CREDIT SUISSE

# Annual General Meeting of CREDIT SUISSE GROUP AG
# Zurich, April 28, 2017

## Speech by Urs Rohner
## Chairman of the Board of Directors

*Check against delivery*

Dear shareholders

In this year's Chairman's address, I would like to highlight for you the solid progress that we have made at Credit Suisse since you gave your vote of confidence to the Board of Directors one year ago. At the same time, I will be addressing a number of other issues that have increasingly been the focus of public discussion recently.

These include the issue of compensation for the 2016 financial year, the bank's medium-term capital plan, the full retention of the Swiss Universal Bank within the Group, and finally the recent media reports on tax investigations in certain European countries. I would also like to take this opportunity to answer any questions you may have in the context of the following presentation of the Annual Report.

The targets that we set ourselves for the 2016 financial year – which were challenging in every respect – have been met with success, and we have been able to strengthen Credit Suisse's position as one of the leading wealth managers with pronounced competencies in investment banking and a strong position in the Swiss domestic market.

Three factors were of particular significance here:

First, we successfully drove forward our strategic realignment as planned, put Credit Suisse on the right track, and generated an operating profit in all our front-office divisions, despite a challenging environment.

Second, we pressed ahead with implementation of our program to adjust Credit Suisse's legal structure, as previously announced. This was done with a view to realizing our strategic plan, strengthening the resilience of the Group, and adapting to ongoing regulatory developments.

And third, we were able – not least thanks to the further strengthening of our capital base – to resolve a number of significant legacy issues that pre-dated the financial crisis.

Ladies and gentlemen
Thanks to our strength in the client business and the commitment of all our employees, we were able to make striking progress in the first full year of implementation of our strategic three-year plan.

Our focus here was on the expansion of wealth management, where we were able to demonstrate our business potential and our ability to meet complex client requirements, even at a particularly challenging time.

In addition to robust income figures, for which I will provide more detail in a moment, we also posted an all-time record figure for assets under management in the 2016 financial year. To be precise, Credit Suisse has increased assets under management in its wealth management business to a total of 733 billion Swiss francs. The net new asset inflow in 2016 amounted to 27.5 billion Swiss francs, an impressive 53 percent rise compared to the previous year.

In short, never in its 161-year history has Credit Suisse globally enjoyed so much client confidence and managed as many assets as it does today.

Ladies and gentlemen, the strategic realignment that we announced in October 2015 was driven forward consistently and in a disciplined way not just in wealth management, but also in all core

markets and divisions. Our focus here was on profitable, regulation-compliant growth, the permanent reduction of our fixed costs, and the ongoing strengthening of our capital base. In all these areas, we achieved or even exceeded our 2016 targets.

This result is all the more noteworthy as we had to execute our strategy implementation in an extremely challenging environment and against a backdrop of macroeconomic and geopolitical events with far-reaching repercussions.

On the one hand, the picture of a low interest environment, sluggish economic recovery in the industrialized nations, and slowing growth rates in the emerging markets remained unchanged. On the other, our industry was exposed to significant market volatility – such as in the aftermath of the UK referendum and the US presidential election.

The persistently volatile market environment, coupled with further regulatory challenges, made it much more difficult for the financial services industry to generate income last year, particularly in Europe. Despite all this, Credit Suisse was able to record an operating profit in each of its five business areas.

For the 2016 financial year, we generated profitable growth in our core areas, recording adjusted pre-tax income of 3.6 billion Swiss francs. In wealth management, as I mentioned earlier, we succeeded in expanding our ability to generate new assets significantly, recording impressive net new money inflows.

It is also worth emphasizing that these higher net inflows went hand in hand with higher margins – compared to the previous year, our adjusted gross margin increased from 112 to 115 basis points. As I mentioned earlier, our focus lay on the consistent reduction of our business costs and an increase in our operating leverage.

Moreover, we didn't just deliver on our cost reduction target of 1.4 billion Swiss francs – we actually exceeded this figure by 500 million Swiss francs. Accordingly, we were able to increase our net cost reduction target for the end of 2018 from 3.2 billion Swiss francs to more than 4.2 billion Swiss francs.

At this point, I would like to stress that this significant cost-cutting did not prevent us from investing in the strengthening of our client business and the improvement of our control mechanisms – both of which represent an investment in the future of the company.

In addition to the extremely focused and disciplined delivery of our targets, we achieved a number of important milestones in the reshaping of our Group structure in the last financial year.

For example, following the supervisory go-ahead by the Central Bank of Ireland in the first quarter of 2016, we opened our Dublin branch of Credit Suisse AG, which focuses on providing financing to our large institutional clients and the execution of their securities transactions.

Furthermore, on July 1, 2016, Credit Suisse Holdings (USA) was fully transferred to an intermediate holding company in the US, as per the rigorous regulatory requirements that apply. With a new supervisory board, the necessary capital, and its own infrastructure and governance, the IHC successfully commenced operational activity in the middle of the year.

In addition, Credit Suisse (Switzerland) Ltd. – a one-hundred-percent subsidiary of Credit Suisse AG that we successfully founded back in 2015 – was awarded its banking license on October 14, 2016, and duly commenced operations as an independent Swiss bank in the third quarter of 2016.

In addition to fulfilling regulatory guidelines, the new legal entity above all underlines our commitment to our domestic market of Switzerland. As a result, our Swiss activities are now also bundled together under a management setup that is geared to local needs. Last Wednesday, we announced that we would not be going ahead with the partial IPO of the Swiss business that had

been under consideration, thereby ensuring that shareholders continue to retain the full value of Credit Suisse (Switzerland) Ltd. going forward.

The upshot of all these structural adjustments is that the complexity of the Group's structures has been reduced. The restructuring of the Group is significant from both a strategic and a regulatory perspective. As well as allowing us to modernize and improve intragroup processes and controls, it will make a significant contribution to increasing our organizational efficiency.

At the same time, the restructuring of the Group also fulfills key supervisory requirements. In Switzerland in particular, but also globally, changes to our Group structure are a key element in "Too-Big-To-Fail" legislation.

Another aspect that I would like to dwell on today is the progress made in resolving our bank's legacy issues. Thanks to an "Agreement in Principle" with the US Department of Justice in December 2016, followed by a conclusive settlement in January 2017, we were able to draw a line under the most important remaining legal case in connection with our earlier residential mortgage-backed securities business, which was operated until 2007.

As part of these settlements, Credit Suisse has committed to the payment of a fine of 2.48 billion US dollars to the US Department of Justice. On top of this must be factored in the costs of so-called "consumer relief."
This inevitably impacted negatively on our reported results, as we booked or made provisions for all costs in connection with this matter in the 2016 financial year.

As a consequence of these agreements, which are crucial to the future success of Credit Suisse, the pre-tax loss attributable to shareholders for the 2016 financial year amounted to 2.26 billion Swiss francs.

Dear shareholders, excluding the costs of this legacy issue resolution, Credit Suisse would have recorded a pre-tax income figure of 615 million Swiss francs for the 2016 financial year. In

addition to the afore-mentioned loss, the clearing of these legacy issues also resulted in a reduction of our capital base.

At the same time, however, we also made significant progress in the build-up of our capital base in the 2016 financial year, which is what allowed us to take this swift and future-oriented legacy issue resolution step in the first place.

Credit Suisse contributed to the strengthening of its capital base with a core result of almost 3.5 billion Swiss francs – and this despite a significantly reduced risk profile. Indeed, despite higher restructuring expenses and the costs of resolving legal cases in the US, we managed to further increase our CET1 capital ratio.

On a look-through basis, the CET1 capital ratio reported as per December 31, 2016, amounted to 11.5 percent – when we announced our new strategic realignment in October 2015, the equivalent figure was just 10.2 percent. Without the adjustment of our provisions for legal disputes, we would have been able to report a CET1 capital ratio of 12.4 percent on a look-through basis, our highest figure to date.

As you will have gathered from our communication relating to the first quarter of 2017, Credit Suisse Group recorded adjusted pre-tax income of 889 million Swiss francs for the first quarter of the year. All five business areas were profitable, net new asset growth in the wealth management business increased by 24 percent, and there was a further significant increase in Group profitability. Our CEO, Tidjane Thiam, will shortly provide you with a more detailed insight into this very good result for the first quarter.
As a consequence of this result, on a look-through basis we have increased our CET1 capital ratio to 11.7 percent and the leverage ratio to 3.3 percent.

At the same time, we announced on Wednesday that we wanted to complete our medium-term capital plan by undertaking a capital increase with a volume of 4 billion Swiss francs, in respect of which we will hold a separate Extraordinary General Meeting on May 18. We simultaneously announced that we would be retaining 100 percent of the Swiss Universal Bank within the Group.

This decision was a unanimous one based on fundamental analysis by the Board of Directors and following consultation with the Executive Board.

The results of the Swiss Universal Bank for the first quarter of 2017 strengthened us in this decision – this division generated record-high adjusted pre-tax income of 483 million Swiss francs. Furthermore, the preparations made for the planned partial IPO gave rise to a number of key strategic benefits that made a substantial contribution to the aforementioned increase in income.

We are aware that course-changing decisions of this kind are of fundamental significance to the development of Credit Suisse Group. Accordingly, the advantages and disadvantages of potential alternatives have to be subject to the closest of scrutiny – we do not take decisions of this kind at the last minute under time pressure. Here we are guided by one overarching principle above all: What is in the best long-term interests of the company and its shareholders? We are convinced that the decision we have taken represents a further step toward successful implementation of our strategic targets.

As I mentioned earlier, the decision by the Board of Directors to fully retain the Swiss Universal Bank was unanimous. We are convinced that it is in the best long-term interests of the company and all shareholders for us to retain 100 percent of our valuable Swiss bank within the Group.

On the other hand, our announced capital increase will ensure that sufficient capital is available in the company over the next few years to continue to execute our ambitious growth strategy as planned, exploit the opportunities that arise for our business areas, implement our restructuring plans fully, and protect the bank against any unforeseen market fluctuations.
I can assure you that this decision too was only taken after lengthy consideration.

In addition to the results of the last financial year, the results of the first quarter of 2017 likewise clearly show that our strategy is in tune with the environment and client needs, as well as being appropriate for the bank as a whole.

And the results also show that our implementation of strategic targets in the divisions is being executed effectively and in a targeted way.

Ladies and gentlemen
The issue of compliance is of huge significance to the banking sector, particularly since the last financial crisis and the wave of regulation that came in its wake. I would like to emphasize two aspects in particular in this context.

On the one hand, as I mentioned earlier, we invested significant resources last year in the enhancement of our control framework.

For example, we put in place comprehensive internal controls to ensure that all our activities comply with existing guidelines. We also systematically compile and analyze data on a wide range of risk events with a view to warding off potential future risks.

In the last financial year, we continued to expand our control methods, pressing ahead with the development of key components of the control framework. Clearly these need to be secure and resilient both today and tomorrow, as well as having the necessary capacity and adaptability to function in harmony with our commercial objectives, the needs of our clients, and supervisory and statutory requirements.

Dear shareholders
A particularly important component of our compliance strategy is the need to distance ourselves from every action, every transaction, and every client relationship that harbors the potential to damage our reputation.

In this context too, we have committed significant operating and financial resources in recent years to fully implement comprehensive voluntary tax disclosure programs together with the automatic exchange of information in all our European locations.
This is particularly worthy of emphasis in the context of the investigations by local authorities in London, Paris, Amsterdam, and Australia at the end of March into the tax affairs of our former

clients. In all these countries we have fully regularized our clients from a tax perspective. To put it bluntly, clients who have been unable or unwilling to prove their tax conformity have had to leave the bank.

The bank continues to pursue a strategy of full tax conformity and is supporting the authorities in their work to shed light on this area.

Before I conclude, allow me if you will to make a number of personal observations:

In the run-up to this Annual General Meeting, much has been said – and even more has been written. We have come under enormous criticism, be it for the compensation awarded for the 2016 financial year or indeed in other respects.

So let me now focus on the issue of our compensation proposals. The Chairman of the Compensation Committee, Jean Lanier, will later set out in detail what the reasons were for the compensation decisions arrived at by the Compensation Committee and the Board of Directors.
The only difference of note between our appraisal of the appropriate compensation for the Executive Board and the appraisal of certain shareholders and voting rights consultants was whether or not the previously mentioned fine, which overall weighed on the Group result to the tune of 2.48 billion US dollars, should be factored into considerations when assessing the compensation of the Executive Board.

In our view, a new management team which was not active in the bank during the period in question or responsible for the corresponding transactions – and which had met and in some cases exceeded its thoroughly challenging targets for 2016 – should be rewarded in line with that target attainment.

We obviously accept that it is possible to take another view in this respect. At the time the original decision was made, however, our consultations with investors had not given us any indication that a fundamental difference of opinion would arise here.

With hindsight, we may have been insufficiently sensitive to this issue, particularly given the wider international context.

In view of the increasing criticism of our point of view, the Executive Board of Credit Suisse Group approached the Board of Directors and proposed a voluntary renunciation of 40 percent of its variable compensation for the 2016 financial year. This is an extraordinary step, and the Board of Directors has accepted it with great respect given the Executive Board's target attainment.

This decision tells us something else too: For the Executive Board – and this applies equally to the Board of Directors – the only thing that really matters is our ability to successfully implement the strategic plan we have resolved upon, without being diverted by discussions over questions of compensation.

As a final observation on this issue, the point should be made that responding to the objections of shareholders, engaging seriously with their points of view, and taking action where necessary is not a sign of weakness, but corresponds to reasonable business practice, and is ultimately the expression of a well-functioning shareholder democracy that is taken seriously.

Dear shareholders
As you can see, Credit Suisse is turning the page on a year that was challenging in many respects.
Thanks to the unstinting efforts of our Executive Board and all our employees, we have recorded solid revenues, reduced costs to an extent that exceeds our savings targets, and drawn a line under another important legacy issue. We owe a deep debt of gratitude to the Executive Board and our entire workforce for this achievement.

Looking back over the last six years, Credit Suisse Group is a very different banking group today to the one it used to be. Every single business area has a different setup, the business models of all areas have been fundamentally changed – something that is true of both investment banking and the Swiss wealth management business – and we now have a new, modern organizational structure that is fit for the future.

At the same time, since I took over the office of Chairman of the Board, we have more than trebled the CET1 capital of our Group and reduced risk-weighted assets. The latter is particularly true in the areas of investment banking, where the reduction amounts to more than 60 percent, and fixed income with a reduction of almost 80 percent.

Today we have an excellent Executive Board at Group level – as well as in the individual business areas – and we have a visionary and strong CEO who has demonstrated that we are on the right path not just with a new strategic realignment, but also through implementation of this strategy. This strategy implementation will require a huge amount of dedication from us all over the next two years as well.

I am nonetheless convinced that we are ideally equipped to execute that implementation, and that we will together achieve the targets we have set ourselves. The figures that we have unveiled for the first quarter have already given us a very clear pointer in this regard.

On behalf of the entire Board of Directors, I would like to thank you for your attention and for the trust you have placed in us.

I would now like to hand over to our CEO, Tidjane Thiam.