before taxes	**188**	**214**	**199**	(12)	(6)	**831**	**800**	4
Statement of operations metrics (%)								
Cost/income ratio	60.8	54.4	57.1	–	–	57.6	56.1	–
Net revenue detail (CHF million)								
Net interest income	291	278	288	5	1	1,083	987	10
Recurring commissions and fees	125	118	116	6	8	475	467	2
Transaction-based revenues	139	124	128	12	9	548	593	(8)
Other revenues	(14)	(13)	0	8	–	(51)	(22)	132
Net revenues	**541**	**507**	**532**	7	2	**2,055**	**2,025**	1
Number of relationship managers								
Number of relationship managers	480	480	490	0	(2)	480	490	(2)

Provision for credit losses

The Corporate & Institutional Banking loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

In 4Q16, Corporate & Institutional Banking recorded provision for credit losses of CHF 24 million compared to CHF 17 million in 3Q16 and CHF 29 million in 4Q15. The increase compared to 3Q16 reflected several individual cases.

Total operating expenses

Compared to 3Q16, total operating expenses of CHF 329 million were 19% higher, primarily reflecting higher allocated corporate function costs and litigation provisions. General and administrative expenses of CHF 134 million increased 54% due to higher litigation provisions, allocated corporate function costs and professional services fees. Compensation and benefits of CHF 173 million increased 7%, driven by higher allocated corporate function costs and higher social security costs, partially offset by lower discretionary compensation expenses. Adjusted total operating expenses of CHF 310 million were 14% higher compared to 3Q16.

Compared to 4Q15, total operating expenses increased 8%, with 30% higher general and administrative expenses driven by higher litigation provisions and higher professional services fees, partially offset by lower allocated corporate function costs. Compensation and benefits increased 4% compared to 4Q15 driven by higher discretionary compensation expenses and social security costs, partially offset by lower salary expenses due to the holiday accrual recalibration in 4Q15. Restructuring expenses were CHF 9 million lower compared to 4Q15. Adjusted total operating expenses were 5% higher compared to 4Q15.

ASSETS UNDER MANAGEMENT

As of the end of 4Q16, assets under management of CHF 288.6 billion were CHF 4.0 billion higher compared to the end of 3Q16, driven by net new assets of CHF 2.5 billion and favorable foreign exchange-related movements.

As of the end of 2016, assets under management of CHF 288.6 billion were CHF 12.8 billion higher compared to the end of 2015, driven by favorable market movements and net new assets of CHF 4.3 billion.

International Wealth Management

In 4Q16, we reported income before taxes of CHF 331 million and net revenues of CHF 1,299 million. Income before taxes was CHF 86 million higher compared to 3Q16 and CHF 355 million higher compared to 4Q15. For 2016, we reported income before taxes of CHF 1,121 million and net revenues of CHF 4,698 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported income before taxes of CHF 331 million and net revenues of CHF 1,299 million. Compared to 3Q16, net revenues increased 20% due to significantly higher transaction- and performance-based revenues in both Asset Management and Private Banking, a gain on the sale of real estate of CHF 54 million reflected in other revenues in Private Banking, higher net interest income and higher recurring commissions and fees. Provision for credit losses increased to CHF 6 million in 4Q16 compared to zero in 3Q16. Total operating expenses were 15% higher compared to 3Q16, driven by higher general and administrative expenses and higher compensation and benefits.

Net revenues were 11% higher compared to 4Q15, reflecting higher net interest income and the gain on the sale of real estate. Provision for credit losses was CHF 6 million compared to a net release of CHF 7 million in 4Q15. Total operating expenses were 20% lower with significantly lower general and administrative expenses and significantly lower restructuring expenses partially offset by higher compensation and benefits.

Adjusted income before taxes of CHF 300 million increased 24% and 31% compared to 3Q16 and 4Q15, respectively.

2016 results

In 2016, we reported income before taxes of CHF 1,121 million and net revenues of CHF 4,698 million. Compared to 2015, net revenues increased slightly driven by significantly higher net interest income, investment-related gains in 2016 compared to losses in 2015 and the gain on the sale of real estate in 2016. These increases were partially offset by lower transaction- and performance-based revenues and slightly lower recurring commissions and fees. Higher net interest income reflected higher loan and deposit margins on higher average loan and deposit volumes. The decrease in transaction- and performance-based revenues mainly reflected lower sales and trading revenues, lower equity participations income, lower brokerage and product issuing fees and lower fees from foreign exchange client business, partially offset by higher carried interest reflecting a residual gain from a private equity interest. Recurring commissions and fees were slightly lower, primarily driven by lower security account and custody services fees, lower discretionary mandate management fees and lower banking services fees, partially offset by higher asset management fees. Provision for credit losses was CHF 20 million on a net loan portfolio of CHF 45.0 billion. The decrease in total operating expenses was mainly driven by lower litigation provisions and lower deferred compensation expenses from prior-year awards, partially offset by higher discretionary compensation expenses and an increase in professional services fees.

Adjusted income before taxes of CHF 1,109 million increased 9% compared to 2015.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**1,299**	**1,081**	**1,173**	20	11	**4,698**	**4,552**	3
Provision for credit losses	**6**	**0**	**(7)**	–	–	**20**	**5**	300
Compensation and benefits	565	513	540	10	5	2,119	2,115	0
General and administrative expenses	318	256	568	24	(44)	1,145	1,429	(20)
Commission expenses	63	52	60	21	5	239	244	(2)
Restructuring expenses	16	15	36	7	(56)	54	36	50
Total other operating expenses	397	323	664	23	(40)	1,438	1,709	(16)
Total operating expenses	**962**	**836**	**1,204**	15	(20)	**3,557**	**3,824**	(7)
Income/(loss) before taxes	**331**	**245**	**(24)**	35	–	**1,121**	**723**	55
Statement of operations metrics (%)								
Return on regulatory capital	27.0	20.5	(1.9)	–	–	23.3	15.4	–
Cost/income ratio	74.1	77.3	102.6	–	–	75.7	84.0	–
Economic risk capital and return								
Average economic risk capital (CHF million)	3,976	3,958	3,364	0	18	3,785	3,288	15
Pre-tax return on average economic risk capital (%) [1]	33.2	25.8	(2.0)	–	–	30.4	22.8	–
Number of employees (full-time equivalents)								
Number of employees	10,300	10,350	9,750	0	6	10,300	9,750	6

[1] Calculated using a return excluding interest costs for allocated goodwill.

Capital and leverage metrics

As of the end of 4Q16, we reported risk-weighted assets of CHF 35.3 billion, an increase of CHF 1.8 billion compared to the end of 3Q16, mainly driven by business growth and foreign exchange-related movements. Leverage exposure was CHF 94.1 billion, reflecting an increase of CHF 5.2 billion compared to the end of 3Q16, driven by increased HQLA balances associated with funding requirements and foreign exchange-related movements.

Divisional results (continued)

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenue detail (CHF million)								
Private Banking	918	789	808	16	14	3,371	3,224	5
Asset Management	381	292	365	30	4	1,327	1,328	0
Net revenues	**1,299**	**1,081**	**1,173**	20	11	**4,698**	**4,552**	3
Net revenue detail (CHF million)								
Net interest income	353	326	275	8	28	1,308	1,006	30
Recurring commissions and fees	489	471	494	4	(1)	1,914	1,965	(3)
Transaction- and performance-based revenues	402	291	399	38	1	1,426	1,607	(11)
Other revenues	55	(7)	5	–	–	50	(26)	–
Net revenues	**1,299**	**1,081**	**1,173**	20	11	**4,698**	**4,552**	3
Provision for credit losses (CHF million)								
New provisions	20	14	17	43	18	55	37	49
Releases of provisions	(14)	(14)	(24)	0	(42)	(35)	(32)	9
Provision for credit losses	**6**	**0**	**(7)**	–	–	**20**	**5**	300
Balance sheet statistics (CHF million)								
Total assets	91,083	86,457	96,085	5	(5)	91,083	96,085	(5)
Net loans	44,965	42,942	40,084	5	12	44,965	40,084	12
of which Private Banking	44,890	42,876	–	5	–	44,890	–	–
Risk-weighted assets	35,252	33,457	32,880	5	7	35,252	32,880	7
Leverage exposure	94,092	88,899	101,628	6	(7)	94,092	101,628	(7)

Reconciliation of adjusted results

		Private Banking			Asset Management			**International Wealth Management**	
in	**4Q16**	3Q16	4Q15	**4Q16**	3Q16	4Q15	**4Q16**	3Q16	4Q15
Adjusted results (CHF million)									
Net revenues	**918**	**789**	**808**	**381**	**292**	**365**	**1,299**	**1,081**	**1,173**
Real estate gains	(54)	0	0	0	0	0	(54)	0	0
Gains on business sales	0	0	(11)	0	0	0	0	0	(11)
Adjusted net revenues	**864**	**789**	**797**	**381**	**292**	**365**	**1,245**	**1,081**	**1,162**
Provision for credit losses	**6**	**0**	**(7)**	**0**	**0**	**0**	**6**	**0**	**(7)**
Total operating expenses	**684**	**593**	**874**	**278**	**243**	**330**	**962**	**836**	**1,204**
Restructuring expenses	(11)	(13)	(32)	(5)	(2)	(4)	(16)	(15)	(36)
Major litigation provisions	(7)	19	(228)	0	0	0	(7)	19	(228)
Adjusted total operating expenses	**666**	**599**	**614**	**273**	**241**	**326**	**939**	**840**	**940**
Income/(loss) before taxes	**228**	**196**	**(59)**	**103**	**49**	**35**	**331**	**245**	**(24)**
Total adjustments	(36)	(6)	249	5	2	4	(31)	(4)	253
Adjusted income before taxes	**192**	**190**	**190**	**108**	**51**	**39**	**300**	**241**	**229**
Adjusted return on regulatory capital (%)	–	–	–	–	–	–	24.4	20.1	18.8

Reconciliation of adjusted results (continued)

in	Private Banking 2016	Private Banking 2015	Asset Management 2016	Asset Management 2015	International Wealth Management 2016	International Wealth Management 2015
Adjusted results (CHF million)						
Net revenues	**3,371**	**3,224**	**1,327**	**1,328**	**4,698**	**4,552**
Real estate gains	(54)	0	0	0	(54)	0
Gains on business sales	0	(11)	0	0	0	(11)
Adjusted net revenues	**3,317**	**3,213**	**1,327**	**1,328**	**4,644**	**4,541**
Provision for credit losses	**20**	**5**	**0**	**0**	**20**	**5**
Total operating expenses	**2,510**	**2,678**	**1,047**	**1,146**	**3,557**	**3,824**
Restructuring expenses	(47)	(32)	(7)	(4)	(54)	(36)
Major litigation provisions	12	(268)	0	0	12	(268)
Adjusted total operating expenses	**2,475**	**2,378**	**1,040**	**1,142**	**3,515**	**3,520**
Income before taxes	**841**	**541**	**280**	**182**	**1,121**	**723**
Total adjustments	(19)	289	7	4	(12)	293
Adjusted income before taxes	**822**	**830**	**287**	**186**	**1,109**	**1,016**
Adjusted return on regulatory capital (%)	–	–	–	–	23.1	21.7

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

PRIVATE BANKING

RESULTS

In 4Q16, income before taxes of CHF 228 million increased 16% compared to 3Q16 reflecting higher net revenues, partially offset by higher total operating expenses. Compared to 4Q15, income before taxes increased CHF 287 million mainly due to lower total operating expenses and higher net revenues. Adjusted income before taxes of CHF 192 million was stable compared to 3Q16 and 4Q15.

Net revenues

Compared to 3Q16, net revenues of CHF 918 million were 16% higher, with an increase in other revenues, higher transaction- and performance-based revenues, higher net interest income and higher recurring commissions and fees. Other revenues increased CHF 54 million, reflecting the gain on the sale of real estate. Transaction- and performance-based revenues of CHF 235 million increased 19%, driven by higher brokerage and product issuing fees, higher performance fees, higher corporate advisory fees related to integrated solutions and higher fees from foreign exchange client business. Net interest income of CHF 353 million increased 8%, reflecting higher loan margins on higher average loan volumes and higher deposit margins on slightly higher average deposit volumes. Recurring commissions and fees increased 4% to CHF 277 million with higher investment product management fees partially offset by lower discretionary mandate management fees.

Compared to 4Q15, net revenues increased 14%, mainly driven by higher net interest income and higher other revenues. Net interest income increased 28%, primarily reflecting higher loan and deposit margins on higher average loan and deposit volumes. Other revenues increased due to the gain on the sale of real estate. Transaction- and performance-based revenues decreased slightly, mainly driven by the absence of equity participations income as 4Q15 included an extraordinary dividend from SIX Group of CHF 23 million, partially offset by an increase in brokerage and product issuing fees. Recurring commissions and fees were slightly lower with lower discretionary mandate management fees.

Adjusted net revenues of CHF 864 million increased 10% and 8% compared to 3Q16 and 4Q15, respectively.

Results – Private Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**918**	**789**	**808**	16	14	**3,371**	**3,224**	5
Provision for credit losses	**6**	**0**	**(7)**	–	–	**20**	**5**	300
Compensation and benefits	382	369	341	4	12	1,463	1,413	4
General and administrative expenses	242	173	458	40	(47)	827	1,053	(21)
Commission expenses	49	38	43	29	14	173	180	(4)
Restructuring expenses	11	13	32	(15)	(66)	47	32	47
Total other operating expenses	302	224	533	35	(43)	1,047	1,265	(17)
Total operating expenses	**684**	**593**	**874**	15	(22)	**2,510**	**2,678**	(6)
Income/(loss) before taxes	**228**	**196**	**(59)**	16	–	**841**	**541**	55
Statement of operations metrics (%)								
Cost/income ratio	74.5	75.2	108.2	–	–	74.5	83.1	–
Net revenue detail (CHF million)								
Net interest income	353	326	275	8	28	1,308	1,006	30
Recurring commissions and fees	277	267	283	4	(2)	1,093	1,161	(6)
Transaction- and performance-based revenues	235	197	240	19	(2)	922	1,049	(12)
Other revenues	53	(1)	10	–	430	48	8	500
Net revenues	**918**	**789**	**808**	16	14	**3,371**	**3,224**	5
Margins on assets under management (annualized) (bp)								
Gross margin [1]	116	104	110	–	–	112	107	–
Net margin [2]	29	26	(8)	–	–	28	18	–
Number of relationship managers								
Number of relationship managers	1,140	1,160	1,180	(2)	(3)	1,140	1,180	(3)

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees, fees for general banking products and services and revenues from wealth structuring solutions. Transaction- and performance-based revenues arise primarily from brokerage and product issuing fees, fees from foreign exchange client transactions, trading and sales income, equity participations income and other transaction- and performance-based income.

[1] Net revenues divided by average assets under management.

[2] Income before taxes divided by average assets under management.

Provision for credit losses

In 4Q16, provision for credit losses was CHF 6 million, compared to provision for credit losses of zero in 3Q16 and a net release of provision for credit losses of CHF 7 million in 4Q15.

Total operating expenses

Compared to 3Q16, total operating expenses of CHF 684 million increased 15% due to higher general and administrative expenses and higher compensation and benefits. General and administrative expenses of CHF 242 million increased 40%, mainly reflecting litigation provisions in 4Q16, compared to a provision release in 3Q16, and higher professional services fees. Compensation and benefits of CHF 382 million increased 4%, mainly driven by higher discretionary compensation expenses and slightly higher salary expenses. Restructuring expenses of CHF 11 million were lower compared to 3Q16. Adjusted total operating expenses of CHF 666 million increased 11% compared to 3Q16.

Compared to 4Q15, total operating expenses decreased 22%, with lower general and administrative expenses and lower restructuring expenses, partially offset by an increase in compensation and benefits. General and administrative expenses decreased 47%, driven by significantly lower litigation provisions, partially offset by higher professional services fees. Compensation and benefits increased 12%, driven by higher discretionary compensation expenses, partially offset by lower salary expenses mainly due to the holiday accrual recalibration in 4Q15. Adjusted total operating expenses increased 8% compared to 4Q15.

MARGINS

Gross margin

Our gross margin was 116 basis points in 4Q16, an increase of twelve basis points compared to 3Q16, mainly reflecting higher other revenues, higher transaction- and performance-based revenues and higher net interest income, partially offset by a 3.9% increase in average assets under management. Our gross margin increased six basis points compared to 4Q15, mainly reflecting an increase in net interest income and other revenues, partially offset by a 7.2% increase in average assets under management. On the basis of adjusted net revenues, our gross margin was 109 basis points in 4Q16, five basis points higher compared to 3Q16 and one basis point higher compared to 4Q15. See "- Assets under management" for further information.

Net margin

Our net margin was 29 basis points in 4Q16, an increase of three basis points compared to 3Q16, mainly reflecting higher net revenues, partially offset by higher total operating expenses. The significant improvement in our net margin compared to 4Q15 mainly reflected lower total operating expenses due to the litigation provisions in 4Q15 and higher net revenues. On the basis of adjusted income before taxes, our net margin was 24 basis points in 4Q16, one basis point lower compared to 3Q16 and two basis points lower compared to 4Q15 reflecting higher average assets under management.

ASSETS UNDER MANAGEMENT

As of the end of 4Q16, assets under management of CHF 323.2 billion were CHF 11.8 billion higher compared to the end of 3Q16, primarily reflecting favorable foreign exchange-related and market movements. Net new assets of CHF 0.4 billion reflected continued inflows from the Middle East and Europe, partially offset by outflows in connection with the regularization of client assets of CHF 2.2 billion, mostly in Latin America. Other effects included outflows of CHF 1.1 billion relating to certain client accounts with a US nexus which were closed or are in the process of being closed due to the Group's strategic decision to transition away from this market.

As of the end of 2016, assets under management of CHF 323.2 billion were CHF 33.6 billion higher compared to the end of 2015, reflecting net new assets of CHF 15.6 billion and favorable market and foreign exchange-related movements. The net new assets reflected solid inflows from emerging markets and Europe, partially offset by outflows in connection with the regularization of client assets of CHF 5.7 billion.

Assets under management – Private Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Assets under management (CHF billion)								
Assets under management	323.2	311.4	289.6	3.8	11.6	323.2	289.6	11.6
Average assets under management	315.9	304.0	294.8	3.9	7.2	300.3	301.3	(0.3)
Assets under management by currency (CHF billion)								
USD	149.0	140.1	137.6	6.4	8.3	149.0	137.6	8.3
EUR	93.2	92.7	92.7	0.5	0.5	93.2	92.7	0.5
CHF	21.0	20.7	22.4	1.4	(6.2)	21.0	22.4	(6.2)
Other	60.0	57.9	36.9	3.6	62.6	60.0	36.9	62.6
Assets under management	**323.2**	**311.4**	**289.6**	3.8	11.6	**323.2**	**289.6**	11.6
Growth in assets under management (CHF billion)								
Net new assets	0.4	4.4	(4.2)	–	–	15.6	(3.0)	–
Other effects	11.4	8.4	7.3	–	–	18.0	(31.1)	–
of which market movements	3.7	8.5	6.9	–	–	10.1	8.3	–
of which currency	7.7	(1.2)	1.2	–	–	7.8	(20.5)	–
of which other	0.0	1.1	(0.8)	–	–	0.1	(18.9)	–
Growth in assets under management	**11.8**	**12.8**	**3.1**	–	–	**33.6**	**(34.1)**	–
Growth in assets under management (annualized) (%)								
Net new assets	0.5	5.8	(5.9)	–	–	5.4	(0.9)	–
Other effects	14.7	11.3	10.2	–	–	6.2	(9.6)	–
Growth in assets under management (annualized)	**15.2**	**17.1**	**4.3**	–	–	**11.6**	**(10.5)**	–
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	5.4	3.8	(0.9)	–	–	–	–	–
Other effects	6.2	4.9	(9.6)	–	–	–	–	–
Growth in assets under management (rolling four-quarter average)	**11.6**	**8.7**	**(10.5)**	–	–	–	–	–

ASSET MANAGEMENT

Results – Asset Management

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**381**	**292**	**365**	30	4	**1,327**	**1,328**	0
Provision for credit losses	**0**	**0**	**0**	–	–	**0**	**0**	–
Compensation and benefits	183	144	199	27	(8)	656	702	(7)
General and administrative expenses	76	83	110	(8)	(31)	318	376	(15)
Commission expenses	14	14	17	0	(18)	66	64	3
Restructuring expenses	5	2	4	150	25	7	4	75
Total other operating expenses	95	99	131	(4)	(27)	391	444	(12)
Total operating expenses	**278**	**243**	**330**	14	(16)	**1,047**	**1,146**	(9)
Income before taxes	**103**	**49**	**35**	110	194	**280**	**182**	54
Statement of operations metrics (%)								
Cost/income ratio	73.0	83.2	90.4	–	–	78.9	86.3	–
Net revenue detail (CHF million)								
Management fees	228	218	225	5	1	891	873	2
Performance and placement revenues	108	41	56	163	93	208	164	27
Investment and partnership income	45	33	84	36	(46)	228	291	(22)
Net revenues	**381**	**292**	**365**	30	4	**1,327**	**1,328**	0
of which recurring commissions and fees	212	204	211	4	0	821	804	2
of which transaction- and performance-based revenues	167	94	159	78	5	504	558	(10)
of which other revenues	2	(6)	(5)	–	–	2	(34)	–

Management fees include fees on assets under management, asset administration revenues and transaction fees related to the acquisition and disposal of investments in the funds being managed. Performance revenues relate to the performance or return of the funds being managed and includes investment-related gains and losses from proprietary funds. Placement revenues arise from our third-party private equity fundraising activities and secondary private equity market advisory services. Investment and partnership income includes equity participation income from seed capital returns and from minority investments in third-party asset managers, income from strategic partnerships and distribution agreements, and other revenues.

RESULTS

In 4Q16, income before taxes of CHF 103 million increased CHF 54 million compared to 3Q16, driven by higher net revenues, partially offset by higher total operating expenses. Income before taxes increased CHF 68 million compared to 4Q15, reflecting a decrease in total operating expenses and an increase in net revenues. Adjusted income before taxes of CHF 108 million increased CHF 57 million and CHF 69 million compared to 3Q15 and 4Q15, respectively.

Net revenues

Compared to 3Q16, net revenues of CHF 381 million increased 30%, mainly driven by higher performance and placement revenues and higher investment and partnership income. Performance and placement revenues increased CHF 67 million to CHF 108 million, primarily driven by year-end performance fees and higher placement fees. Investment and partnership income of CHF 45 million increased 36%, mainly due to annual performance revenues from single manager hedge funds and higher income from the real estate sector. Management fees of CHF 228 million increased 5%.

Compared to 4Q15, net revenues were 4% higher, primarily reflecting an increase in performance and placement revenues, partially offset by significantly lower investment and partnership income. Performance and placement revenues increased CHF 52 million, mainly driven by investment-related gains and higher performance fees. Investment and partnership income decreased 46%, mainly due to weaker results from single manager hedge funds. Management fees were stable.

Total operating expenses

Compared to 3Q16, total operating expenses of CHF 278 million increased 14%, mainly reflecting higher compensation and benefits. Compensation and benefits of CHF 183 million increased 27%, reflecting higher discretionary compensation expenses, higher deferred compensation expenses from prior-

year awards and higher salary expenses. General and administrative expenses of CHF 76 million decreased 8%.

Compared to 4Q15, total operating expenses decreased 16%, reflecting lower general and administrative expenses and lower compensation and benefits. General and administrative expenses were CHF 34 million lower, mainly due to lower allocated corporate function costs. Compensation and benefits were CHF 16 million lower, mainly reflecting lower discretionary compensation expenses.

ASSETS UNDER MANAGEMENT

As of the end of 4Q16, assets under management of CHF 321.6 billion were CHF 2.7 billion lower compared to the end of 3Q16, reflecting net asset outflows of CHF 4.4 billion, partially offset by favorable foreign exchange-related and market movements. Net asset outflows primarily reflected money market outflows from an emerging market joint venture.

As of the end of 2016, assets under management of CHF 321.6 billion were stable compared to the end of 2015, reflecting favorable market movements, net new assets of CHF 5.6 billion and favorable foreign exchange-related movements, offset by structural effects, mainly from an adjustment of assets under management reported for multi-asset class solutions in 1Q16. Net new assets reflected inflows from an emerging market joint venture and from a new product launch, partially offset by an outflow from a single mandate.

Assets under management – Asset Management

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Assets under management (CHF billion)								
Traditional investments	159.9	163.4	172.2	(2.1)	(7.1)	159.9	172.2	(7.1)
Alternative investments	121.3	117.7	110.4	3.1	9.9	121.3	110.4	9.9
Investments and partnerships	40.4	43.2	38.7	(6.5)	4.4	40.4	38.7	4.4
Assets under management	**321.6**	**324.3**	**321.3**	(0.8)	0.1	**321.6**	**321.3**	0.1
Average assets under management	325.0	318.6	321.5	2.0	1.1	317.5	312.4	1.6
Assets under management by currency (CHF billion)								
USD	95.9	90.2	88.1	6.3	8.9	95.9	88.1	8.9
EUR	36.6	36.8	42.1	(0.5)	(13.1)	36.6	42.1	(13.1)
CHF	140.7	145.9	148.9	(3.6)	(5.5)	140.7	148.9	(5.5)
Other	48.4	51.4	42.2	(5.8)	14.7	48.4	42.2	14.7
Assets under management	**321.6**	**324.3**	**321.3**	(0.8)	0.1	**321.6**	**321.3**	0.1
Growth in assets under management (CHF billion)								
Net new assets [1]	(4.4)	5.0	3.6	–	–	5.6	26.5	–
Other effects	1.7	4.4	3.1	–	–	(5.3)	(10.4)	–
of which market movements	1.4	5.0	5.1	–	–	7.6	0.7	–
of which foreign exchange	5.0	(0.8)	0.7	–	–	3.9	(8.0)	–
of which other	(4.7)	0.2	(2.7)	–	–	(16.8)	(3.1)	–
Growth in assets under management	**(2.7)**	**9.4**	**6.7**	–	–	**0.3**	**16.1**	–
Growth in assets under management (annualized) (%)								
Net new assets	(5.4)	6.4	4.6	–	–	1.7	8.7	–
Other effects	2.1	5.5	3.9	–	–	(1.6)	(3.4)	–
Growth in assets under management	**(3.3)**	**11.9**	**8.5**	–	–	**0.1**	**5.3**	–
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	1.7	4.3	8.7	–	–	–	–	–
Other effects	(1.6)	(1.2)	(3.4)	–	–	–	–	–
Growth in assets under management (rolling four-quarter average)	**0.1**	**3.1**	**5.3**	–	–	–	–	–

[1] Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

Asia Pacific

In 4Q16, we reported income before taxes of CHF 103 million and net revenues of CHF 862 million. Income before taxes decreased 32% compared to 3Q16 and increased CHF 720 million compared to a loss before taxes of CHF 617 million reported in 4Q15. For 2016, we reported income before taxes of CHF 725 million and net revenues of CHF 3,597 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported income before taxes of CHF 103 million and net revenues of CHF 862 million. Compared to 3Q16, net revenues decreased 6%, mainly due to lower fixed income sales and trading revenues, partially offset by higher revenues from the ultra-high-net-worth individual and high-net-worth individual client business in Private Banking. Provision for credit losses was CHF 11 million in 4Q16, compared to a provision of CHF 34 million in 3Q16. Total operating expenses of CHF 748 million increased slightly, primarily due to higher compensation and benefits in Private Banking and Investment Banking and higher commission expenses in Investment Banking.

Compared to 4Q15, net revenues increased 4%, driven by higher revenues from Private Banking and underwriting and advisory, partially offset by lower fixed income and equity sales and trading revenues, reflecting subdued market conditions in 4Q16. Total operating expenses decreased 48%, mainly reflecting the absence of the goodwill impairment charge of CHF 756 million in 4Q15, partially offset by higher compensation and benefits, reflecting increases in discretionary compensation and salary expenses driven by growth-related higher headcount.

Adjusted income before taxes of CHF 122 million decreased 30% compared to 3Q16 and 18% compared to 4Q15.

2016 results

In 2016, we reported income before taxes of CHF 725 million and net revenues of CHF 3,597 million. Compared to 2015, income before taxes increased 92%, mainly due to lower total operating expenses, primarily reflecting the absence of the goodwill impairment charge of CHF 756 million in Investment Banking in 4Q15, partially offset by lower net revenues, particularly in equity sales and trading. Lower revenues in equity sales and trading were primarily driven by decreased client activity, particularly in Greater China. Private Banking revenues were higher, primarily reflecting increases in net interest income. Underwriting and advisory revenues improved significantly compared to 2015, with strong client activity in advisory, equity and debt underwriting. Compared to 2015, total operating expenses of CHF 2,846 million decreased 17%, mainly reflecting the absence of the goodwill impairment charge in 2015, partially offset by increased compensation and benefits driven by growth-related higher headcount, higher restructuring expenses and higher general and administrative expenses. Adjusted income before taxes of CHF 778 million decreased 32% compared to 2015.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**862**	**917**	**826**	(6)	4	**3,597**	**3,839**	(6)
Provision for credit losses	**11**	**34**	**3**	(68)	267	**26**	**35**	(26)
Compensation and benefits	429	413	390	4	10	1,665	1,557	7
General and administrative expenses	219	224	225	(2)	(3)	836	790	6
Commission expenses	81	71	66	14	23	292	321	(9)
Goodwill impairment	0	0	756	–	(100)	0	756	(100)
Restructuring expenses	19	23	3	(17)	–	53	3	–
Total other operating expenses	319	318	1,050	0	(70)	1,181	1,870	(37)
Total operating expenses	**748**	**731**	**1,440**	2	(48)	**2,846**	**3,427**	(17)
Income/(loss) before taxes	**103**	**152**	**(617)**	(32)	–	**725**	**377**	92
Statement of operations metrics (%)								
Return on regulatory capital	7.6	11.3	(49.7)	–	–	13.7	6.7	–
Cost/income ratio	86.8	79.7	174.3	–	–	79.1	89.3	–
Economic risk capital and return								
Average economic risk capital (CHF million)	4,453	4,320	3,582	3	24	4,147	3,405	22
Pre-tax return on average economic risk capital (%) [1]	9.4	14.1	(68.9)	–	–	17.6	11.1	–
Number of employees (full-time equivalents)								
Number of employees	6,980	7,140	6,590	(2)	6	6,980	6,590	6

[1] Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenues (CHF million)								
Private Banking	372	346	271	8	37	1,374	1,178	17
Investment Banking	490	571	555	(14)	(12)	2,223	2,661	(16)
Net revenues	**862**	**917**	**826**	(6)	4	**3,597**	**3,839**	(6)
Provision for credit losses (CHF million)								
New provisions	14	54	23	(74)	(39)	72	74	(3)
Releases of provisions	(3)	(20)	(20)	(85)	(85)	(46)	(39)	18
Provision for credit losses	**11**	**34**	**3**	(68)	267	**26**	**35**	(26)
Balance sheet statistics (CHF million)								
Total assets	97,221	93,079	85,929	4	13	97,221	85,929	13
Net loans	40,134	38,669	35,905	4	12	40,134	35,905	12
of which Private Banking	33,405	32,859	–	2	–	33,405	–	–
Risk-weighted assets	34,605	32,264	26,835	7	29	34,605	26,835	29
Leverage exposure	108,926	108,495	98,632	0	10	108,926	98,632	10

Reconciliation of adjusted results

	Private Banking			Investment Banking			Asia Pacific		
in	4Q16	3Q16	4Q15	4Q16	3Q16	4Q15	4Q16	3Q16	4Q15
Adjusted results (CHF million)									
Net revenues	**372**	**346**	**271**	**490**	**571**	**555**	**862**	**917**	**826**
Provision for credit losses	**9**	**38**	**(5)**	**2**	**(4)**	**8**	**11**	**34**	**3**
Total operating expenses	**267**	**242**	**228**	**481**	**489**	**1,212**	**748**	**731**	**1,440**
Goodwill impairment	–	–	–	0	0	(756)	0	0	(756)
Restructuring expenses	(1)	(3)	(1)	(18)	(20)	(2)	(19)	(23)	(3)
Major litigation provisions	0	0	(6)	0	0	0	0	0	(6)
Adjusted total operating expenses	**266**	**239**	**221**	**463**	**469**	**454**	**729**	**708**	**675**
Income/(loss) before taxes	**96**	**66**	**48**	**7**	**86**	**(665)**	**103**	**152**	**(617)**
Total adjustments	1	3	7	18	20	758	19	23	765
Adjusted income before taxes	**97**	**69**	**55**	**25**	**106**	**93**	**122**	**175**	**148**
Adjusted return on regulatory capital (%)	–	–	–	–	–	–	9.0	12.9	11.7

	Private Banking		Investment Banking		Asia Pacific	
in	2016	2015	2016	2015	2016	2015
Adjusted results (CHF million)						
Net revenues	**1,374**	**1,178**	**2,223**	**2,661**	**3,597**	**3,839**
Provision for credit losses	**32**	**18**	**(6)**	**17**	**26**	**35**
Total operating expenses	**970**	**816**	**1,876**	**2,611**	**2,846**	**3,427**
Goodwill impairment	–	–	0	(756)	0	(756)
Restructuring expenses	(4)	(1)	(49)	(2)	(53)	(3)
Major litigation provisions	0	(6)	0	0	0	(6)
Adjusted total operating expenses	**966**	**809**	**1,827**	**1,853**	**2,793**	**2,662**
Income before taxes	**372**	**344**	**353**	**33**	**725**	**377**
Total adjustments	4	7	49	758	53	765
Adjusted income before taxes	**376**	**351**	**402**	**791**	**778**	**1,142**
Adjusted return on regulatory capital (%)	–	–	–	–	14.8	20.4

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

Capital and leverage metrics

As of the end of 4Q16, we reported risk-weighted assets of CHF 34.6 billion, an increase of CHF 2.3 billion compared to the end of 3Q16, mainly reflecting the foreign exchange impact from the strengthening of the US dollar against the Swiss franc, higher risk levels and methodology changes. Leverage exposure was CHF 108.9 billion, reflecting an increase of CHF 0.4 billion compared to the end of 3Q16, primarily driven by an increase in HQLA and the foreign exchange impact, partially offset by lower inventory levels reflecting subdued market conditions and a reduction of positions including the ongoing transfer of the systematic market making business to the Asset Management business of International Wealth Management.

PRIVATE BANKING

RESULTS

In 4Q16, income before taxes of CHF 96 million increased 45% compared to 3Q16, reflecting lower provision for credit losses and higher net revenues, partially offset by higher total operating expenses. Compared to 4Q15, income before taxes increased 100% due to higher net revenues, partially offset by higher total operating expenses and higher provision for credit losses. Adjusted income before taxes of CHF 97 million increased 41% compared to 3Q16 and 76% compared to 4Q15.

Net revenues

Net revenues of CHF 372 million increased 8% compared to 3Q16, primarily due to increased recurring commissions and fees. Recurring commissions and fees increased 37% to CHF 92 million,

mainly due to higher other commissions and fees, partially offset by lower wealth structuring solutions fees. Other commissions and fees for the quarter included the positive impact of an adjustment relating to treasury allocations of CHF 19 million. Net interest income increased 4% to CHF 166 million, reflecting stable deposit and loan margins on slightly higher average deposit and loan volumes. Transaction-based revenues decreased 5% to CHF 114 million, mainly due to lower brokerage and product issuing fees, partially offset by higher fees from foreign exchange client business and higher corporate advisory fees arising from integrated solutions.

Compared to 4Q15, net revenues increased 37%, mainly reflecting increases in net interest income, recurring commissions and fees and transaction-based revenues. Net interest income increased 27%, reflecting significantly higher deposit margins on higher average deposit volumes and higher loan margins on higher average loan volumes. Recurring commissions and fees increased 53%, mainly due to higher other commissions and fees, which included the positive impact of the adjustment relating to treasury allocations, and higher investment product management fees. Transaction-based revenues increased 36%, primarily reflecting higher fees from foreign exchange client business, higher corporate advisory fees arising from integrated solutions and higher brokerage and product issuing fees.

Provision for credit losses

The Private Banking loan portfolio primarily comprises lombard loans, mainly backed by listed securities.

In 4Q16, Private Banking recorded a net provision for credit losses of CHF 9 million, compared to a net provision for credit losses of CHF 38 million in 3Q16 and a net release of provision for credit losses of CHF 5 million in 4Q15. The higher provision for credit losses in 3Q16 was in relation to a small number of share-based loans in Hong Kong which were impaired due to their collateral values abruptly falling below their loan amounts.

Total operating expenses

Total operating expenses of CHF 267 million increased 10% compared to 3Q16, mainly reflecting higher general and administrative expenses and higher compensation and benefits. General and administrative expenses increased 33% to CHF 76 million, reflecting higher expenses for IT infrastructure and product development and support. Compensation and benefits increased 5% to CHF 177 million, primarily driven by higher discretionary compensation and salary expenses. Adjusted total operating expenses of CHF 266 million increased 11% compared to 3Q16.

Compared to 4Q15, total operating expenses increased 17%, mainly reflecting higher compensation and benefits. Compensation and benefits increased 27%, primarily driven by higher salary expenses reflecting growth-related higher headcount, and higher discretionary compensation expenses. General and administrative expenses decreased slightly, mainly due to lower litigation provisions and lower advertising and marketing expenses, partially offset by higher expenses for IT infrastructure, product development and support and risk management. Adjusted total operating expenses increased 20% compared to 4Q15.

Results - Private Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**372**	**346**	**271**	8	37	**1,374**	**1,178**	17
Provision for credit losses	**9**	**38**	**(5)**	(76)	–	**32**	**18**	78
Compensation and benefits	177	169	139	5	27	652	522	25
General and administrative expenses	76	57	78	33	(3)	267	244	9
Commission expenses	13	13	10	0	30	47	49	(4)
Restructuring expenses	1	3	1	(67)	0	4	1	300
Total other operating expenses	90	73	89	23	1	318	294	8
Total operating expenses	**267**	**242**	**228**	10	17	**970**	**816**	19
Income before taxes	**96**	**66**	**48**	45	100	**372**	**344**	8
Statement of operations metrics (%)								
Cost/income ratio	71.8	69.9	84.1	–	–	70.6	69.3	–
Net revenue detail (CHF million)								
Net interest income	166	159	131	4	27	602	445	35
Recurring commissions and fees	92	67	60	37	53	302	260	16
Transaction-based revenues	114	120	84	(5)	36	486	456	7
Other revenues	0	0	(4)	–	100	(16)	17	–
Net revenues	**372**	**346**	**271**	8	37	**1,374**	**1,178**	17
Margins on assets under management (annualized) (bp)								
Gross margin [1]	87	84	72	–	–	86	79	–
Net margin [2]	22	16	13	–	–	23	23	–
Number of relationship managers								
Number of relationship managers	640	650	580	(2)	10	640	580	10

[1] Net revenues divided by average assets under management.

[2] Income before taxes divided by average assets under management.

MARGINS

Gross margin

Our gross margin was 87 basis points in 4Q16, three basis points higher compared to 3Q16, mainly reflecting higher net revenues, particularly recurring commissions and fees, partially offset by a 3.9% increase in average assets under management. Compared to 4Q15, our gross margin was 15 basis points higher, mainly reflecting higher net revenues, particularly net interest income, recurring commissions and fees and transaction-based revenues, partially offset by a 13.4% increase in average assets under management. See "- Assets under management" for further information.

Net margin

Our net margin was 22 basis points in 4Q16, six basis points higher compared to 3Q16, mainly reflecting lower provision for credit losses and higher net revenues, partially offset by higher operating expenses. Compared to 4Q15, our net margin was nine basis points higher, mainly reflecting higher net revenues, partially offset by higher operating expenses and higher provision for credit losses.

ASSETS UNDER MANAGEMENT

As of the end of 4Q16, assets under management of CHF 168.3 billion were CHF 0.7 billion lower compared to the end of 3Q16, primarily driven by unfavorable market movements. Net new assets of CHF 0.7 billion reflected inflows primarily from Greater China and Australia, partially offset by significant outflows in connection with the regularization of client assets of CHF 1.4 billion, mainly in South East Asia.

As of the end of 2016, assets under management of CHF 168.3 billion were CHF 17.9 billion higher compared to the end of 2015, mainly reflecting net new assets of CHF 14.6 billion and favorable foreign exchange-related and market movements. Net new assets reflected inflows primarily from Greater China, Australia and South East Asia, partially offset by significant outflows in connection with the regularization of client assets of CHF 2.5 billion, mainly in South East Asia.

Assets under management – Private Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Assets under management (CHF billion)								
Assets under management	168.3	169.0	150.4	(0.4)	11.9	168.3	150.4	11.9
Average assets under management	171.6	165.2	151.3	3.9	13.4	160.0	150.0	6.7
Assets under management by currency (CHF billion)								
USD	82.5	79.0	66.5	4.4	24.1	82.5	66.5	24.1
EUR	4.6	4.5	4.7	2.2	(2.1)	4.6	4.7	(2.1)
CHF	2.0	1.8	2.3	11.1	(13.0)	2.0	2.3	(13.0)
Other	79.2	83.7	76.9	(5.4)	3.0	79.2	76.9	3.0
Assets under management	**168.3**	**169.0**	**150.4**	(0.4)	11.9	**168.3**	**150.4**	11.9
Growth in assets under management (CHF billion)								
Net new assets	0.7	4.6	3.0	–	–	14.6	17.8	–
Other effects	(1.4)	6.1	8.3	–	–	3.3	(17.9)	–
of which market movements	(3.8)	6.9	6.1	–	–	1.4	(4.9)	–
of which foreign exchange	5.2	(0.5)	2.1	–	–	4.8	(3.4)	–
of which other	(2.8)	(0.3)	0.1	–	–	(2.9)	(9.6)	–
Growth in assets under management	**(0.7)**	**10.7**	**11.3**	–	–	**17.9**	**(0.1)**	–
Growth in assets under management (annualized) (%)								
Net new assets	1.7	11.6	8.6	–	–	9.7	11.8	–
Other effects	(3.4)	15.4	23.9	–	–	2.2	(11.9)	–
Growth in assets under management (annualized)	**(1.7)**	**27.0**	**32.5**	–	–	**11.9**	**(0.1)**	–
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	9.7	12.1	11.8	–	–	–	–	–
Other effects	2.2	9.4	(11.9)	–	–	–	–	–
Growth in assets under management (rolling four-quarter average)	**11.9**	**21.5**	**(0.1)**	–	–	–	–	–

INVESTMENT BANKING

RESULTS

In 4Q16, income before taxes of CHF 7 million decreased 92% compared to 3Q16, mainly due to lower net revenues. Compared to 4Q15, income before taxes increased CHF 672 million, primarily reflecting the absence of the goodwill impairment charge of CHF 756 million in 4Q15, partially offset by lower net revenues and higher restructuring expenses. Adjusted income before taxes of CHF 25 million decreased 76% compared to 3Q16 and 73% compared to 4Q15.

Net revenues

Net revenues decreased 14% to CHF 490 million compared to 3Q16, mainly reflecting lower fixed income sales and trading revenues. Fixed income sales and trading revenues decreased 53% to CHF 70 million, mainly due to lower client activity in emerging markets rates products and the absence of the positive impact of CHF 33 million in 3Q16 resulting from an increase in the funding value of certain structured deposits originated in Asia Pacific, partially offset by higher financing revenues which included a positive net fair value impact of CHF 26 million from an impaired loan portfolio in recovery management. Equity sales and trading revenues of CHF 340 million, which included a positive net fair value impact in derivatives of CHF 49 million from an impaired loan portfolio in recovery management, and underwriting and advisory revenues of CHF 115 million were stable.

Compared to 4Q15, net revenues decreased 12%, mainly due to lower fixed income and equity sales and trading revenues, partially offset by higher underwriting and advisory revenues. Fixed income sales and trading revenues decreased 50%, primarily driven by lower client activity within rates products, partially offset by the positive net fair value impact from an impaired loan portfolio in recovery management and higher revenues from foreign exchange products. Equity sales and trading revenues decreased 10%, primarily due to decreases in systematic market making and prime services and the absence of the positive impact from the release of a trade-related provision in 4Q15, partially offset by higher revenues from derivatives which included the positive net fair value impact from an impaired loan portfolio in recovery management. Underwriting and advisory revenues increased 44%, primarily due to higher equity underwriting and advisory fees resulting from increased market activity and higher share of wallet. Share of wallet refers to our share of the overall fee pool for the respective products.

Results - Investment Banking

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	2016	2015	YoY
Statements of operations (CHF million)								
Net revenues	**490**	**571**	**555**	(14)	(12)	**2,223**	**2,661**	(16)
Provision for credit losses	**2**	**(4)**	**8**	–	(75)	**(6)**	**17**	–
Compensation and benefits	252	244	251	3	0	1,013	1,035	(2)
General and administrative expenses	143	167	147	(14)	(3)	569	546	4
Commission expenses	68	58	56	17	21	245	272	(10)
Goodwill impairment	0	0	756	–	(100)	0	756	(100)
Restructuring expenses	18	20	2	(10)	–	49	2	–
Total other operating expenses	229	245	961	(7)	(76)	863	1,576	(45)
Total operating expenses	**481**	**489**	**1,212**	(2)	(60)	**1,876**	**2,611**	(28)
Income/(loss) before taxes	**7**	**86**	**(665)**	(92)	–	**353**	**33**	–
Statement of operations metrics (%)								
Cost/income ratio	98.2	85.6	218.4	–	–	84.4	98.1	–
Net revenue detail (CHF million)								
Fixed income sales and trading	70	148	139	(53)	(50)	635	608	4
Equity sales and trading	340	339	379	0	(10)	1,314	1,872	(30)
Underwriting and advisory	115	115	80	0	44	402	292	38
Other revenues	(35)	(31)	(43)	13	(19)	(128)	(111)	15
Net revenues	**490**	**571**	**555**	**(14)**	**(12)**	**2,223**	**2,661**	**(16)**

Provision for credit losses

In 4Q16, Investment Banking recorded a net provision for credit losses of CHF 2 million, compared to a net release of provision of CHF 4 million in 3Q16 and a net provision for credit losses of CHF 8 million in 4Q15.

Total operating expenses

Total operating expenses of CHF 481 million decreased slightly compared to 3Q16, reflecting lower general and administrative expenses, offset by higher commission expenses and higher compensation and benefits. General and administrative expenses decreased 14% to CHF 143 million, mainly due to lower allocated corporate function costs. Compensation and benefits increased slightly to CHF 252 million, primarily driven by higher discretionary compensation expenses. Commission expenses increased 17% to CHF 68 million, mainly reflecting an adjustment relating to intercompany commission expenses charged by Global Markets. Adjusted total operating expenses of CHF 463 million were stable compared to 3Q16.

Compared to 4Q15, total operating expenses decreased 60%, mainly reflecting the absence of the goodwill impairment charge of CHF 756 million in 4Q15. General and administrative expenses decreased slightly, mainly due to lower litigation provisions and lower travel and entertainment expenses, partially offset by higher allocated corporate function costs. Compensation and benefits were stable, primarily reflecting lower deferred compensation from prior-year awards, offset by higher discretionary compensation expenses and higher salary expenses reflecting growth-related hires in the advisory, underwriting and financing businesses. Restructuring expenses increased CHF 16 million to CHF 18

million reflecting ongoing cost management initiatives. Adjusted total operating expenses increased slightly compared to 4Q15.

Global Markets

In 4Q16, Global Markets reported income before taxes of CHF 5 million and net revenues of CHF 1,265 million. Net revenues decreased 7% compared to 3Q16, reflecting a seasonal slowdown in client activity partially offset by improved performance in equities. For 2016, we reported income before taxes of CHF 48 million and net revenues of CHF 5,497 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported income before taxes of CHF 5 million and net revenues of CHF 1,265 million. Compared to 3Q16, net revenues decreased 7%, reflecting a 25% decline in solutions revenues and a 15% decline in credit revenues, partially offset by a 37% increase in equities revenues. Compared to 4Q15, net revenues increased 8%, primarily due to significant improvement across global credit products and securitized products, albeit from subdued levels, partially offset by lower equities and solutions performance. Revenues from our credit businesses increased 66%, solutions revenues decreased 18% and equities revenues declined 16%.

Total operating expenses of CHF 1,264 million were stable compared to 3Q16, as lower restructuring costs and reduced compensation and benefits were offset by increased commission expenses and higher costs related to our risk, regulatory and compliance infrastructure. Compared to 4Q15, total operating expenses decreased 72%, primarily due to the goodwill impairment charge incurred in 4Q15. Adjusted income before taxes was CHF 20 million in 4Q16, compared to CHF 146 million in 3Q16 and a loss of CHF 505 million in 4Q15.

2016 results

In 2016, we reported income before taxes of CHF 48 million and net revenues of CHF 5,497 million. Compared to 2015, net revenues declined 19%, as challenging trading conditions resulted in low levels of client activity. Equities revenues declined 20%, primarily due to lower systematic market making revenues given low volatility, lower prime services revenues as we resized our business model and reduced equity underwriting revenues. Credit revenues declined 18%, primarily due to a decline in securitized products revenues, reflecting a significant reduction in our risk and capital profile, partially offset by higher global credit products revenues, reflecting improved leveraged finance trading activity due to a significant rebound in US high yield and loan trading. Solutions revenues declined 19%, reflecting reduced equity derivatives performance given lower volatility, lower global macro products revenues given the exit of our European rates business and lower emerging markets revenues due to decreased structured products performance, partially offset by improved Brazil trading activity.

Total operating expenses were CHF 5,452 million, down 38% compared to 2015, reflecting the goodwill impairment of CHF 2,661 million in 2015. Adjusted total operating expenses of CHF 5,228 million decreased 9% compared to 2015, reflecting lower compensation and benefits and decreased costs related to our risk, regulatory and compliance infrastructure. Adjusted income before taxes was CHF 272 million in 2016, compared to CHF 1,057 million in 2015.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**1,265**	**1,357**	**1,170**	(7)	8	**5,497**	**6,826**	(19)
Provision for credit losses	**(4)**	**(5)**	**(4)**	(20)	0	**(3)**	**10**	–
Compensation and benefits	634	642	924	(1)	(31)	2,725	3,105	(12)
General and administrative expenses	475	466	667	2	(29)	2,001	2,322	(14)
Commission expenses	140	115	138	22	1	509	563	(10)
Goodwill impairment	0	0	2,661	–	(100)	0	2,661	(100)
Restructuring expenses	15	52	96	(71)	(84)	217	96	126
Total other operating expenses	630	633	3,562	0	(82)	2,727	5,642	(52)
Total operating expenses	**1,264**	**1,275**	**4,486**	(1)	(72)	**5,452**	**8,747**	(38)
Income/(loss) before taxes	**5**	**87**	**(3,312)**	(94)	–	**48**	**(1,931)**	–
Statement of operations metrics (%)								
Return on regulatory capital	0.3	2.5	(90.3)	–	–	0.4	(11.2)	–
Cost/income ratio	99.9	94.0	383.4	–	–	99.2	128.1	–
Economic risk capital and return								
Average economic risk capital (CHF million)	9,030	9,311	12,314	(3)	(27)	9,928	12,372	(20)
Pre-tax return on average economic risk capital (%) [1]	(0.2)	4.2	(106.8)	–	–	0.7	(14.9)	–
Number of employees (full-time equivalents)								
Number of employees	11,530	11,680	12,000	(1)	(4)	11,530	12,000	(4)

[1] Calculated using a return excluding interest costs for allocated goodwill.

Capital and leverage metrics

As of the end of 4Q16, we reported risk-weighted assets of USD 50.6 billion, below our end-2016 target of USD 60 billion. Risk weighted assets decreased 4% compared to 3Q16, primarily reflecting business reductions. Leverage exposure of USD 277.8 billion was below our end-2016 target of USD 290 billion. Leverage exposure decreased 6% compared to 3Q16, primarily reflecting business reductions. During 4Q16, certain derivative positions in the Strategic Resolution Unit received regulatory approval to apply updated capital models and as a result were transferred to our Global Markets division.

Divisional results (continued)

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenue detail (CHF million)								
Equities	445	324	529	37	(16)	1,839	2,295	(20)
Credit	612	719	369	(15)	66	2,463	2,996	(18)
Solutions	261	349	318	(25)	(18)	1,364	1,686	(19)
Other	(53)	(35)	(46)	51	15	(169)	(151)	12
Net revenues	**1,265**	**1,357**	**1,170**	(7)	8	**5,497**	**6,826**	(19)
Balance sheet statistics (CHF million, except where indicated)								
Total assets	239,700	245,492	234,276	(2)	2	239,700	234,276	2
Risk-weighted assets	51,713	51,127	62,838	1	(18)	51,713	62,838	(18)
Risk-weighted assets (USD)	50,556	52,741	63,527	(4)	(20)	50,556	63,527	(20)
Leverage exposure	284,143	286,694	276,656	(1)	3	284,143	276,656	3
Leverage exposure (USD)	277,787	295,744	279,691	(6)	(1)	277,787	279,691	(1)

Reconciliation of adjusted results

in	4Q16	3Q16	4Q15	2016	Global Markets 2015
Adjusted results (CHF million)					
Net revenues	**1,265**	**1,357**	**1,170**	**5,497**	**6,826**
Provision for credit losses	**(4)**	**(5)**	**(4)**	**(3)**	**10**
Total operating expenses	**1,264**	**1,275**	**4,486**	**5,452**	**8,747**
Goodwill impairment	0	0	(2,661)	0	(2,661)
Restructuring expenses	(15)	(52)	(96)	(217)	(96)
Major litigation provisions	0	(7)	(50)	(7)	(231)
Adjusted total operating expenses	**1,249**	**1,216**	**1,679**	**5,228**	**5,759**
Income/(loss) before taxes	**5**	**87**	**(3,312)**	**48**	**(1,931)**
Total adjustments	15	59	2,807	224	2,988
Adjusted income/(loss) before taxes	**20**	**146**	**(505)**	**272**	**1,057**
Adjusted return on regulatory capital (%)	0.7	4.1	(13.7)	2.0	6.7

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

RESULTS

Equities

In 4Q16, equities revenues of CHF 445 million increased 37% compared to 3Q16, reflecting improved operating conditions due to a rebound in volatility and increased volumes across regions following the US presidential election. Cash equities revenues increased, reflecting higher underwriting revenues, particularly in the Americas due to higher industry-wide initial public offerings (IPOs) volumes, and improved trading revenues due to higher volumes and client activity. Prime services revenues increased compared to 3Q16, primarily due to higher prime financing client activity. In addition, systematic market making revenues increased, albeit from subdued levels, reflecting improved volatility.

Compared to 4Q15, equities revenues declined 16%, primarily reflecting more challenging operating conditions, specifically a subdued volatility environment which negatively impacted client trading activity. Systematic market making revenues declined significantly, particularly in Europe, Middle East and Africa (EMEA), compared to more favorable market conditions in 4Q15. Prime services revenues decreased due to lower prime brokerage results given our resized business model. Cash equities revenues were lower primarily due to a decline in EMEA trading volumes, partially offset by improved underwriting revenues.

Credit

In 4Q16, credit revenues of CHF 612 million decreased 15%, compared to 3Q16 results, reflecting a seasonal slowdown in client activity across global credit products and securitized products. Global credit products trading revenues decreased, as reduced primary activity resulted in lower secondary revenues. Securitized products revenues decreased, due to a decline in non-agency and agency trading, reflecting a seasonal slowdown in client activity, partially offset by robust asset finance revenues. Underwriting revenues declined, reflecting lower investment grade industry wide issuance activity.

Compared to 4Q15, credit revenues increased 66%, reflecting more favorable market conditions, notably improved credit asset prices and volumes, lower volatility and significantly tightened US high yield spreads, which supported increased client activity. In 4Q15, results reflected reduced levels of client activity related to extreme credit market conditions, including widening in US high yield spreads and low levels of market liquidity, which adversely impacted our securitized products and global credit products franchises. Global credit products trading revenues significantly increased, albeit from subdued levels, primarily reflecting increased leveraged finance trading activity and improved corporate lending results. Underwriting revenues increased, reflecting higher leveraged loans and high yield issuance activity. In addition, securitized products trading revenues increased significantly, compared to subdued 4Q15 results which included the impact of mark-to-market losses in our non-agency and agency businesses.

Solutions

In 4Q16, solutions revenues of CHF 261 million decreased 25% compared to 3Q16, as lower Brazil trading activity in emerging markets and rates revenues were partially offset by improved equity derivatives performance. Emerging markets revenues declined due to lower asset prices following the US presidential election. Global macro products revenues declined, reflecting lower rates options and foreign exchange results due to reduced client activity. These declines were partially offset by improved revenues in equity derivatives, reflecting a resurgence of client activity across structured and flow derivatives and compared to challenging operating conditions in 3Q16.

Compared to 4Q15, solutions revenues decreased 18%, as lower equity derivatives and global macro products performance more than offset improved operating conditions in emerging markets. Equity derivatives revenues declined, reflecting low levels of volatility, which negatively impacted flow and structured derivatives. In addition, global macro products revenues declined, reflecting the exit of our European rates business as we resized the franchise. These declines were partially offset by improved emerging markets revenues, reflecting higher trading activity in Brazil.

Provision for credit losses

Global markets recorded a release of provision for credit losses of CHF 4 million in 4Q16, CHF 5 million in 3Q16 and CHF 4 million in 4Q15.

Total operating expenses

In 4Q16, total operating expenses of CHF 1,264 million were stable compared to 3Q16, as lower restructuring costs and reduced compensation and benefits were offset by higher commission expenses and higher general administrative expenses. The decrease in compensation and benefits was primarily driven by lower discretionary compensation and salary expenses. The increase in general and administrative expenses was primarily driven by increased costs related to our risk, regulatory and compliance infrastructure. 4Q16 included a non-recurring settlement charge of CHF 40 million relating to former employees of the US pension plan.

Compared to 4Q15, total operating expenses decreased 72%, primarily reflecting the goodwill impairment charge of CHF 2,661 million incurred in 4Q15. Adjusted total operating expenses decreased 26%, reflecting decreased compensation and benefits and lower general and administrative expenses. The decrease in compensation and benefits was driven by lower discretionary compensation, reduced deferred compensation from prior-year awards and lower salary expenses. General and administrative expenses declined, primarily due to lower costs related to our risk, regulatory and compliance infrastructure.

Investment Banking & Capital Markets

In 4Q16, Investment Banking & Capital Markets reported income before taxes of CHF 149 million and net revenues of CHF 574 million. Net revenues increased 37% compared to 4Q15, outperforming the industry-wide fee pool which was up 2%. For 2016, we reported income before taxes of CHF 261 million and net revenues of CHF 1,972 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported income before taxes of CHF 149 million, an increase compared to 3Q16, primarily due to higher net revenues. Net revenues of CHF 574 million increased 23%, due to higher revenues from advisory and other fees and equity underwriting, partially offset by lower revenues from debt underwriting. Total operating expenses of CHF 425 million decreased 3%, driven by lower restructuring expenses and general and administrative expenses, partially offset by higher compensation and benefits.

In 4Q16, we reported income before taxes of CHF 149 million compared to a loss of CHF 477 million in 4Q15, which reflected a goodwill impairment charge of CHF 380 million. Net revenues increased 37%, primarily driven by higher debt underwriting revenues, partially offset by lower advisory and other fees and lower equity underwriting revenues. Total operating expenses decreased 53%, primarily reflecting the goodwill impairment charge in 4Q15. Adjusted income before taxes was CHF 143 million in 4Q16, compared to CHF 54 million in 3Q16 and a loss of CHF 75 million in 4Q15.

2016 results

In 2016, we reported income before taxes of CHF 261 million and net revenues of CHF 1,972 million. Net revenues increased 10% compared to 2015. Debt underwriting revenues of CHF 934 million increased 15% on higher leveraged finance and derivatives financing revenues and significant mark-to-market losses related to our underwriting commitments in 2015. Advisory and other fees of CHF 849 million increased 14%, mainly reflecting higher revenues from completed M&A transactions. Equity underwriting revenues of CHF 312 million decreased 17%, reflecting a decrease in the industry-wide fee pool for IPOs and follow-on offerings.

Total operating expenses of CHF 1,691 million decreased 20%, primarily due to the goodwill impairment charge of CHF 380 million incurred in 2015, and lower deferred compensation expense. These decreases were partially offset by a higher discretionary compensation accrual, market-based salary increases and higher restructuring expenses. Adjusted income before taxes was CHF 289 million in 2016, compared to CHF 88 million in 2015.

Capital and leverage metrics

As of the end of 4Q16, we reported risk-weighted assets of USD 17.6 billion, a decrease of USD 1.0 billion compared to the end of 3Q16, mainly driven by a reduction in underwriting activity and reductions in the corporate derivatives portfolio. Leverage exposure was USD 44.6 billion, reflecting a decrease of USD 1.1 billion compared to the end of 3Q16, driven by reduced underwriting exposure.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**574**	**467**	**420**	23	37	**1,972**	**1,787**	10
Provision for credit losses	**0**	**(9)**	**0**	100	–	**20**	**0**	–
Compensation and benefits	329	313	367	5	(10)	1,237	1,265	(2)
General and administrative expenses	101	109	128	(7)	(21)	424	432	(2)
Commission expenses	1	0	0	–	–	2	2	0
Goodwill impairment	0	0	380	–	(100)	0	380	(100)
Restructuring expenses	(6)	15	22	–	–	28	22	27
Total other operating expenses	96	124	530	(23)	(82)	454	836	(46)
Total operating expenses	**425**	**437**	**897**	(3)	(53)	**1,691**	**2,101**	(20)
Income/(loss) before taxes	**149**	**39**	**(477)**	282	–	**261**	**(314)**	–
Statement of operations metrics (%)								
Return on regulatory capital	22.9	6.1	(85.4)	–	–	10.7	(15.4)	–
Cost/income ratio	74.0	93.6	213.6	–	–	85.8	117.6	–
Economic risk capital and return								
Average economic risk capital (CHF million)	5,030	4,762	4,032	6	25	4,652	3,717	25
Pre-tax return on average economic risk capital (%) [1]	11.3	3.3	(47.3)	–	–	5.5	(8.4)	–
Number of employees (full-time equivalents)								
Number of employees	3,090	2,910	2,810	6	10	3,090	2,810	10

[1] Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenue detail (CHF million)								
Advisory and other fees	268	161	276	66	(3)	849	748	14
Debt underwriting	228	239	138	(5)	65	934	809	15
Equity underwriting	99	74	102	34	(3)	312	376	(17)
Other	(21)	(7)	(96)	200	(78)	(123)	(146)	(16)
Net revenues	**574**	**467**	**420**	23	37	**1,972**	**1,787**	10
Balance sheet statistics (CHF million, except where indicated)								
Total assets	20,784	19,931	18,712	4	11	20,784	18,712	11
Risk-weighted assets	18,027	18,019	16,150	0	12	18,027	16,150	12
Risk-weighted assets (USD)	17,624	18,588	16,327	(5)	8	17,624	16,327	8
Leverage exposure	45,571	44,240	40,898	3	11	45,571	40,898	11
Leverage exposure (USD)	44,552	45,636	41,347	(2)	8	44,552	41,347	8

Reconciliation of adjusted results

in	4Q16	3Q16	4Q15	Investment Banking & Capital Markets 2016	2015
Adjusted results (CHF million)					
Net revenues	**574**	**467**	**420**	**1,972**	**1,787**
Provision for credit losses	**0**	**(9)**	**0**	**20**	**0**
Total operating expenses	**425**	**437**	**897**	**1,691**	**2,101**
Goodwill impairment	0	0	(380)	0	(380)
Restructuring expenses	6	(15)	(22)	(28)	(22)
Adjusted total operating expenses	**431**	**422**	**495**	**1,663**	**1,699**
Income/(loss) before taxes	**149**	**39**	**(477)**	**261**	**(314)**
Total adjustments	(6)	15	402	28	402
Adjusted income/(loss) before taxes	**143**	**54**	**(75)**	**289**	**88**
Adjusted return on regulatory capital (%)	22.0	8.6	(13.8)	11.9	4.6

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

RESULTS

Advisory and other fees

In 4Q16, revenues from advisory and other fees of CHF 268 million increased 66% compared to 3Q16, as higher revenues from completed M&A transactions and an increase in our share of wallet offset a decrease in the overall fee pool. Share of wallet refers to our share of the industry-wide fee pool for the respective products.

Compared to 4Q15, revenues decreased 3%, in line with the decrease in the industry-wide fee pool.

Debt underwriting

In 4Q16, debt underwriting revenues of CHF 228 million decreased 5% compared to 3Q16, driven by lower leveraged finance and investment grade underwriting revenues, partially offset by higher derivatives financing revenues.

Compared to 4Q15, revenues increased 65%, driven by higher leveraged finance revenues and significant mark-to-market losses in 4Q15 related to our underwriting commitments.

Equity underwriting

In 4Q16, revenues from equity underwriting of CHF 99 million increased 34% compared to 3Q16, primarily driven by higher revenues from IPOs and follow-on offerings.

Compared to 4Q15, revenues decreased 3%, driven by lower revenues from rights offerings, partially offset by higher revenues from IPOs.

Provision for credit losses

In 4Q16 and 4Q15, we did not record a provision for credit losses. In 3Q16, we recorded a release of provision for credit losses of CHF 9 million, reflecting continued stabilization in the energy sector.

Total operating expenses

Total operating expenses of CHF 425 million decreased 3% compared to 3Q16, driven by lower restructuring and general and administrative expenses, partially offset by higher compensation and benefits. 4Q16 included a non-recurring settlement charge of CHF 17 million relating to former employees of the US pension plan. General and administrative expenses of CHF 101 million decreased 7%, driven by lower allocated corporate function costs. Compensation and benefits of CHF 329 million increased 5%, reflecting the US pension plan settlement.

Compared to 4Q15, total operating expenses decreased 53%, primarily reflecting the CHF 380 million goodwill impairment charge incurred in 2015. Compensation and benefits decreased 10%, primarily driven by lower deferred compensation expenses from prior year awards and lower discretionary compensation expenses. General and administrative expenses declined 21%, reflecting lower costs across most general and administrative-related expense categories. Total adjusted operating expenses decreased 13% compared to 4Q15.

Global advisory and underwriting revenues

The Group's global advisory and underwriting business operates across multiple business divisions that work in close collaboration with each other to generate these revenues. In order to reflect the global performance and capabilities of this business and for enhanced comparability versus its peers, the following table aggregates total advisory and underwriting revenues for the Group into a single metric in US dollar terms before cross-divisional revenue sharing agreements.

			in	% change	
	4Q16	3Q16	4Q15	QoQ	YoY
Global advisory and underwriting revenues (USD million)					
Global advisory and underwriting revenues	1,042	945	790	10	32
of which advisory and other fees	310	209	299	48	4
of which debt underwriting	498	552	274	(10)	82
of which equity underwriting	234	184	217	27	8

Strategic Resolution Unit

In 4Q16, the Strategic Resolution Unit reported a loss before taxes of CHF 2,595 million, including significant litigation provisions of CHF 2,088 million primarily related to the RMBS settlement. The division decreased its risk-weighted assets by USD 10.5 billion and its leverage exposure by USD 15.2 billion. For 2016, we reported a loss before taxes of CHF 5,459 million.

RESULTS SUMMARY

4Q16 results

In 4Q16, we reported a loss before taxes of CHF 2,595 million compared to losses of CHF 852 million in 3Q16 and CHF 1,322 million in 4Q15. In 4Q16, we reported an adjusted loss before taxes of CHF 521 million, compared to adjusted losses of CHF 513 million in 3Q16 and CHF 911 million in 4Q15.

We reported negative net revenues of CHF 202 million in 4Q16, driven by overall funding costs and exit costs, partially offset by revenues from the legacy cross-border and small markets businesses. Total operating expenses of CHF 2,365 million in 4Q16 included significant litigation provisions of CHF 2,088 million primarily related to the settlement with the DOJ regarding our legacy RMBS business.

2016 results

We reported a loss before taxes of CHF 5,459 million, including significant litigation provisions of CHF 2,492 million, primarily related to the RMBS settlement, compared to a loss before taxes of CHF 2,652 million in 2015. In 2016, we reported an adjusted loss before taxes of CHF 2,943 million, compared to an adjusted loss of CHF 2,206 million in 2015.

Negative net revenues of CHF 1,271 million in 2016 were driven by overall funding costs, valuation adjustments and exit costs, partially offset by revenues from the legacy cross-border and small markets businesses. Valuation adjustments in 2016 primarily reflected mark-to-market losses on the legacy investment banking portfolio, including our distressed credit and emerging markets loan portfolio. Net revenues decreased CHF 1,782 million compared to 2015, primarily driven by lower revenues from restructuring of select onshore businesses and higher funding costs. Provision for credit losses was CHF 111 million in 2016 compared to CHF 137 million in 2015. Total operating expenses were CHF 4,077 million in 2016, including CHF 3,290 million of general and administrative expenses, of which CHF 2,492 million were litigation provisions, primarily relating to the RMBS settlement and CHF 612 million of compensation and benefits. In 2016, we reported adjusted total operating expenses of CHF 1,563 million, compared to CHF 2,580 million in 2015.

Divisional results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Net revenues	**(202)**	**(165)**	**(126)**	22	60	**(1,271)**	**511**	–
of which from noncontrolling interests without significant economic interest	0	11	20	(100)	(100)	27	11	145
Provision for credit losses	**28**	**5**	**100**	460	(72)	**111**	**137**	(19)
Compensation and benefits	106	134	259	(21)	(59)	612	1,168	(48)
General and administrative expenses	2,254	514	640	339	252	3,290	1,539	114
of which litigation provisions	2,088	334	294	–	–	2,492	417	498
Commission expenses	4	13	41	(69)	(90)	54	163	(67)
Restructuring expenses	1	21	156	(95)	(99)	121	156	(22)
Total other operating expenses	2,259	548	837	312	170	3,465	1,858	86
Total operating expenses	**2,365**	**682**	**1,096**	247	116	**4,077**	**3,026**	35
of which from noncontrolling interests without significant economic interest	2	7	5	(71)	(60)	23	22	5
Loss before taxes	**(2,595)**	**(852)**	**(1,322)**	205	96	**(5,459)**	**(2,652)**	106
of which from noncontrolling interests without significant economic interest	(2)	4	15	–	–	4	(11)	–
Number of employees (full-time equivalents)								
Number of employees	1,830	1,840	3,200	(1)	(43)	1,830	3,200	(43)

Capital and leverage metrics

As of the end of 4Q16, we reported risk-weighted assets of USD 44.4 billion, a decrease of USD 10.5 billion and USD 28.8 billion compared to the end of 3Q16 and 4Q15, respectively. Leverage exposure was USD 103.4 billion as of the end of 4Q16, reflecting a decrease of USD 15.2 billion and USD 67.0 billion compared to the end of 3Q16 and 4Q15, respectively. In 4Q16, risk-weighted assets and leverage exposure reductions were achieved through a broad range of transactions, including the sale of loan portfolios, and a large number of unwinds and compressions across global macro products and credit derivative products.

In 4Q16, certain derivative positions in the Strategic Resolution Unit received regulatory approval to apply updated capital models and as a result were transferred to our Global Markets division. Additionally, the division completed the sale to an institutional investor of a significant portfolio of senior loans to certain global private equity and asset management companies and the Global Markets division entered into a co-investment agreement with such institutional investor. Pursuant to the terms of this transaction, Global Markets will, among other things, originate new loan facilities and hold a minority interest in the transferred loans and any newly originated facilities. The combined impact on risk-weighted assets and leverage exposure for Global Markets was USD 3 billion and USD 8 billion, respectively.

Divisional results (continued)

			in	% change			in	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Net revenue detail (CHF million)								
Restructuring of select onshore businesses	9	16	178	(44)	(95)	154	757	(80)
Legacy cross-border and small markets businesses	41	46	68	(11)	(40)	194	291	(33)
Restructuring of former Asset Management division	(34)	2	(64)	–	(47)	(90)	(109)	(17)
Legacy investment banking portfolio	(154)	(171)	(282)	(10)	(45)	(1,253)	(281)	346
Legacy funding costs	(69)	(75)	(68)	(8)	1	(315)	(251)	25
Other	5	6	22	(17)	(77)	12	93	(87)
Noncontrolling interests without significant economic interest	0	11	20	(100)	(100)	27	11	145
Net revenues	**(202)**	**(165)**	**(126)**	22	60	**(1,271)**	**511**	–
Balance sheet statistics (CHF million)								
Total assets	80,297	77,581	100,823	4	(20)	80,297	100,823	(20)
Risk-weighted assets	45,441	53,268	72,424	(15)	(37)	45,441	72,424	(37)
Risk-weighted assets (USD)	44,425	54,949	73,218	(19)	(39)	44,425	73,218	(39)
Leverage exposure	105,768	115,008	168,544	(8)	(37)	105,768	168,544	(37)
Leverage exposure (USD)	103,402	118,638	170,393	(13)	(39)	103,402	170,393	(39)

Reconciliation of adjusted results

					Strategic Resolution Unit
in	**4Q16**	3Q16	4Q15	**2016**	2015
Adjusted results (CHF million)					
Net revenues	**(202)**	**(165)**	**(126)**	**(1,271)**	**511**
Real estate gains	(4)	0	0	(4)	0
Losses on business sales	2	0	0	6	0
Adjusted net revenues	**(204)**	**(165)**	**(126)**	**(1,269)**	**511**
Provision for credit losses	**28**	**5**	**100**	**111**	**137**
Total operating expenses	**2,365**	**682**	**1,096**	**4,077**	**3,026**
Restructuring expenses	(1)	(21)	(156)	(121)	(156)
Major litigation provisions	(2,075)	(318)	(255)	(2,393)	(290)
Adjusted total operating expenses	**289**	**343**	**685**	**1,563**	**2,580**
Loss before taxes	**(2,595)**	**(852)**	**(1,322)**	**(5,459)**	**(2,652)**
Total adjustments	2,074	339	411	2,516	446
Adjusted loss before taxes	**(521)**	**(513)**	**(911)**	**(2,943)**	**(2,206)**

Adjusted results are non-GAAP financial measures. Refer to "Adjusted results" in the Appendix for further information.

RESULTS

Net revenues

We reported negative net revenues of CHF 202 million in 4Q16 compared to negative net revenues of CHF 165 million in 3Q16 and CHF 126 million in 4Q15. Compared to 3Q16, the movement was primarily driven by lower fees and commissions and exit costs relating to the restructuring of our former Asset Management division. Compared to 4Q15, the movement was primarily driven by lower revenues from the restructuring of select onshore businesses, in particular the transfer of our US private banking business, which was announced in October 2015, and higher overall funding costs, partially offset by lower negative valuation adjustments on the legacy investment banking portfolio. Valuation adjustments in 4Q16 primarily reflected mark-to-market losses on the legacy investment banking portfolio, including our distressed credit and emerging markets loan portfolio.

Provision for credit losses

In 4Q16, there was a provision for credit losses of CHF 28 million, primarily reflecting an increase in provisions relating to ship finance transactions. This compares to a provision for credit losses of CHF 5 million in 3Q16 and a provision for credit losses of CHF 100 million in 4Q15, the latter primarily related to the restructuring of select onshore businesses.

Total operating expenses

Total operating expenses of CHF 2,365 million increased CHF 1,683 million compared to 3Q16, reflecting significant litigation provisions of CHF 2,088 million primarily related to the RMBS settlement, partially offset by lower restructuring and compensation-related expenses as a result of various cost reduction initiatives. Compared to 4Q15, total operating expenses increased CHF 1,269 million, primarily driven by higher litigation provisions reflecting the RMBS settlement, partially offset by lower restructuring expenses and compensation and benefits, primarily due to the transfer of our US private banking business, and the further wind down of our legacy investment banking business. Total operating expenses in 4Q16 included costs of CHF 47 million to meet requirements related to the settlements with US authorities regarding US cross-border matters. Adjusted total operating expenses were CHF 289 million in 4Q16, compared to CHF 343 million in 3Q16 and CHF 685 million in 4Q15, a decline of 16% and 58%, respectively.

Corporate Center

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. It also includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Corporate Center results

			in / end of		% change		in / end of	% change
	4Q16	3Q16	4Q15	QoQ	YoY	**2016**	2015	YoY
Statements of operations (CHF million)								
Treasury results	(75)	68	(115)	–	(35)	(160)	69	–
Fair value gains/(losses) from movements in own credit spreads [1]	0	0	(697)	–	100	0	298	(100)
Other	59	4	64	–	(8)	231	194	19
Net revenues	**(16)**	**72**	**(748)**	–	(98)	**71**	**561**	(87)
Provision for credit losses	**0**	**0**	**(2)**	–	100	**(1)**	**(1)**	0
Compensation and benefits	122	185	134	(34)	(9)	277	351	(21)
General and administrative expenses	101	89	142	13	(29)	399	465	(14)
Commission expenses	32	5	31	–	3	76	46	65
Restructuring expenses	7	0	0	–	–	7	0	–
Total other operating expenses	140	94	173	49	(19)	482	511	(6)
Total operating expenses	**262**	**279**	**307**	(6)	(15)	**759**	**862**	(12)
Loss before taxes	**(278)**	**(207)**	**(1,053)**	34	(74)	**(687)**	**(300)**	129
Expense allocation to divisions (CHF million)								
Compensation and benefits	719	745	742	(3)	(3)	2,571	2,571	0
General and administrative expenses	771	706	1,017	9	(24)	2,978	3,439	(13)
Commission expenses	32	5	31	–	3	76	46	65
Restructuring expenses	24	26	106	(8)	(77)	166	106	57
Total other operating expenses	827	737	1,154	12	(28)	3,220	3,591	(10)
Total operating expenses before allocation to divisions	**1,546**	**1,482**	**1,896**	4	(18)	**5,791**	**6,162**	(6)
Net allocation to divisions	1,284	1,203	1,589	7	(19)	5,032	5,300	(5)
of which Swiss Universal Bank	279	239	377	17	(26)	1,021	1,217	(16)
of which International Wealth Management	210	195	235	8	(11)	789	798	(1)
of which Asia Pacific	161	185	170	(13)	(5)	669	648	3
of which Global Markets	444	397	522	12	(15)	1,732	1,698	2
of which Investment Banking & Capital Markets	72	70	85	3	(15)	279	262	6
of which Strategic Resolution Unit	118	117	200	1	(41)	542	677	(20)
Total operating expenses	**262**	**279**	**307**	(6)	(15)	**759**	**862**	(12)
Balance sheet statistics (CHF million)								
Total assets	62,385	62,007	64,621	1	(3)	62,385	64,621	(3)
Risk-weighted assets [2]	17,338	16,756	18,467	3	(6)	17,338	18,467	(6)
Leverage exposure [2]	59,374	59,154	63,090	0	(6)	59,374	63,090	(6)

[1] We early adopted certain sections of ASU 2016-01 which require that changes in fair value relating to the instrument-specific credit risk of fair value option-elected financial liabilities be presented separately in accumulated other comprehensive income. Therefore, fair value gains or losses from movements in own credit spreads are no longer recorded in the Corporate Center beginning in 1Q16.

[2] Disclosed on a look-through basis.

Corporate services and business support, including in finance, human resources, legal, compliance, risk management and IT, are provided by corporate functions and the related costs are allocated to the segments and the Corporate Center based on their requirements and other relevant measures. Beginning in 4Q16, responsibility for the management of certain segment-specific IT infrastructure and operations costs was transferred directly to the segments resulting in lower expense allocations from the Corporate Center to the segments. Prior periods for Corporate Center-related expense allocations have been restated to conform to the current presentation.

4Q16 results

In 4Q16, Corporate Center recorded a loss before taxes of CHF 278 million compared to CHF 207 million in 3Q16 and CHF 1,053 million in 4Q15. Compensation and benefits mainly reflected fair value adjustments on certain deferred compensation plans not allocated to the segments and, following their final allocation in 3Q16, certain deferred compensation retention awards relating to Global Markets and Investment Banking & Capital Markets, which are intended to support the restructuring of the Group through the end of 2017. General and administrative expenses primarily reflected costs associated with the evolution of our legal entity structure to meet developing and future regulatory requirements. Other revenues include required elimination adjustments associated with trading in own shares.

2016 results

In 2016, Corporate Center recorded a loss before taxes of CHF 687 million compared to CHF 300 million in 2015. Compensation and benefits mainly reflected fair value adjustments on certain deferred compensation plans not allocated to the segments and certain deferred compensation retention awards relating to Global Markets and Investment Banking & Capital Markets, which are intended to support the restructuring of the Group through the end of 2017. General and administrative expenses primarily reflected costs associated with the evolution of our legal entity structure to meet developing and future regulatory requirements. Other revenues include required elimination adjustments associated with trading in own shares.

Assets under management

As of the end of 4Q16, assets under management were CHF 1,252.5 billion, stable compared to the end of 3Q16. As of the end of 2016, assets under management were 3.2% higher compared to the end of 2015, with net asset inflows of CHF 27.8 billion.

Assets under management

			end of	% change	
	4Q16	3Q16	4Q15	QoQ	YoY
Assets under management (CHF billion)					
Swiss Universal Bank - Private Banking	242.9	244.5	241.0	(0.7)	0.8
Swiss Universal Bank - Corporate & Institutional Banking	288.6	284.6	275.8	1.4	4.6
International Wealth Management - Private Banking	323.2	311.4	289.6	3.8	11.6
International Wealth Management - Asset Management	321.6	324.3	321.3	(0.8)	0.1
Asia Pacific - Private Banking	168.3	169.0	150.4	(0.4)	11.9
Strategic Resolution Unit	13.7	17.8	27.3	(23.0)	(49.8)
Assets managed across businesses [1]	(105.8)	(96.4)	(91.3)	9.8	15.9
Assets under management	**1,252.5**	**1,255.2**	**1,214.1**	**(0.2)**	**3.2**
of which discretionary assets	404.2	411.2	410.1	(1.7)	(1.4)
of which advisory assets	848.3	844.0	804.0	0.5	5.5

[1] Represents assets managed by Asset Management within International Wealth Management for the other businesses.

Net new assets

in	4Q16	3Q16	4Q15	2016	2015
Net new assets (CHF billion)					
Swiss Universal Bank – Private Banking	(3.5)	0.2	(2.9)	(1.7)	3.2
Swiss Universal Bank – Corporate & Institutional Banking	2.5	(1.2)	4.2	4.3	10.6
International Wealth Managment – Private Banking	0.4	4.4	(4.2)	15.6	(3.0)
International Wealth Managment – Asset Management [1]	(4.4)	5.0	3.6	5.6	26.5
Asia Pacific – Private Banking	0.7	4.6	3.0	14.6	17.8
Strategic Resolution Unit	(2.9)	(1.9)	(2.3)	(8.5)	(4.0)
Assets managed across businesses [2]	0.5	0.8	0.7	(2.1)	(4.2)
Net new assets	**(6.7)**	**11.9**	**2.1**	**27.8**	**46.9**

[1] Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

[2] Represents assets managed by Asset Management within International Wealth Management for the other businesses.

4Q16 results

As of the end of 4Q16, we reported assets under management of CHF 1,252.5 billion, a decrease of CHF 2.7 billion compared to the end of 3Q16. The decrease was primarily due to unfavorable market movements and net asset outflows of CHF 6.7 billion, partially offset by favorable foreign exchange-related movements.

Net asset outflows of CHF 6.7 billion in 4Q16 were primarily driven by money market outflows from an emerging market joint venture in the Asset Management business of International Wealth Management, outflows due to terminated relationships with certain external asset managers and the regularization of client assets in the Private Banking business of Swiss Universal Bank and outflows due to the wind-down of operations in the Strategic Resolution Unit.

2016 results

As of the end of 2016, assets under management were CHF 1,252.5 billion, an increase of CHF 38.4 billion compared to the end of 2015. The increase was mainly driven by net new assets of CHF 27.8 billion, favorable foreign exchange-related and market movements, partially offset by structural effects, mainly from an adjustment of assets under management reported for multi-asset class solutions in 1Q16 in the Asset Management business of International Wealth Management and the exit of certain markets in the Strategic Resolutions Unit.

Net new assets of CHF 27.8 billion in 2016 were mainly driven by inflows from emerging markets and Europe in the Private Banking business of International Wealth Management and inflows primarily

from Greater China and Australia in the Private Banking business of Asia Pacific, partially offset by outflows related to the wind-down of operations in the Strategic Resolution Unit. See "- Swiss Universal Bank", "- International Wealth Management" and "- Asia Pacific".

Additional financial metrics

Balance sheet

As of the end of 4Q16, total assets of CHF 819.8 billion increased 2% compared to 3Q16, reflecting the foreign exchange translation impact, partially offset by a decrease in operating activities. Excluding the foreign exchange translation impact, total assets decreased CHF 13.4 billion.

Range of reasonably possible losses related to certain legal proceedings

The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for certain proceedings for which the Group believes an estimate is possible was zero to CHF 1.4 billion as of the end of 4Q16.

Total shareholders' equity

Credit Suisse's total shareholders' equity decreased from CHF 44.3 billion as of the end of 3Q16 to CHF 42.2 billion as of the end of 4Q16. Total shareholders' equity was negatively impacted by a net loss attributable to shareholders and losses on fair value elected liabilities relating to credit risk. These movements were partially offset by positive foreign exchange-related movements on cumulative translation adjustments and an increase in the share-based compensation obligation.

Liquidity coverage ratio

Our average liquidity coverage ratio was 202% for 4Q16. The ratio reflects a conservative liquidity position leading up to the final settlement with the DOJ related to our legacy RMBS business and our efforts to ensure that Group entities meet applicable local liquidity requirements.

Capital metrics

The CET1 ratio was 13.6% as of the end of 4Q16 compared to 14.1% as of the end of 3Q16, reflecting lower CET1 capital and slightly lower risk-weighted assets. Credit Suisse's tier 1 ratio was 18.1% as of the end of 4Q16 compared to 18.3% as of the end of 3Q16. The total capital ratio was 20.6% as of the end of 4Q16 compared to 20.8% as of the end of 3Q16.

CET1 capital was CHF 36.9 billion as of the end of 4Q16 compared to CHF 38.6 billion as of the end of 3Q16, mainly reflecting the net loss attributable to shareholders and a net regulatory impact of losses on fair-valued financial liabilities due to changes in our own credit risk, partially offset by a positive foreign exchange impact and the net effect of share-based compensation.

Total eligible capital was CHF 56.0 billion as of the end of 4Q16 compared to CHF 57.0 billion as of the end of 3Q16, reflecting decreases in CET1 capital and tier 2 capital, partially offset by an increase in additional tier 1 capital.

Risk-weighted assets decreased 1% to CHF 271.4 billion as of the end of 4Q16 compared to CHF 273.8 billion as of the end of 3Q16, primarily driven by movements in risk levels, primarily in credit risk, partially offset by increases resulting from the foreign exchange impact.

As of the end of 4Q16, the look-through CET1 ratio was 11.6% compared to 12.0% as of the end of 3Q16. The RMBS settlement had a negative impact of approximately 90 basis points on our 4Q16 look-through CET1 ratio, reflecting the litigation provision of approximately USD 2 billion and an increase in operational risk of approximately CHF 0.7 billion, both in 4Q16.

Leverage metrics

The Bank for International Settlements (BIS) tier 1 leverage ratio was 5.1% as of the end of 4Q16, with a BIS CET1 component of 3.9%. On a look-through basis, the BIS tier 1 leverage ratio was 4.4% as of the end of 4Q16, with a BIS CET1 component of 3.3%. The RMBS settlement had a negative impact of approximately 20 basis points on our 4Q16 look-through CET1 leverage ratio, reflecting the litigation provision of approximately USD 2 billion in 4Q16.

The look-through leverage exposure was CHF 950.8 billion as of the end of 4Q16.

BIS capital and leverage metrics

	Phase-in			Look-through		
end of	**4Q16**	3Q16	4Q15	**4Q16**	3Q16	4Q15
Capital metrics (%, except where indicated)						
Risk-weighted assets (CHF billion)	271.4	273.8	295.0	268.0	270.5	289.9
CET1 ratio	13.6	14.1	14.3	11.6	12.0	11.4
Tier 1 ratio	18.1	18.3	18.0	15.7	16.0	15.4
Total capital ratio	20.6	20.8	21.3	17.6	17.8	17.7
Leverage metrics (%, except where indicated)						
Leverage exposure (CHF billion)	957.1	955.0	993.5	950.8	948.7	987.6
CET1 leverage ratio	3.9	4.0	4.2	3.3	3.4	3.3
Tier 1 leverage ratio	5.1	5.2	5.3	4.4	4.6	4.5

Refer to the Appendix for additional information on BIS and Swiss capital and leverage metrics.

Important information

The Group has not finalized its 2016 Annual Report and the Group's independent registered public accounting firm has not completed its audit of the consolidated financial statements for the period. Accordingly, the financial information contained in this Earnings Release is subject to completion of year-end procedures, which may result in changes to that information. Certain reclassifications have been made to prior periods to conform to the current presentation.

For purposes of this Earnings Release, unless the context otherwise requires, the terms "Credit Suisse" and "the Group" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the direct bank subsidiary of the Group, is substantially similar to the Group, and these terms are used to refer to both when the subject is the same or substantially similar. The term "the Bank" is used when referring to Credit Suisse AG and its consolidated subsidiaries.

Information referenced in this Earnings Release, whether via website links or otherwise, is not incorporated into this Earnings Release.

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. Beginning in 2015, the Swiss leverage ratio is calculated as Swiss total eligible capital, divided by period-end leverage exposure. The look-through BIS tier 1 leverage ratio and CET1 leverage ratio are calculated as look-through BIS tier 1 capital and CET1 capital, respectively, divided by end-period leverage exposure.

Return on regulatory capital is calculated using income after tax and assumes a tax rate of 30% and capital allocated based on the worst of return on 10% of average risk-weighted assets and return on 3.5% of average leverage exposure. For Global Markets and Investment Banking & Capital Markets, return on regulatory capital is based on US dollar denominated numbers.

Cost reduction program is measured on constant FX rates and based on expense run rate excluding major litigation expenses, restructuring costs and goodwill impairment incurred, but including other costs to achieve savings.

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.

A summary document containing a more detailed description of the option to receive the distribution in new shares will be made available to shareholders of Credit Suisse Group on or around March 24, 2017. The conditions for the exercise of the scrip alternative, including possible restrictions to its availability to some Credit Suisse Group shareholders, will be specified in such summary document. This Earnings Release does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, securities of Credit Suisse Group nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor. This Earnings Release does not constitute a prospectus within the meaning of any applicable law. Eligible shareholders should make their decision to receive a cash distribution or to receive new shares of Credit Suisse Group as part of the 2016 distribution solely based on the terms and conditions of the 2016 distribution and the additional information contained in the relevant

documents, which will be available upon publication of the invitation to the 2017 Annual General Meeting. This Earnings Release does not constitute a recommendation to shareholders to elect to receive new shares of Credit Suisse Group as part of the 2016 distribution. Eligible shareholders are furthermore advised to consult their bank, tax or financial adviser before making any decision.

The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions which is discussed above relates only to those proceedings for which the Group believes an estimate is possible and which are discussed in Note 39 to the Consolidated Financial Statements in the Group's Annual Report on Form 20-F and updated in its quarterly reports (including the Group's Annual Report on Form 20-F that is scheduled to be released on March 24, 2017). It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. For additional details, see Note 39 to the Consolidated Financial Statements in the Group's Annual Report on Form 20-F and the litigation note in each of its quarterly Financial Reports.

Investors and others should note that we announce material information (including quarterly earnings releases and financial reports) to the investing public using press releases, SEC and Swiss ad hoc filings, our website and public conference calls and webcasts. We intend to also use our Twitter account @creditsuisse (https://twitter.com/creditsuisse) to excerpt key messages from our public disclosures, including earnings releases. We may retweet such messages through certain of our regional Twitter accounts, including @csschweiz (https://twitter.com/csschweiz) and @csapac (https://twitter.com/csapac). Investors and others should take care to consider such abbreviated messages in the context of the disclosures from which they are excerpted. The information we post on these Twitter accounts is not a part of this Earnings Release.

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

Appendix

Overview of Results

in / end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	**Core Results**	Strategic Resolution Unit	**Credit Suisse**
4Q16 (CHF million)									
Net revenues	**1,399**	**1,299**	**862**	**1,265**	**574**	**(16)**	**5,383**	**(202)**	**5,181**
Provision for credit losses	**34**	**6**	**11**	**(4)**	**0**	**0**	**47**	**28**	**75**
Compensation and benefits	497	565	429	634	329	122	2,576	106	2,682
Total other operating expenses	486	397	319	630	96	140	2,068	2,259	4,327
of which general and administrative expenses	416	318	219	475	101	101	1,630	2,254	3,884
of which restructuring expenses	(3)	16	19	15	(6)	7	48	1	49
Total operating expenses	**983**	**962**	**748**	**1,264**	**425**	**262**	**4,644**	**2,365**	**7,009**
Income/(loss) before taxes	**382**	**331**	**103**	**5**	**149**	**(278)**	**692**	**(2,595)**	**(1,903)**
Return on regulatory capital (%)	12.2	27.0	7.6	0.3	22.9	–	6.6	–	(16.0)
Cost/income ratio (%)	70.3	74.1	86.8	99.9	74.0	–	86.3	–	135.3
Total assets	228,363	91,083	97,221	239,700	20,784	62,385	739,536	80,297	819,833
Goodwill	623	1,612	1,546	476	656	0	4,913	0	4,913
Risk-weighted assets [1]	65,669	35,252	34,605	51,713	18,027	17,338	222,604	45,441	268,045
Leverage exposure [1]	252,889	94,092	108,926	284,143	45,571	59,374	844,995	105,768	950,763
3Q16 (CHF million)									
Net revenues	**1,667**	**1,081**	**917**	**1,357**	**467**	**72**	**5,561**	**(165)**	**5,396**
Provision for credit losses	**30**	**0**	**34**	**(5)**	**(9)**	**0**	**50**	**5**	**55**
Compensation and benefits	474	513	413	642	313	185	2,540	134	2,674
Total other operating expenses	405	323	318	633	124	94	1,897	548	2,445
of which general and administrative expenses	320	256	224	466	109	89	1,464	514	1,978
of which restructuring expenses	19	15	23	52	15	0	124	21	145
Total operating expenses	**879**	**836**	**731**	**1,275**	**437**	**279**	**4,437**	**682**	**5,119**
Income/(loss) before taxes	**758**	**245**	**152**	**87**	**39**	**(207)**	**1,074**	**(852)**	**222**
Return on regulatory capital (%)	24.7	20.5	11.3	2.5	6.1	–	10.4	–	1.8
Cost/income ratio (%)	52.7	77.3	79.7	94.0	93.6	–	79.8	–	94.9
Total assets	222,164	86,457	93,079	245,492	19,931	62,007	729,130	77,581	806,711
Goodwill	607	1,532	1,500	457	629	0	4,725	0	4,725
Risk-weighted assets [1]	65,571	33,457	32,264	51,127	18,019	16,756	217,194	53,268	270,462
Leverage exposure [1]	246,254	88,899	108,495	286,694	44,240	59,154	833,736	115,008	948,744
4Q15 (CHF million)									
Net revenues	**1,495**	**1,173**	**826**	**1,170**	**420**	**(748)**	**4,336**	**(126)**	**4,210**
Provision for credit losses	**43**	**(7)**	**3**	**(4)**	**0**	**(2)**	**33**	**100**	**133**
Compensation and benefits	535	540	390	924	367	134	2,890	259	3,149
Total other operating expenses	553	664	1,050	3,562	530	173	6,532	837	7,369
of which general and administrative expenses	438	568	225	667	128	142	2,168	640	2,808
of which goodwill impairment	0	0	756	2,661	380	0	3,797	0	3,797
of which restructuring expenses	42	36	3	96	22	0	199	156	355
Total operating expenses	**1,088**	**1,204**	**1,440**	**4,486**	**897**	**307**	**9,422**	**1,096**	**10,518**
Income/(loss) before taxes	**364**	**(24)**	**(617)**	**(3,312)**	**(477)**	**(1,053)**	**(5,119)**	**(1,322)**	**(6,441)**
Return on regulatory capital (%)	12.3	(1.9)	(49.7)	(90.3)	(85.4)	–	(49.0)	–	(50.7)
Cost/income ratio (%)	72.8	102.6	174.3	383.4	213.6	–	217.3	–	249.8
Total assets	220,359	96,085	85,929	234,276	18,712	64,621	719,982	100,823	820,805
Goodwill	610	1,573	1,522	464	639	0	4,808	0	4,808
Risk-weighted assets [1]	60,352	32,880	26,835	62,838	16,150	18,467	217,522	72,424	289,946
Leverage exposure [1]	238,180	101,628	98,632	276,656	40,898	63,090	819,084	168,544	987,628

[1] Disclosed on a look-through basis.

Overview of Results (continued)

in / end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	Core Results	Strategic Resolution Unit	Credit Suisse
2016 (CHF million)									
Net revenues	**5,759**	**4,698**	**3,597**	**5,497**	**1,972**	**71**	**21,594**	**(1,271)**	**20,323**
Provision for credit losses	**79**	**20**	**26**	**(3)**	**20**	**(1)**	**141**	**111**	**252**
Compensation and benefits	1,937	2,119	1,665	2,725	1,237	277	9,960	612	10,572
Total other operating expenses	1,718	1,438	1,181	2,727	454	482	8,000	3,465	11,465
of which general and administrative expenses	1,375	1,145	836	2,001	424	399	6,180	3,290	9,470
of which restructuring expenses	60	54	53	217	28	7	419	121	540
Total operating expenses	**3,655**	**3,557**	**2,846**	**5,452**	**1,691**	**759**	**17,960**	**4,077**	**22,037**
Income/(loss) before taxes	**2,025**	**1,121**	**725**	**48**	**261**	**(687)**	**3,493**	**(5,459)**	**(1,966)**
Return on regulatory capital (%)	16.5	23.3	13.7	0.4	10.7	–	8.5	–	(4.1)
Cost/income ratio (%)	63.5	75.7	79.1	99.2	85.8	–	83.2	–	108.4
2015 (CHF million)									
Net revenues	**5,721**	**4,552**	**3,839**	**6,826**	**1,787**	**561**	**23,286**	**511**	**23,797**
Provision for credit losses	**138**	**5**	**35**	**10**	**0**	**(1)**	**187**	**137**	**324**
Compensation and benefits	1,985	2,115	1,557	3,105	1,265	351	10,378	1,168	11,546
Total other operating expenses	1,923	1,709	1,870	5,642	836	511	12,491	1,858	14,349
of which general and administrative expenses	1,597	1,429	790	2,322	432	465	7,035	1,539	8,574
of which goodwill impairment	0	0	756	2,661	380	0	3,797	0	3,797
of which restructuring expenses	42	36	3	96	22	0	199	156	355
Total operating expenses	**3,908**	**3,824**	**3,427**	**8,747**	**2,101**	**862**	**22,869**	**3,026**	**25,895**
Income/(loss) before taxes	**1,675**	**723**	**377**	**(1,931)**	**(314)**	**(300)**	**230**	**(2,652)**	**(2,422)**
Return on regulatory capital (%)	13.8	15.4	6.7	(11.2)	(15.4)	–	0.5	–	(4.5)
Cost/income ratio (%)	68.3	84.0	89.3	128.1	117.6	–	98.2	–	108.8

CORE RESULTS

In 4Q16, Core Results net revenues of CHF 5,383 million decreased 3% compared to 3Q16, primarily reflecting lower net revenues in Swiss Universal Bank and Global Markets, partially offset by higher net revenues in International Wealth Management and Investment Banking & Capital Markets. Provision for credit losses was CHF 47 million, primarily related to a net provision for credit losses of CHF 34 million in Swiss Universal Bank. Total operating expenses of CHF 4,644 million increased 5% compared to 3Q16. General and administrative expenses of CHF 1,630 million increased 11%, primarily related to Swiss Universal Bank and International Wealth Management. Compensation and benefits of CHF 2,576 million were stable compared to 3Q16. Restructuring expenses of CHF 48 million decreased 61% compared to 3Q16.

Core Results net revenues increased 24% compared to 4Q15, primarily reflecting higher net revenues in Corporate Center, Investment Banking & Capital Markets and International Wealth Management. Total operating expenses decreased 51% compared to 4Q15, which included a goodwill impairment charge of CHF 3,797 million. Compensation and benefits decreased 11%, primarily related to Global Markets. General and administrative expenses decreased 25%, primarily related to International Wealth Management and Global Markets. Total operating expenses in 4Q16 were also impacted by the restructuring expenses, which decreased 76% compared to 4Q15.

ADJUSTED RESULTS

Adjusted results referred to in this earnings release 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 adjusted results

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	**Core Results**	Strategic Resolution Unit	**Credit Suisse**
4Q16 (CHF million)									
Net revenues	**1,399**	**1,299**	**862**	**1,265**	**574**	**(16)**	**5,383**	**(202)**	**5,181**
Real estate gains	(20)	(54)	0	0	0	0	(74)	(4)	(78)
Losses on business sales	0	0	0	0	0	0	0	2	2
Net revenues adjusted	**1,379**	**1,245**	**862**	**1,265**	**574**	**(16)**	**5,309**	**(204)**	**5,105**
Provision for credit losses	**34**	**6**	**11**	**(4)**	**0**	**0**	**47**	**28**	**75**
Total operating expenses	**983**	**962**	**748**	**1,264**	**425**	**262**	**4,644**	**2,365**	**7,009**
Restructuring expenses	3	(16)	(19)	(15)	6	(7)	(48)	(1)	(49)
Major litigation provisions	(19)	(7)	0	0	0	0	(26)	(2,075)	(2,101)
Total operating expenses adjusted	**967**	**939**	**729**	**1,249**	**431**	**255**	**4,570**	**289**	**4,859**
Income/(loss) before taxes	**382**	**331**	**103**	**5**	**149**	**(278)**	**692**	**(2,595)**	**(1,903)**
Total adjustments	(4)	(31)	19	15	(6)	7	0	2,074	2,074
Adjusted income/(loss) before taxes	**378**	**300**	**122**	**20**	**143**	**(271)**	**692**	**(521)**	**171**
Adjusted return on regulatory capital (%)	12.1	24.4	9.0	0.7	22.0	–	6.6	–	1.4
3Q16 (CHF million)									
Net revenues	**1,667**	**1,081**	**917**	**1,357**	**467**	**72**	**5,561**	**(165)**	**5,396**
Real estate gains	(346)	0	0	0	0	0	(346)	0	(346)
Net revenues adjusted	**1,321**	**1,081**	**917**	**1,357**	**467**	**72**	**5,215**	**(165)**	**5,050**
Provision for credit losses	**30**	**0**	**34**	**(5)**	**(9)**	**0**	**50**	**5**	**55**
Total operating expenses	**879**	**836**	**731**	**1,275**	**437**	**279**	**4,437**	**682**	**5,119**
Restructuring expenses	(19)	(15)	(23)	(52)	(15)	0	(124)	(21)	(145)
Major litigation provisions	0	19	0	(7)	0	0	12	(318)	(306)
Total operating expenses adjusted	**860**	**840**	**708**	**1,216**	**422**	**279**	**4,325**	**343**	**4,668**
Income/(loss) before taxes	**758**	**245**	**152**	**87**	**39**	**(207)**	**1,074**	**(852)**	**222**
Total adjustments	(327)	(4)	23	59	15	0	(234)	339	105
Adjusted income/(loss) before taxes	**431**	**241**	**175**	**146**	**54**	**(207)**	**840**	**(513)**	**327**
Adjusted return on regulatory capital (%)	14.0	20.1	12.9	4.1	8.6	–	8.1	–	2.7
4Q15 (CHF million)									
Net revenues	**1,495**	**1,173**	**826**	**1,170**	**420**	**(748)**	**4,336**	**(126)**	**4,210**
Fair value on own debt	–	–	–	–	–	697	697	–	697
Real estate gains	(72)	0	0	0	0	0	(72)	0	(72)
Gains on business sales	(23)	(11)	0	0	0	0	(34)	0	(34)
Net revenues adjusted	**1,400**	**1,162**	**826**	**1,170**	**420**	**(51)**	**4,927**	**(126)**	**4,801**
Provision for credit losses	**43**	**(7)**	**3**	**(4)**	**0**	**(2)**	**33**	**100**	**133**
Total operating expenses	**1,088**	**1,204**	**1,440**	**4,486**	**897**	**307**	**9,422**	**1,096**	**10,518**
Goodwill impairment	0	0	(756)	(2,661)	(380)	0	(3,797)	0	(3,797)
Restructuring expenses	(42)	(36)	(3)	(96)	(22)	0	(199)	(156)	(355)
Major litigation provisions	(25)	(228)	(6)	(50)	0	0	(309)	(255)	(564)
Total operating expenses adjusted	**1,021**	**940**	**675**	**1,679**	**495**	**307**	**5,117**	**685**	**5,802**
Income/(loss) before taxes	**364**	**(24)**	**(617)**	**(3,312)**	**(477)**	**(1,053)**	**(5,119)**	**(1,322)**	**(6,441)**
Total adjustments	(28)	253	765	2,807	402	697	4,896	411	5,307
Adjusted income/(loss) before taxes	**336**	**229**	**148**	**(505)**	**(75)**	**(356)**	**(223)**	**(911)**	**(1,134)**
Adjusted return on regulatory capital (%)	11.4	18.8	11.7	(13.7)	(13.8)	–	(2.1)	–	(8.9)

Adjusted return on regulatory capital is calculated using adjusted results, applying the same methodology used to calculate return on regulatory capital.

Reconciliation of adjusted results

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	**Core Results**	Strategic Resolution Unit	**Credit Suisse**
2016 (CHF million)									
Net revenues	**5,759**	**4,698**	**3,597**	**5,497**	**1,972**	**71**	**21,594**	**(1,271)**	**20,323**
Real estate gains	(366)	(54)	0	0	0	0	(420)	(4)	(424)
Losses on business sales	0	0	0	0	0	52	52	6	58
Net revenues adjusted	**5,393**	**4,644**	**3,597**	**5,497**	**1,972**	**123**	**21,226**	**(1,269)**	**19,957**
Provision for credit losses	**79**	**20**	**26**	**(3)**	**20**	**(1)**	**141**	**111**	**252**
Total operating expenses	**3,655**	**3,557**	**2,846**	**5,452**	**1,691**	**759**	**17,960**	**4,077**	**22,037**
Restructuring expenses	(60)	(54)	(53)	(217)	(28)	(7)	(419)	(121)	(540)
Major litigation provisions	(19)	12	0	(7)	0	0	(14)	(2,393)	(2,407)
Total operating expenses adjusted	**3,576**	**3,515**	**2,793**	**5,228**	**1,663**	**752**	**17,527**	**1,563**	**19,090**
Income/(loss) before taxes	**2,025**	**1,121**	**725**	**48**	**261**	**(687)**	**3,493**	**(5,459)**	**(1,966)**
Total adjustments	(287)	(12)	53	224	28	59	65	2,516	2,581
Adjusted income/(loss) before taxes	**1,738**	**1,109**	**778**	**272**	**289**	**(628)**	**3,558**	**(2,943)**	**615**
Adjusted return on regulatory capital (%)	14.2	23.1	14.8	2.0	11.9	–	8.6	–	1.3
2015 (CHF million)									
Net revenues	**5,721**	**4,552**	**3,839**	**6,826**	**1,787**	**561**	**23,286**	**511**	**23,797**
Fair value on own debt	–	–	–	–	–	(298)	(298)	–	(298)
Real estate gains	(95)	0	0	0	0	0	(95)	0	(95)
Gains on business sales	(23)	(11)	0	0	0	0	(34)	0	(34)
Net revenues adjusted	**5,603**	**4,541**	**3,839**	**6,826**	**1,787**	**263**	**22,859**	**511**	**23,370**
Provision for credit losses	**138**	**5**	**35**	**10**	**0**	**(1)**	**187**	**137**	**324**
Total operating expenses	**3,908**	**3,824**	**3,427**	**8,747**	**2,101**	**862**	**22,869**	**3,026**	**25,895**
Goodwill impairment	0	0	(756)	(2,661)	(380)	0	(3,797)	0	(3,797)
Restructuring expenses	(42)	(36)	(3)	(96)	(22)	0	(199)	(156)	(355)
Major litigation provisions	(25)	(268)	(6)	(231)	0	0	(530)	(290)	(820)
Total operating expenses adjusted	**3,841**	**3,520**	**2,662**	**5,759**	**1,699**	**862**	**18,343**	**2,580**	**20,923**
Income/(loss) before taxes	**1,675**	**723**	**377**	**(1,931)**	**(314)**	**(300)**	**230**	**(2,652)**	**(2,422)**
Total adjustments	(51)	293	765	2,988	402	(298)	4,099	446	4,545
Adjusted income/(loss) before taxes	**1,624**	**1,016**	**1,142**	**1,057**	**88**	**(598)**	**4,329**	**(2,206)**	**2,123**
Adjusted return on regulatory capital (%)	13.4	21.7	20.4	6.7	4.6	–	10.0	–	4.0

Adjusted return on regulatory capital is calculated using adjusted results, applying the same methodology used to calculate return on regulatory capital.

Core Results by business activity

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	4Q16 Core Results	3Q16 Core Results	4Q15 Core Results
Related to private banking (CHF million)									
Net revenues	858	918	372	–	–	–	2,148	2,295	2,042
of which net interest income	454	353	166	–	–	–	973	931	871
of which recurring	253	277	92	–	–	–	622	577	600
of which transaction-based	131	235	114	–	–	–	480	442	483
Provision for credit losses	10	6	9	–	–	–	25	51	2
Total operating expenses	654	684	267	–	–	–	1,605	1,438	1,886
Income before taxes	**194**	**228**	**96**	**–**	**–**	**–**	**518**	**806**	**154**
Related to corporate & institutional banking									
Net revenues	541	–	–	–	–	–	541	507	532
of which net interest income	291	–	–	–	–	–	291	278	288
of which recurring	125	–	–	–	–	–	125	118	116
of which transaction-based	139	–	–	–	–	–	139	124	128
Provision for credit losses	24	–	–	–	–	–	24	17	29
Total operating expenses	329	–	–	–	–	–	329	276	304
Income before taxes	**188**	**–**	**–**	**–**	**–**	**–**	**188**	**214**	**199**
Related to investment banking									
Net revenues	–	–	490	1,265	574	–	2,329	2,395	2,145
of which fixed income sales and trading	–	–	70	567	–	–	637	902	498
of which equity sales and trading	–	–	340	508	–	–	848	690	973
of which underwriting and advisory [1]	–	–	115	243	595	–	953	875	859
Provision for credit losses	–	–	2	(4)	0	–	(2)	(18)	4
Total operating expenses	–	–	481	1,264	425	–	2,170	2,201	6,595
Income/(loss) before taxes	**–**	**–**	**7**	**5**	**149**	**–**	**161**	**212**	**(4,454)**
Related to asset management									
Net revenues	–	381	–	–	–	–	381	292	365
Total operating expenses	–	278	–	–	–	–	278	243	330
Income before taxes	**–**	**103**	**–**	**–**	**–**	**–**	**103**	**49**	**35**
Related to corporate center									
Net revenues	–	–	–	–	–	(16)	(16)	72	(748)
Provision for credit losses	–	–	–	–	–	0	0	0	(2)
Total operating expenses	–	–	–	–	–	262	262	279	307
Loss before taxes	**–**	**–**	**–**	**–**	**–**	**(278)**	**(278)**	**(207)**	**(1,053)**
Total									
Net revenues	1,399	1,299	862	1,265	574	(16)	5,383	5,561	4,336
Provision for credit losses	34	6	11	(4)	0	0	47	50	33
Total operating expenses	983	962	748	1,264	425	262	4,644	4,437	9,422
Income/(loss) before taxes	**382**	**331**	**103**	**5**	**149**	**(278)**	**692**	**1,074**	**(5,119)**

[1] Certain transaction-based revenues in Swiss Universal Bank and certain fixed income and equity sales and trading revenues in Global Markets relate to the Group's global advisory and underwriting business. Refer to "Global advisory and underwriting revenues" in Investment Banking & Capital Markets for further information.

Core Results by business activity (continued)

in	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	2016 Core Results	2015 Core Results
Related to private banking (CHF million)								
Net revenues	3,704	3,371	1,374	–	–	–	8,449	8,098
of which net interest income	1,801	1,308	602	–	–	–	3,711	3,221
of which recurring	971	1,093	302	–	–	–	2,366	2,523
of which transaction-based	564	922	486	–	–	–	1,972	2,225
Provision for credit losses	39	20	32	–	–	–	91	72
Total operating expenses	2,471	2,510	970	–	–	–	5,951	6,266
Income before taxes	**1,194**	**841**	**372**	**–**	**–**	**–**	**2,407**	**1,760**
Related to corporate & institutional banking								
Net revenues	2,055	–	–	–	–	–	2,055	2,025
of which net interest income	1,083	–	–	–	–	–	1,083	987
of which recurring	475	–	–	–	–	–	475	467
of which transaction-based	548	–	–	–	–	–	548	593
Provision for credit losses	40	–	–	–	–	–	40	89
Total operating expenses	1,184	–	–	–	–	–	1,184	1,136
Income before taxes	**831**	**–**	**–**	**–**	**–**	**–**	**831**	**800**
Related to investment banking								
Net revenues	–	–	2,223	5,497	1,972	–	9,692	11,274
of which fixed income sales and trading	–	–	635	2,516	–	–	3,151	3,894
of which equity sales and trading	–	–	1,314	2,181	–	–	3,495	4,610
of which underwriting and advisory [1]	–	–	402	970	2,095	–	3,467	3,178
Provision for credit losses	–	–	(6)	(3)	20	–	11	27
Total operating expenses	–	–	1,876	5,452	1,691	–	9,019	13,459
Income/(loss) before taxes	**–**	**–**	**353**	**48**	**261**	**–**	**662**	**(2,212)**
Related to asset management								
Net revenues	–	1,327	–	–	–	–	1,327	1,328
Total operating expenses	–	1,047	–	–	–	–	1,047	1,146
Income before taxes	**–**	**280**	**–**	**–**	**–**	**–**	**280**	**182**
Related to corporate center								
Net revenues	–	–	–	–	–	71	71	561
Provision for credit losses	–	–	–	–	–	(1)	(1)	(1)
Total operating expenses	–	–	–	–	–	759	759	862
Loss before taxes	**–**	**–**	**–**	**–**	**–**	**(687)**	**(687)**	**(300)**
Total								
Net revenues	5,759	4,698	3,597	5,497	1,972	71	21,594	23,286
Provision for credit losses	79	20	26	(3)	20	(1)	141	187
Total operating expenses	3,655	3,557	2,846	5,452	1,691	759	17,960	22,869
Income/(loss) before taxes	**2,025**	**1,121**	**725**	**48**	**261**	**(687)**	**3,493**	**230**

[1] Certain transaction-based revenues in Swiss Universal Bank and certain fixed income and equity sales and trading revenues in Global Markets relate to the Group's global advisory and underwriting business. Refer to "Global advisory and underwriting revenues" in Investment Banking & Capital Markets for further information.

BIS capital metrics – Group

	Phase-in				Look-through			
				% change				% change
end of	**4Q16**	3Q16	4Q15	QoQ	**4Q16**	3Q16	4Q15	QoQ
Capital and risk-weighted assets (CHF million)								
CET1 capital	36,881	38,646	42,072	(5)	31,110	32,362	32,938	(4)
Tier 1 capital	49,170	50,001	53,063	(2)	42,206	43,263	44,601	(2)
Total eligible capital	56,034	57,044	62,682	(2)	47,085	48,205	51,425	(2)
Risk-weighted assets	271,372	273,779	294,950	(1)	268,045	270,462	289,946	(1)
Capital ratios (%)								
CET1 ratio	13.6	14.1	14.3	–	11.6	12.0	11.4	–
Tier 1 ratio	18.1	18.3	18.0	–	15.7	16.0	15.4	–
Total capital ratio	20.6	20.8	21.3	–	17.6	17.8	17.7	–

BIS statistics – Group

	Phase-in				Look-through			
				% change				% change
end of	**4Q16**	3Q16	4Q15	QoQ	**4Q16**	3Q16	4Q15	QoQ
Eligible capital (CHF million)								
Total shareholders' equity	**42,169**	**44,276**	**44,382**	(5)	**42,169**	**44,276**	**44,382**	(5)
Regulatory adjustments [1]	(694)	(481)	(459)	44	(694)	(481)	(459)	44
Adjustments subject to phase-in	(4,594)[2]	(5,149)	(1,851)	(11)	(10,365)	(11,433)	(10,985)	(9)
CET1 capital	**36,881**	**38,646**	**42,072**	(5)	**31,110**	**32,362**	**32,938**	(4)
Additional tier 1 instruments	11,096[3]	10,901	11,663	2	11,096	10,901	11,663	2
Additional tier 1 instruments subject to phase-out [4]	2,899	2,703	2,616	7	–	–	–	–
Deductions from additional tier 1 capital	(1,706)[5]	(2,249)	(3,288)	(24)	–	–	–	–
Additional tier 1 capital	**12,289**	**11,355**	**10,991**	8	**11,096**	**10,901**	**11,663**	2
Tier 1 capital	**49,170**	**50,001**	**53,063**	(2)	**42,206**	**43,263**	**44,601**	(2)
Tier 2 instruments	4,879[6]	4,942	6,824	(1)	4,879	4,942	6,824	(1)
Tier 2 instruments subject to phase-out	2,083	2,197	2,970	(5)	–	–	–	–
Deductions from tier 2 capital	(98)	(96)	(175)	2	–	–	–	–
Tier 2 capital	**6,864**	**7,043**	**9,619**	(3)	**4,879**	**4,942**	**6,824**	(1)
Total eligible capital	**56,034**	**57,044**	**62,682**	(2)	**47,085**	**48,205**	**51,425**	(2)

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

[2] Reflects 60% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets, and 40% of an adjustment primarily for the accounting treatment of pension plans pursuant to phase-in requirements.

[3] Consists 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 5.1 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 40% of goodwill and other intangible assets (CHF 2.0 billion) and other capital deductions, including the regulatory reversal of gains/(losses) due to changes in own credit risk on fair-valued financial liabilities, which will be deducted from CET1 once Basel III is fully implemented.

[6] Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 0.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.2 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

Capital movement – Group

4Q16	Phase-in	Look-through
CET1 capital (CHF million)		
Balance at beginning of period	**38,646**	**32,362**
Net loss attributable to shareholders	(2,347)	(2,347)
Foreign exchange impact	962[1]	768
Other	(380)[2]	327
Balance at end of period	**36,881**	**31,110**
Additional tier 1 capital (CHF million)		
Balance at beginning of period	**11,355**	**10,901**
Foreign exchange impact	500	428
Other	434[3]	(233)
Balance at end of period	**12,289**	**11,096**
Tier 2 capital (CHF million)		
Balance at beginning of period	**7,043**	**4,942**
Foreign exchange impact	213	129
Redemptions	(59)	0
Other	(333)[4]	(192)
Balance at end of period	**6,864**	**4,879**
Eligible capital (CHF million)		
Balance at end of period	**56,034**	**47,085**

[1] Includes US GAAP cumulative translation adjustments and the foreign exchange impact on regulatory CET1 adjustments.

[2] Includes the impact of a dividend accrual, which includes the assumption that 60% of the proposed dividend is distributed in shares, the net effect of share-based compensation and pensions and a change in other regulatory adjustments (e.g., the net regulatory impact of gains/(losses) on fair-valued financial liabilities due to changes in own credit risk, which will be deducted from CET1 once Basel III is fully implemented, and certain deferred tax assets).

[3] Includes the regulatory reversal of net losses due to changes in own credit risk on fair-valued financial liabilities.

[4] Primarily reflects negative fair value movements of tier 2 capital instruments and the impact of the prescribed amortization requirement as instruments move closer to their maturity date.

Risk-weighted assets – Group

end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Group
4Q16 (CHF million)								
Credit risk	52,409	21,460	19,886	29,523	15,280	22,028	16,114	**176,700**
Market risk	888	992	8,808	8,755	172	3,567	66	**23,248**
Operational risk	12,068	12,523	5,836	13,393	2,575	19,660	0	**66,055**
Non-counterparty risk	304	277	75	42	0	186	4,485	**5,369**
Risk-weighted assets – phase-in	**65,669**	**35,252**	**34,605**	**51,713**	**18,027**	**45,441**	**20,665**	**271,372**
Look-through adjustment	–	–	–	–	–	–	(3,327)	**(3,327)**
Risk-weighted assets – look-through	**65,669**	**35,252**	**34,605**	**51,713**	**18,027**	**45,441**	**17,338**	**268,045**
4Q15 (CHF million)								
Credit risk	47,989	18,653	15,214	33,955	12,856	45,739	18,792	**193,198**
Market risk	801	858	4,744	15,986	112	7,129	169	**29,799**
Operational risk	11,240	13,115	6,812	12,839	3,182	19,250	0	**66,438**
Non-counterparty risk	322	254	65	58	0	306	4,510	**5,515**
Risk-weighted assets – phase-in	**60,352**	**32,880**	**26,835**	**62,838**	**16,150**	**72,424**	**23,471**	**294,950**
Look-through adjustment	–	–	–	–	–	–	(5,004)	**(5,004)**
Risk-weighted assets – look-through	**60,352**	**32,880**	**26,835**	**62,838**	**16,150**	**72,424**	**18,467**	**289,946**

Risk-weighted asset movement by risk type – Group

4Q16 (CHF million)	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Corporate Center	Total
Credit risk								
Balance at beginning of period	**52,702**	**20,470**	**18,258**	**28,073**	**15,350**	**29,793**	**15,484**	**180,130**
Foreign exchange impact	1,155	443	663	1,030	915	1,342	508	6,056
Movements in risk levels	(3,051)	292	117	530	(1,077)	(8,864)	(88)	(12,141)
of which credit risk – book size [1]	(3,614)	(9)	(1,282)	481	(1,201)	(9,581)	55	(15,151)
of which credit risk – book quality [2]	563	301	1,399	49	124	717	(143)	3,010
Model and parameter updates [3]	1,003	158	(19)	15	(4)	(352)	215	1,016
Methodology and policy changes – internal [4]	32	(40)	37	(240)	15	72	4	(120)
Methodology and policy changes – external [5]	568	137	830	115	81	37	(9)	1,759
Balance at end of period – phase-in	**52,409**	**21,460**	**19,886**	**29,523**	**15,280**	**22,028**	**16,114**	**176,700**
Market risk								
Balance at beginning of period	**574**	**431**	**8,154**	**9,330**	**123**	**4,236**	**202**	**23,050**
Foreign exchange impact	17	17	228	382	4	123	2	773
Movements in risk levels	327	653	755	(949)	47	(426)	(51)	356
Model and parameter updates [3]	(12)	(112)	(272)	244	(2)	(61)	(3)	(218)
Methodology and policy changes – internal [4]	(18)	3	(57)	(252)	0	(305)	(84)	(713)
Balance at end of period – phase-in	**888**	**992**	**8,808**	**8,755**	**172**	**3,567**	**66**	**23,248**
Operational risk								
Balance at beginning of period	**11,937**	**12,289**	**5,783**	**13,679**	**2,546**	**19,000**	**0**	**65,234**
Model and parameter updates [3]	100	202	40	(329)	22	660	0	695
Methodology and policy changes – internal [4]	31	32	13	43	7	0	0	126
Balance at end of period – phase-in	**12,068**	**12,523**	**5,836**	**13,393**	**2,575**	**19,660**	**0**	**66,055**
Non-counterparty risk								
Balance at beginning of period	**358**	**267**	**69**	**45**	**0**	**239**	**4,387**	**5,365**
Movements in risk levels	(54)	10	6	(3)	0	(53)	98	4
Balance at end of period – phase-in	**304**	**277**	**75**	**42**	**0**	**186**	**4,485**	**5,369**
Total								
Balance at beginning of period	**65,571**	**33,457**	**32,264**	**51,127**	**18,019**	**53,268**	**20,073**	**273,779**
Foreign exchange impact	1,172	460	891	1,412	919	1,465	510	6,829
Movements in risk levels	(2,778)	955	878	(422)	(1,030)	(9,343)	(41)	(11,781)
Model and parameter updates [3]	1,091	248	(251)	(70)	16	247	212	1,493
Methodology and policy changes – internal [4]	45	(5)	(7)	(449)	22	(233)	(80)	(707)
Methodology and policy changes – external [5]	568	137	830	115	81	37	(9)	1,759
Balance at end of period – phase-in	**65,669**	**35,252**	**34,605**	**51,713**	**18,027**	**45,441**	**20,665**	**271,372**
Look-through adjustment [6]	–	–	–	–	–	–	(3,327)	(3,327)
Balance at end of period – look-through	**65,669**	**35,252**	**34,605**	**51,713**	**18,027**	**45,441**	**17,338**	**268,045**

[1] Represents changes in portfolio size.

[2] Represents changes in average risk weighting across credit risk classes.

[3] Represents movements arising from updates to models and recalibrations of parameters.

[4] Represents internal changes impacting how exposures are treated.

[5] Represents externally prescribed regulatory changes impacting how exposures are treated.

[6] The look-through adjustment impacts only credit risk within the Corporate Center. The difference between phase-in and look-through risk-weighted assets relates to transitional arrangements such as the impact from pension assets and deferred tax assets not deducted from CET1 during the phase-in period and the transitional impact from threshold-related risk-weighted assets.

BIS leverage metrics – Group

	Phase-in				Look-through			
				% change				% change
end of	**4Q16**	3Q16	4Q15	QoQ	**4Q16**	3Q16	4Q15	QoQ
Capital and leverage exposure (CHF million)								
CET1 capital	36,881	38,646	42,072	(5)	31,110	32,362	32,938	(4)
Tier 1 capital	49,170	50,001	53,063	(2)	42,206	43,263	44,601	(2)
Leverage exposure	957,067	954,980	993,506	0	950,763	948,744	987,628	0
Leverage ratios (%)								
CET1 leverage ratio	3.9	4.0	4.2	–	3.3	3.4	3.3	–
Tier 1 leverage ratio	5.1	5.2	5.3	–	4.4	4.6	4.5	–

Swiss capital metrics – Group

	Phase-in			Look-through		
			% change			% change
end of	**4Q16**	3Q16	QoQ	**4Q16**	3Q16	QoQ
Swiss capital and risk-weighted assets (CHF million)						
Swiss CET1 capital	36,722	38,498	(5)	30,944	32,199	(4)
Going concern capital	52,697	54,341	(3)	42,738	43,799	(2)
Gone concern capital	26,783	26,541	1	26,340	26,915	(2)
Total loss-absorbing capacity (TLAC)	79,480	80,882	(2)	69,078	70,714	(2)
Swiss risk-weighted assets	272,090	274,513	(1)	268,762	271,159	(1)
Swiss capital ratios (%)						
Swiss CET1 ratio	13.5	14.0	–	11.5	11.9	–
Going concern capital ratio	19.4	19.8	–	15.9	16.2	–
Gone concern capital ratio	9.8	9.7	–	9.8	9.9	–
TLAC ratio	29.2	29.5	–	25.7	26.1	–

Swiss capital and risk-weighted assets – Group

	Phase-in			Look-through		
end of	**4Q16**	3Q16	QoQ	**4Q16**	3Q16	QoQ
Swiss capital (CHF million)						
CET1 capital – BIS	36,881	38,646	(5)	31,110	32,362	(4)
Swiss regulatory adjustments [1]	(159)	(148)	7	(166)	(163)	2
Swiss CET1 capital	**36,722**	**38,498**	(5)	**30,944**	**32,199**	(4)
Additional tier 1 high-trigger capital instruments	6,000	5,793	4	6,000	5,793	4
Grandfathered capital instruments	9,975	10,050	(1)	5,794	5,807	0
of which additional tier 1 low-trigger capital instruments	5,096	5,108	0	5,096	5,108	0
of which tier 2 high-trigger capital instruments	698	699	0	698	699	0
of which tier 2 low-trigger capital instruments	4,181	4,243	(1)	–	–	–
Swiss additional tier 1 capital	**15,975**	**15,843**	1	**11,794**	**11,600**	2
Going concern capital	**52,697**	**54,341**	(3)	**42,738**	**43,799**	(2)
Bail-in debt instruments	22,159	22,672	(2)	22,159	22,672	(2)
Additional tier 1 instruments subject to phase-out	2,899	2,703	7	–	–	–
Tier 2 instruments subject to phase-out	2,083	2,197	(5)	–	–	–
Tier 2 amortization component	1,448	1,314	10	–	–	–
Tier 2 low-trigger capital instruments	–	–	–	4,181	4,243	(1)
Deductions	(1,806)	(2,345)	(23)	–	–	–
Gone concern capital	**26,783**	**26,541**	1	**26,340**	**26,915**	(2)
Total loss-absorbing capacity	**79,480**	**80,882**	(2)	**69,078**	**70,714**	(2)
Risk-weighted assets (CHF million)						
Risk-weighted assets – BIS	271,372	273,779	(1)	268,045	270,462	(1)
Swiss regulatory adjustments [2]	718	734	(2)	717	697	3
Swiss risk-weighted assets	**272,090**	**274,513**	(1)	**268,762**	**271,159**	(1)

[1] Includes adjustments for certain unrealized gains outside the trading book.

[2] Primarily includes differences in the credit risk multiplier.

Swiss leverage metrics – Group

	Phase-in			Look-through		
end of	4Q16	3Q16	% change QoQ	4Q16	3Q16	% change QoQ
Swiss capital and leverage exposure (CHF million)						
Swiss CET1 capital	36,722	38,498	(5)	30,944	32,199	(4)
Going concern capital	52,697	54,341	(3)	42,738	43,799	(2)
Gone concern capital	26,783	26,541	1	26,340	26,915	(2)
Total loss-absorbing capacity	79,480	80,882	(2)	69,078	70,714	(2)
Leverage exposure	957,067	954,980	0	950,763	948,744	0
Swiss leverage ratios (%)						
Swiss CET1 leverage ratio	3.8	4.0	–	3.3	3.4	–
Going concern leverage ratio	5.5	5.7	–	4.5	4.6	–
Gone concern leverage ratio	2.8	2.8	–	2.8	2.8	–
TLAC leverage ratio	8.3	8.5	–	7.3	7.5	–

Rounding differences may occur.

One-day, 98% risk management VaR

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversi-fication benefit	Total
Risk management VaR (CHF million)							
4Q16							
Average	13	23	6	2	13	(30)	27
Minimum	10	21	4	1	10	–[1]	24
Maximum	19	24	9	3	16	–[1]	31
End of period	15	21	7	1	13	(28)	29
3Q16							
Average	13	22	9	2	12	(31)	27
Minimum	9	20	6	1	10	–[1]	24
Maximum	16	24	14	3	16	–[1]	31
End of period	14	23	7	1	15	(29)	31
4Q15							
Average	21	35	9	2	25	(41)	51
Minimum	13	33	6	1	17	–[1]	43
Maximum	35	42	12	3	35	–[1]	60
End of period	17	40	9	1	31	(42)	56
Risk management VaR (USD million)							
4Q16							
Average	13	23	6	2	13	(30)	27
Minimum	10	21	3	1	10	–[1]	23
Maximum	19	24	9	3	17	–[1]	32
End of period	15	21	6	1	13	(28)	28
3Q16							
Average	14	22	9	2	12	(31)	28
Minimum	9	21	6	1	10	–[1]	24
Maximum	16	25	14	3	17	–[1]	32
End of period	14	24	7	1	16	(30)	32
4Q15							
Average	22	35	9	2	25	(42)	51
Minimum	13	32	6	1	18	–[1]	44
Maximum	35	42	12	3	35	–[1]	61
End of period	17	40	9	1	32	(42)	57

Excludes risks associated with counterparty and own credit exposures.

[1] As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Consolidated statements of operations

in	4Q16	3Q16	4Q15	2016	2015
Consolidated statements of operations (CHF million)					
Interest and dividend income	3,810	4,222	4,526	17,374	19,341
Interest expense	(2,188)	(2,292)	(2,332)	(9,812)	(10,042)
Net interest income	1,622	1,930	2,194	7,562	9,299
Commissions and fees	2,941	2,680	2,914	11,092	12,044
Trading revenues	258	232	(1,349)	313	1,340
Other revenues	360	554	451	1,356	1,114
Net revenues	**5,181**	**5,396**	**4,210**	**20,323**	**23,797**
Provision for credit losses	**75**	**55**	**133**	**252**	**324**
Compensation and benefits	2,682	2,674	3,149	10,572	11,546
General and administrative expenses	3,884	1,978	2,808	9,470	8,574
Commission expenses	394	322	409	1,455	1,623
Goodwill impairment	0	0	3,797	0	3,797
Restructuring expenses	49	145	355	540	355
Total other operating expenses	4,327	2,445	7,369	11,465	14,349
Total operating expenses	**7,009**	**5,119**	**10,518**	**22,037**	**25,895**
Income/(loss) before taxes	**(1,903)**	**222**	**(6,441)**	**(1,966)**	**(2,422)**
Income tax expense/(benefit)	442	185	(627)	469	523
Net income/(loss)	**(2,345)**	**37**	**(5,814)**	**(2,435)**	**(2,945)**
Net income/(loss) attributable to noncontrolling interests	2	(4)	14	3	(1)
Net income/(loss) attributable to shareholders	**(2,347)**	**41**	**(5,828)**	**(2,438)**	**(2,944)**
Earnings/(loss) per share (CHF)					
Basic earnings/(loss) per share	(1.12)	0.02	(3.28)	(1.19)	(1.73)
Diluted earnings/(loss) per share	(1.12)	0.02	(3.28)	(1.19)	(1.73)

Consolidated balance sheets

end of	4Q16	3Q16	4Q15
Assets (CHF million)			
Cash and due from banks	121,161	104,972	92,328
Interest-bearing deposits with banks	772	827	867
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	134,839	114,793	123,049
Securities received as collateral, at fair value	32,564	27,707	28,511
Trading assets, at fair value	165,150	183,870	190,737
Investment securities	2,489	2,377	3,090
Other investments	6,777	6,012	7,021
Net loans	275,976	274,606	272,995
Premises and equipment	4,711	4,640	4,644
Goodwill	4,913	4,725	4,808
Other intangible assets	213	192	196
Brokerage receivables	33,431	39,392	34,542
Other assets	36,837	42,598	58,017
Total assets	**819,833**	**806,711**	**820,805**
Liabilities and equity (CHF million)			
Due to banks	22,800	21,964	21,054
Customer deposits	355,833	345,148	342,705
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	33,016	32,261	46,598
Obligation to return securities received as collateral, at fair value	32,564	27,707	28,511
Trading liabilities, at fair value	44,930	47,893	48,971
Short-term borrowings	15,385	11,600	8,657
Long-term debt	193,315	195,455	197,608
Brokerage payables	39,852	42,188	39,452
Other liabilities	39,555	37,738	42,231
Total liabilities	**777,250**	**761,954**	**775,787**
Common shares	84	84	78
Additional paid-in capital	32,131	31,925	31,925
Retained earnings	26,226	28,573	29,139
Treasury shares, at cost	0	(18)	(125)
Accumulated other comprehensive income/(loss)	(16,272)	(16,288)	(16,635)
Total shareholders' equity	**42,169**	**44,276**	**44,382**
Noncontrolling interests	414	481	636
Total equity	**42,583**	**44,757**	**45,018**
Total liabilities and equity	**819,833**	**806,711**	**820,805**

Consolidated statements of changes in equity

	Attributable to shareholders							
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income/(loss)	**Total shareholders' equity**	Non-controlling interests	**Total equity**
4Q16 (CHF million)								
Balance at beginning of period	**84**	**31,925**	**28,573**	**(18)**	**(16,288)**	**44,276**	**481**	**44,757**
Purchases of subsidiary shares from non- controlling interests, changing ownership	–	(13)	–	–	–	(13)	(6)	(19)
Purchase of subsidiary shares from non- controlling interests, not changing ownership [1, 2]	–	–	–	–	–	–	(38)	(38)
Sale of subsidiary shares to noncontrolling interests, not changing ownership [2]	–	–	–	–	–	–	20	20
Net income/(loss)	–	–	(2,347)	–	–	(2,347)	2	(2,345)
Total other comprehensive income/(loss), net of tax	–	–	–	–	16	16	8	24
Sale of treasury shares	–	24	–	2,875	–	2,899	–	2,899
Repurchase of treasury shares	–	–	–	(2,865)	–	(2,865)	–	(2,865)
Share-based compensation, net of tax	–	220[3]	–	8	–	228	–	228
Financial instruments indexed to own shares [4]	–	(19)	–	–	–	(19)	–	(19)
Changes in scope of consolidation, net	–	–	–	–	–	–	(53)	(53)
Other	–	(6)	–	–	–	(6)	–	(6)
Balance at end of period	**84**	**32,131**	**26,226**	**0**	**(16,272)**	**42,169**	**414**	**42,583**
2016 (CHF million)								
Balance at beginning of period	**78**	**31,925**	**29,139**	**(125)**	**(16,635)**	**44,382**	**636**	**45,018**
Purchase of subsidiary shares from non- controlling interests, changing ownership	–	(13)	–	–	–	(13)	(6)	(19)
Purchase of subsidiary shares from non- controlling interests, not changing ownership [1, 2]	–	–	–	–	–	–	(103)	(103)
Sale of subsidiary shares to noncontrolling interests, not changing ownership [2]	–	–	–	–	–	–	112	112
Net income/(loss)	–	–	(2,438)	–	–	(2,438)	3	(2,435)
Cumulative effect of accounting changes, net of tax	–	–	(475)	–	475	–	–	–
Total other comprehensive income/(loss), net of tax	–	–	–	–	(112)	(112)	(5)	(117)
Issuance of common shares	6	1,661	–	–	–	1,667	–	1,667
Sale of treasury shares	–	7	–	16,160	–	16,167	–	16,167
Repurchase of treasury shares	–	–	–	(16,197)	–	(16,197)	–	(16,197)
Share-based compensation, net of tax	–	178[5]	–	162	–	340	–	340
Financial instruments indexed to own shares [4]	–	(164)	–	–	–	(164)	–	(164)
Dividends paid	–	(1,435)[6]	–	–	–	(1,435)	–	(1,435)
Changes in scope of consolidation, net	–	–	–	–	–	–	(194)	(194)
Other	–	(28)	–	–	–	(28)	(29)	(57)
Balance at end of period	**84**	**32,131**	**26,226**	**0**	**(16,272)**	**42,169**	**414**	**42,583**

[1] Distributions to owners in funds include the return of original capital invested and any related dividends.

[2] Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

[3] Includes a net tax benefit of CHF 13 million from the excess fair value of shares delivered over recognized compensation expense.

[4] Includes certain call options the Group purchased on its own shares to economically hedge share-based compensation awards. In accordance with US GAAP, these call options were designated as equity instruments and, as such, were initially recognized in shareholders' equity at their fair values and not subsequently remeasured.

[5] Includes a net tax charge of CHF (110) million from the excess recognized compensation expense over fair value of shares delivered.

[6] Paid out of reserves from capital contributions.

Earnings per share

in	4Q16	3Q16	4Q15	2016	2015
Basic net income/(loss) attributable to shareholders (CHF million)					
Net income/(loss) attributable to shareholders for basic earnings per share	**(2,347)**	**41**	**(5,828)**	**(2,438)**	**(2,944)**
Available for common shares	(2,347)	41	(5,828)	(2,441)	(2,958)
Available for unvested share-based payment awards	0	0	0	3	14
Diluted net income/(loss) attributable to shareholders (CHF million)					
Net income/(loss) attributable to shareholders for diluted earnings per share	**(2,347)**	**41**	**(5,828)**	**(2,438)**	**(2,944)**
Available for common shares	(2,347)	41	(5,828)	(2,441)	(2,958)
Available for unvested share-based payment awards	0	0	0	3	14
Weighted-average shares outstanding (million)					
Weighted-average shares outstanding for basic earnings per share available for common shares	**2,102.0**	**2,092.6**	**1,777.2**	**2,048.4**	**1,706.3**
Dilutive share options and warrants	0.0	2.8	0.0	0.0	0.0
Dilutive share awards	0.0	52.9	0.0	0.0	0.0
Weighted-average shares outstanding for diluted earnings per share available for common shares [1]	**2,102.0[2]**	**2,148.3**	**1,777.2[2]**	**2,048.4[2]**	**1,706.3[2]**
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	**0.1**	**0.2**	**19.1**	**3.0**	**25.7**
Earnings/(loss) per share available for common shares (CHF)					
Basic earnings/(loss) per share available for common shares	**(1.12)**	**0.02**	**(3.28)**	**(1.19)**	**(1.73)**
Diluted earnings/(loss) per share available for common shares	**(1.12)**	**0.02**	**(3.28)**	**(1.19)**	**(1.73)**

[1] Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 12.1 million, 13.4 million, 7.9 million, 11.3 million and 7.6 million for 4Q16, 3Q16, 4Q15, 2016 and 2015, respectively.

[2] Due to the net losses in 4Q16, 4Q15, 2016 and 2015, 3.7 million, 0.9 million, 3.2 million and 0.9 million, respectively, of weighted-average share options and warrants outstanding and 68.8 million, 61.2 million, 54.6 million and 47.8 million, respectively, of weighted-average share awards outstanding were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

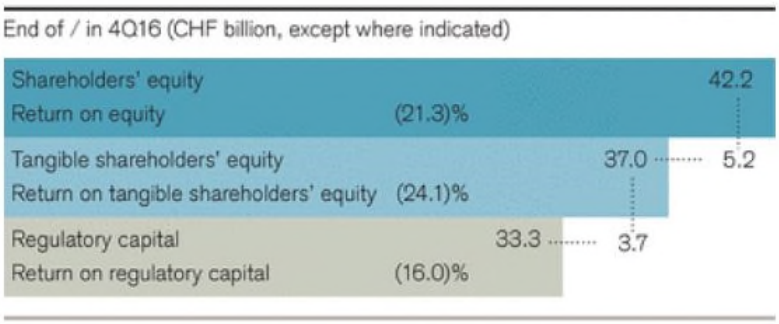
Restructuring expenses

in	4Q16	3Q16	4Q15	2016	2015
Restructuring expenses by segment (CHF million)					
Swiss Universal Bank	(3)	19	42	60	42
International Wealth Management	16	15	36	54	36
Asia Pacific	19	23	3	53	3
Global Markets	15	52	96	217	96
Investment Banking & Capital Markets	(6)	15	22	28	22
Strategic Resolution Unit	1	21	156	121	156
Corporate Center	7	0	0	7	0
Total restructuring expenses	**49**	**145**	**355**	**540**	**355**

in	4Q16	3Q16	4Q15	2016	2015
Restructuring expenses by type (CHF million)					
Compensation and benefits-related expenses	30	123	309	385	309
of which severance expenses	36	65	191	218	191
of which accelerated deferred compensation	(1)	50	87	132	87
of which pension expenses	(5)	8	31	35	31
General and administrative-related expenses	19	22	46	155	46
Total restructuring expenses	**49**	**145**	**355**	**540**	**355**

Return on regulatory capital

Credit Suisse measures firm-wide returns against total shareholders' equity and tangible shareholders' equity. In addition, it also measures the efficiency of the firm and its divisions with regard to the usage of capital as determined by the minimum requirements set by regulators. This regulatory capital is calculated as the worst of 10% of risk-weighted assets and 3.5% of the leverage exposure. Return on regulatory capital is calculated using income after tax and assumes a tax rate of 30% and capital allocated based on the worst of 10% of average risk-weighted assets and 3.5% of average leverage exposure. These percentages are used in the calculation in order to reflect the 2019 fully phased in Swiss regulatory minimum requirements for Basel III CET1 capital and leverage ratio. For Global Markets and Investment Banking & Capital Markets, return on regulatory capital is based on US dollar denominated numbers.



Cautionary statement regarding forward-looking information

This earnings release contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2017 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;

- the ability to increase our market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings and other contingencies;
- the ability to achieve our cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, RWA threshold, and other targets and ambitions; and
- other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk factors.”

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