

1Q16 Letter to shareholders

Dear shareholders

In the first three months of 2016, we continued to focus on execution with three clear priorities: delivering profitable growth in our wealth management focused divisions, accelerating our cost reduction efforts and maintaining our strong capital position.

Financial performance

In 1Q16, Credit Suisse reported a net loss attributable to shareholders of CHF 302 million and a pre-tax loss of CHF 484 million. On an adjusted* basis, a pre-tax loss of CHF 173 million was recorded, mainly reflecting a decrease in net revenues in Global Markets (GM) due to the difficult market environment as well as mark-to-market losses due to adverse market movements and, to a lesser extent, to the de-risking of our portfolio. The performance of our Investment Banking & Capital Markets (IBCM) division was also affected by adverse operating conditions. Meanwhile, the Strategic Resolution Unit (SRU) continued to prove efficient in winding down risk-weighted assets, leverage exposure, costs and businesses that no longer fit our strategic direction.

The overall results for the Group reflect challenges in the global economy that created unique pressures for the finance industry – January and February were very challenging months for international financial markets. However, these results also contain clear indications that our strategy is gaining traction in our chosen markets in Asia Pacific (APAC), International Wealth Management (IWM) and Switzerland. We are very encouraged by the strong underlying performance of our wealth management focused divisions. Compared to 4Q15, Swiss Universal Bank (Swiss UB), APAC and IWM divisions grew their adjusted* pre-tax income in 1Q16 by 39%, 70% and 21%, respectively. In addition, our wealth management focused divisions delivered approximately CHF 1 billion of adjusted* pre-tax income. In particular, we saw profitable growth and inflows of quality new assets into these divisions during the quarter, with net new assets of CHF 4.3 billion, CHF 6.9¹ billion and CHF 3.0 billion for APAC, IWM and the Swiss UB, respectively. The performance of our business based on our new strategy thus remains very positive overall.

Continued progress in implementing our strategy

Credit Suisse has a clear ambition: to be a leading private bank and wealth manager with strong investment banking capabilities, both in developed and emerging economies. In that context, we have been recruiting relationship managers to help drive growth: at end-1Q16, we had a total of 630 relationship managers in APAC, an increase of 40 relationship managers during that quarter alone and an increase of 100 relationship managers compared to 1Q15. In IWM, we also initiated the hiring of 90 new relationship managers

in 1Q16, of which 40 joined and 50 are committed to join in 2016, with two-thirds focused on clients in emerging markets. Our ability to recruit experienced and quality relationship managers underscores their confidence in our strategy and business model. These new hires are also attracted by the high degree of responsibility and accountability that we give to our employees, promoting a culture of integrity and compliance. Reflecting the growth of our wealth management focused divisions, we saw stronger activity with ultra-high-net-worth (UHNWI) clients, entrepreneurs and corporate clients in APAC and we further increased mandates penetration in IWM and the Swiss UB division.

In parallel to this focus on growth, a clear priority in the execution of our strategy is to lower Credit Suisse's cost base by 2018. We have already made substantial progress on the accelerated Group-wide cost reduction program we announced on March 23, 2016. We are on track to deliver our targeted gross cost savings by end-2016 and we are confident that we will reduce our operating cost base to CHF 19.8 billion by the end of this year and to below CHF 18.0 billion by end-2018. In 1Q16, we achieved – on an annualized basis – more than half of the CHF 1.4 billion of net cost savings we are targeting for 2016. This cost savings target includes a headcount reduction of 6,000 by end-2016. Clearly, this is a painful process for all employees concerned. However, we are convinced that the implementation of disciplined cost savings is a vital step to strengthen Credit Suisse's resilience and increase our ability to remain profitable through the economic cycle. The fact that we are, in parallel, recruiting in our targeted growth areas is evidence that we are continuing to invest in the long-term future of the bank.

Our investment banking operations are important for the success of our strategy in the long term. To be able to create value for our clients – UHNWIs, high-net-worth individuals and entrepreneurs with closely interconnected wealth management and investment banking needs – we require distinctive investment banking capabilities.

The downsizing and de-risking of our investment bank is an important component of our strategy. We aim to make our GM division less capital intensive and to produce more stable earnings with a more fee-based and client-driven model. We have therefore significantly de-risked our GM activities. GM will continue to provide a differentiated product offering and crucial support to our wealth management clients and our IBCM division. At the same time, it will focus on its top institutional clients by making targeted use of its capital to increase its share of wallet among our chosen clients. We expect that this strategy will ensure that the capital allocated to GM will be put to the best use and will be focused on



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

servicing large, quality relationships where we enjoy a substantial share of wallet.

IBCM is a strong, capital-efficient franchise with businesses that are expected to deliver a high return on regulatory capital under normalized market conditions. In 1Q16, we continued to successfully pivot IBCM towards M&A and equity capital market activities while maintaining our position in leveraged finance. We also made further targeted investments in IBCM, including strategic new hires to expand our client coverage footprint.

Capital position

When we presented the new strategy for Credit Suisse in October 2015, the Board of Directors and the Executive Board agreed that it was vital to significantly strengthen the bank's capital base in view of the planned restructuring of our businesses and difficult market conditions. Despite the losses we incurred in 1Q16, we maintained our strong capital position thanks to effective capital management and cost control. At end-1Q16, we reported a look-through CET1 capital ratio of 11.4%, unchanged from end-4Q15, which is the highest that we have ever achieved. The look-through CET1 capital ratio represents an important measure of a bank's capital position and fully applies all regulatory requirements as applicable as of 2019. For the remainder of 2016, we aim to maintain a look-through CET1 capital ratio of between 11-12%² to allow us to continue our restructuring while also investing additional capital in our Core businesses to fund further growth. The accelerated restructuring of the GM division and the cost savings we announced in March 2016 are expected to contribute significantly to making our capital position more resilient. Our look-through CET1 leverage ratio stood at 3.3% at end-1Q16.

Outlook

During 1Q16, we made good progress in implementing our strategy. That said, we are operating in a very challenging market environment. From what we saw during the first weeks of 2Q16, these market conditions are likely to persist over the remainder of the quarter. We are also seeing structural changes in the regulatory assessment of specific asset classes that are impacting our businesses, particularly in the fixed income area. However, we continue to believe that wealth management, supported by our investment banking capabilities, provides a uniquely attractive long-term opportunity for our bank.

Going forward, we will focus on capturing attractive growth potential – particularly in the Asia Pacific region and in other emerging economies – while, at the same time, placing a strong emphasis on developed markets and on Switzerland. We will leverage our integrated service offerings to provide the best possible service and advice to entrepreneurs and UHNWI clients, who represent key client groups for our bank. As we continue through 2016, we are seeing encouraging signs that by executing our strategy with discipline, we can create compelling opportunities for the bank, our employees and our clients and shareholders in the longer term.

We would like to express our sincere thanks to all Credit Suisse employees around the globe for their continued hard work, dedication and support. We would also like to thank our clients and our shareholders for the trust they place in Credit Suisse.

Best regards



Urs Rohner
Chairman of the
Board of Directors



Tidjane Thiam
Chief Executive Officer

May 2016

* Adjusted results are non-GAAP financial measures. For a reconciliation of the adjusted results to the most directly comparable US GAAP measures, see the "Reconciliation of adjusted results" tables in I – Credit Suisse results in the 1Q16 Financial Report.

¹ IWM net new assets represent net new assets for Private Banking and Asset Management together and not adjusted for assets managed across businesses.

² Making no provisions for significant litigation expenses.

Important information

When we refer to wealth management focused divisions throughout this document, we mean APAC, IWM and Swiss UB.

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.

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.

Cost reduction program based on 2015 cost base and measured on constant FX rates and based on the expense run rate excluding major litigation expenses, restructuring costs, goodwill impairment charges and certain non-recurring items for annualization 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.

Mandates penetration means advisory and discretionary mandates in private banking businesses as a percentage of the related assets under management, excluding those from the external asset manager business.

This document contains forward-looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2015 filed with the US Securities and Exchange Commission, and in other public filings and press releases. We do not intend to update these forward-looking statements except as may be required by applicable law.

Key metrics

		in / end of			% change	
	1Q16	4Q15	1Q15	QoQ	YoY	
Credit Suisse (CHF million, except where indicated)						
Net income/(loss) attributable to shareholders	(302)	(5,828)	1,054	(95)	–	
Basic earnings/(loss) per share (CHF)	(0.15)	(3.28)	0.62	(95)	–	
Diluted earnings/(loss) per share (CHF)	(0.15)	(3.28)	0.60	(95)	–	
Return on equity attributable to shareholders (%)	(2.6)	(51.3)	9.9	–	–	
Effective tax rate (%)	37.0	9.7	31.6	–	–	
Core Results (CHF million, except where indicated)						
Net revenues	4,750	4,189	6,471	13	(27)	
Provision for credit losses	104	40	25	160	316	
Total operating expenses	4,406	9,468	4,552	(53)	(3)	
Income/(loss) before taxes	240	(5,319)	1,894	–	(87)	
Cost/income ratio (%)	92.8	226.0	70.3	–	–	
Assets under management and net new assets (CHF billion)						
Assets under management	1,180.8	1,214.1	1,365.9	(2.7)	(13.6)	
Net new assets	10.5	2.1	14.9	400.0	(29.5)	
Balance sheet statistics (CHF million)						
Total assets	813,898	820,805	904,390	(1)	(10)	
Net loans	270,248	272,995	270,774	(1)	0	
Total shareholders' equity	44,997	44,382	43,396	1	4	
Tangible shareholders' equity	40,123	39,378	34,672	2	16	
Basel III regulatory capital and leverage statistics						
Risk-weighted assets (CHF million)	283,937	294,950	288,514	(4)	(2)	
CET1 ratio (%)	13.6	14.3	13.8	–	–	
Look-through CET1 ratio (%)	11.4	11.4	10.0	–	–	
Look-through CET1 leverage ratio (%)	3.3	3.3	2.6	–	–	
Look-through Tier 1 leverage ratio (%)	4.4	4.5	3.6	–	–	
Share information						
Shares outstanding (million)	1,946.4	1,951.5	1,563.5	0	24	
of which common shares issued	1,957.4	1,957.4	1,607.2	0	22	
of which treasury shares	(11.0)	(5.9)	(43.7)	86	(75)	
Book value per share (CHF)	23.12	22.74	27.76	2	(17)	
Tangible book value per share (CHF)	20.61	20.18	22.18	2	(7)	
Market capitalization (CHF million)	26,640	42,456	42,076	(37)	(37)	
Number of employees (full-time equivalents)						
Number of employees	47,760	48,210	46,410	(1)	3	

Financial calendar and contacts

Financial calendar

Second quarter results 2016	Thursday, July 28, 2016
-----------------------------	-------------------------

Investor relations

Phone	+41 44 333 71 49
E-mail	investor.relations@credit-suisse.com
Internet	www.credit-suisse.com/investors

Media relations

Phone	+41 844 33 88 44
E-mail	media.relations@credit-suisse.com
Internet	www.credit-suisse.com/news

Additional information

Results and financial information	www.credit-suisse.com/results
Printed copies	Credit Suisse AG
	GCPD 1
	8070 Zurich
	Switzerland

US share register and transfer agent

ADS depositary bank	Deutsche Bank
	Trust Company Americas
Address	American Stock Transfer & Trust Co.
	Operations Center
	6201 15th Avenue
	Brooklyn, NY 11219
	United States
US and Canada phone	+1 866 249 2593
Phone from outside US and Canada	+1 718 921 8124
E-mail	DB@amstock.com

Swiss share register and transfer agent

Address	Credit Suisse Group AG
	Share Register RXS
	8070 Zurich
	Switzerland
Phone	+41 44 332 02 02
E-mail	share.register@credit-suisse.com
