

# Credit Suisse Strategy and Objectives

Tidjane Thiam

October 21, 2015

# Disclaimer

## ***The 3Q15 financial information is subject to further review***

We have not finalized our 3Q15 Financial Report and our independent registered public accounting firm has not completed its review of the condensed consolidated financial statements (unaudited) for the period. Accordingly, the 3Q15 financial information contained in this presentation is subject to completion of quarter-end procedures, which may result in changes to that information. Certain reclassifications have been made to prior periods to conform to the current presentation.

## ***The re-segmented financial information is preliminary and subject to further review***

Unless otherwise noted, this presentation contains certain historical financial information that has been re-segmented to approximate what our results under our new structure would have been, had it been in place from January 1, 2014. Such information is preliminary in nature and subject to review, evaluation and refinement, has not been audited or reviewed by our independent public accountants and can be expected to change in certain respects before any final re-segmentation is published. In addition, "Illustrative", "Ambition" and "Goal" presentations are not intended to be viewed as targets or projections, nor are they considered to be Key Performance Indicators. All such presentations are subject to a large number of inherent risks, assumptions and uncertainties, many of which are completely outside of our control. Accordingly, this information should not be relied on for any purpose.

## ***We may not achieve the benefits of our strategic initiatives***

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## ***Cautionary statement regarding forward -looking statements***

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## ***Statement regarding capital, liquidity and leverage***

As of January 1, 2013, Basel 3 was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder (in each case, subject to certain phase-in periods). As of January 1, 2015, the Bank for International Settlements (BIS) leverage ratio framework, as issued by the Basel Committee on Banking Supervision (BCBS), was implemented in Switzerland by FINMA. Our related disclosures are in accordance with our interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this presentation. Capital and ratio numbers for periods prior to 2013 are based on estimates, which are calculated as if the Basel 3 framework had been in place in Switzerland during such periods.

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. Leverage amounts for 4Q14, which are presented in order to show meaningful comparative information, are based on estimates which are calculated as if the BIS leverage ratio framework had been implemented in Switzerland at such time. Beginning in 2015, the Swiss leverage ratio is calculated as Swiss total 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.

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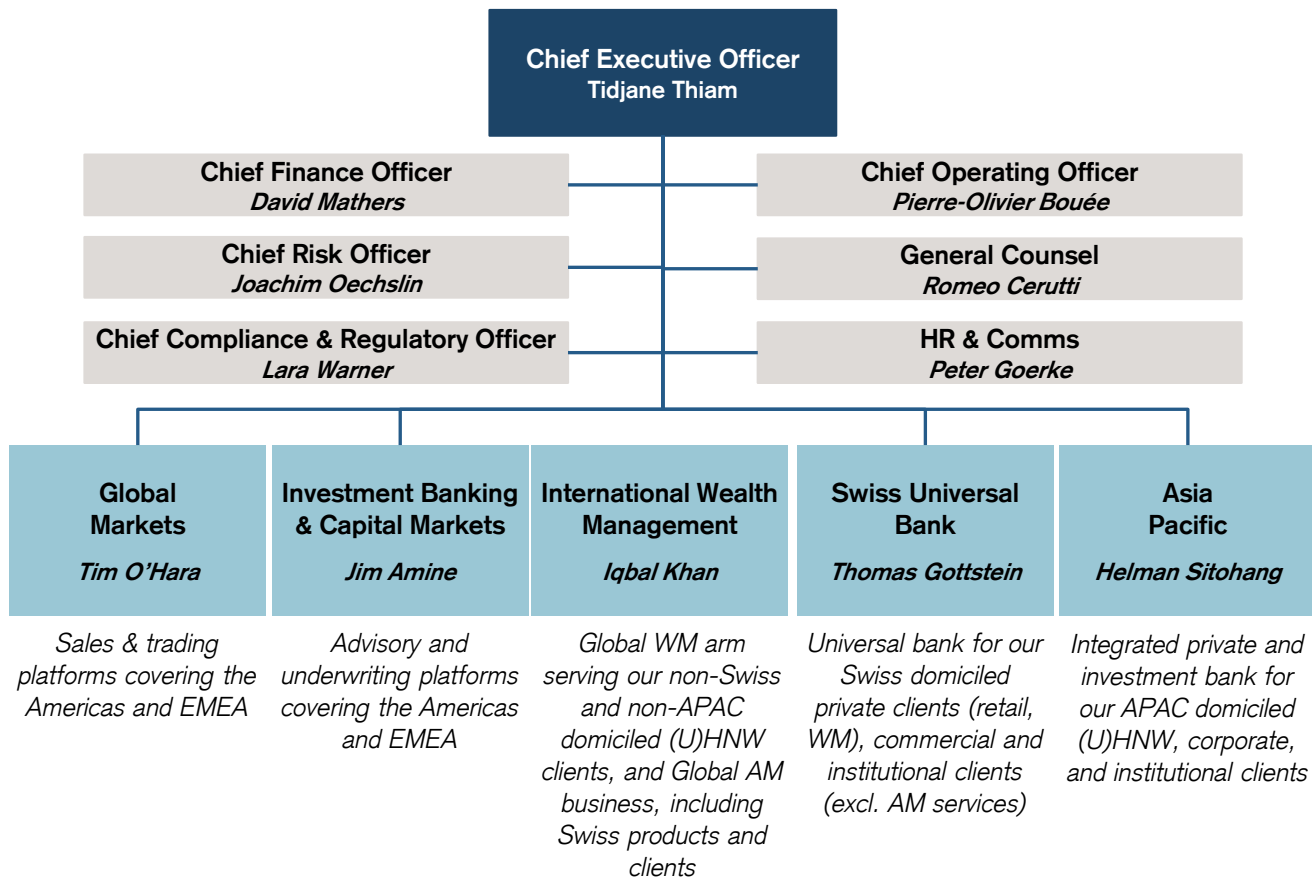
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- Our strategy is to:
  - Be a leading Private Bank and Wealth Manager with strong Investment Banking capabilities and...
  - ...grow profitably and generate capital through the cycle
  
- We are taking a number of management actions to improve our ability to generate capital internally, including
  - Right-sizing the Investment Bank, with significant reduction where returns do not exceed cost of capital;
  - A disciplined capital allocation that combines stable capital consumption and improved business profitability;
  - A reduction in our fixed costs;
  - Transitioning non-core assets and implementing closures.
  
- To ensure the Group has the strong capital position required to support the implementation of its strategy, we are complementing these actions by raising external capital<sup>1)</sup> through the combination of a non-preemptive placing of CHF 1.36bn and a rights issue of CHF 4.70bn. Together these actions will result in a pro-forma CET1 ratio of 12.2% and a pro-forma CET1 leverage ratio of 3.6% based on YE2015 targets
  
- As the strategy is executed, we intend to generate approximately CHF 23-25bn of Operating Free Capital by 2020 of which we intend to distribute at least 40% to shareholders<sup>2)</sup>
  
- We intend to return excess capital to shareholders

1) Subject to approval by EGM (EGM: Extraordinary General Meeting) 2) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017

# Our organization



- Geographic structure will drive client focus and better align with regulation
- Decentralization will increase accountability and cost competitiveness
- Maintain global linkages for Investment Banking and Trading
- Material strengthening of controls and increase centralization of information

Note: New management structure effective October 22, 2015 and will be the basis for our reporting in the fourth quarter of 2015 and the 2015 Annual Report, going forward

# Profitable growth

- More than double PTI of Asia Pacific from CHF 0.9bn in 2014 to **CHF 2.1bn in 2018**
- Increase PTI in International Wealth Management from CHF 1.3bn in 2014 to **CHF 2.1bn in 2018**
- Grow PTI for the Swiss Universal Bank from CHF 1.6bn in 2014 to **CHF 2.3bn in 2018**
- Realize **CHF 3.5bn in cost reduction by end-2018**
- Invest **CHF 1.5bn in growth initiatives**
- Leading overall to **an absolute reduction of our cost base by a net CHF 2bn<sup>1)</sup> to below CHF 19bn**, with further potential efficiency gains post-2018

1) Based on 2015 cost base; Cost reduction program measured on constant FX rates and based on expense run rate excluding major litigation expenses in the SRU & restructuring costs, but including other costs to achieve savings.  
Note: 2018 figures illustrative; Under new structure, new management structure effective October 22, 2015; SRU=Strategic Resolution Unit

# Improve our capital position

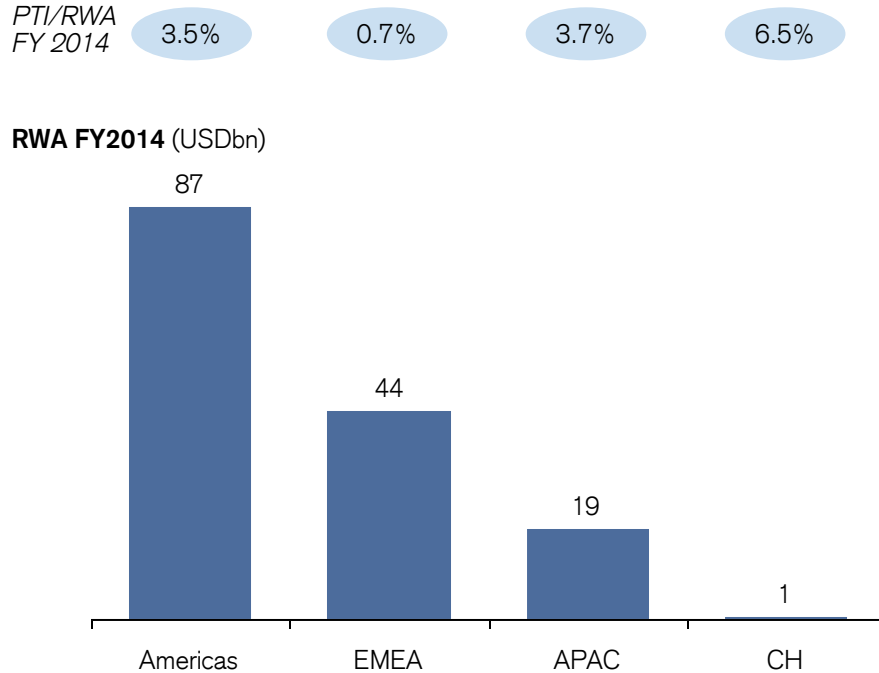
## 1 Internal capital generation

- Right-size the Investment Bank
- Reallocate capital
- Reduce fixed costs
- Transition non-core assets & implement closures

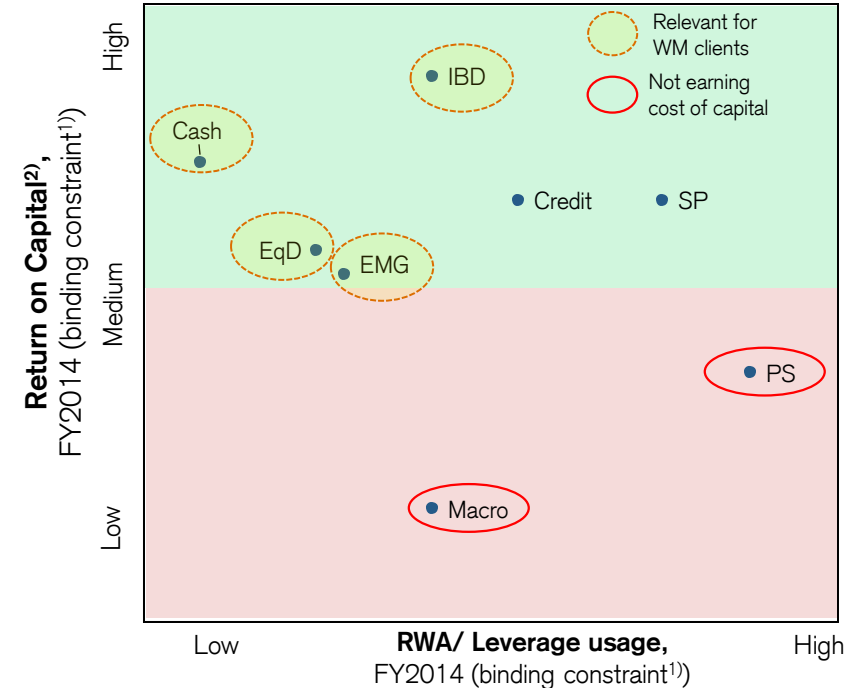
## 2 Capital raising

# Targeted and rational approach to right-sizing Investment Bank (1/2)

## Regional view



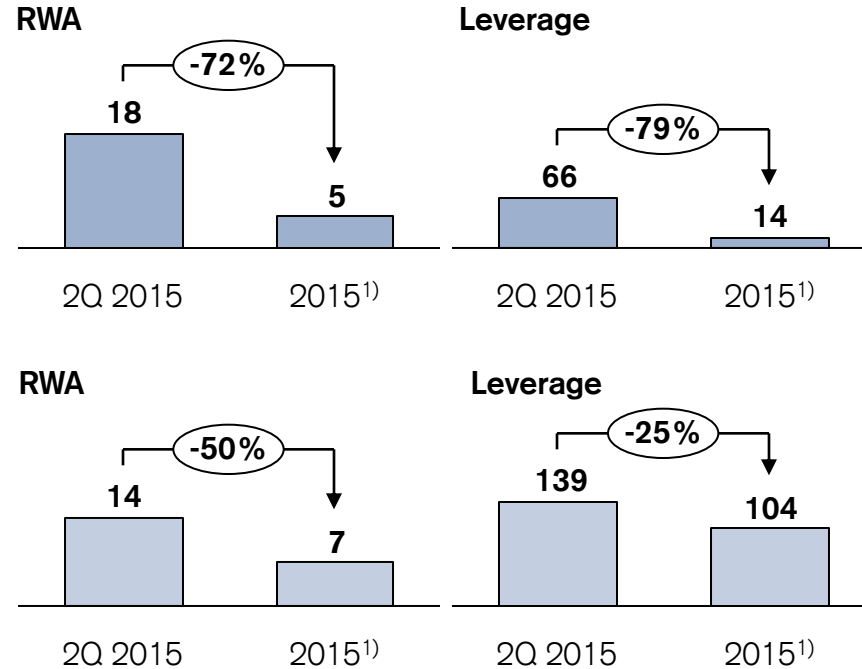
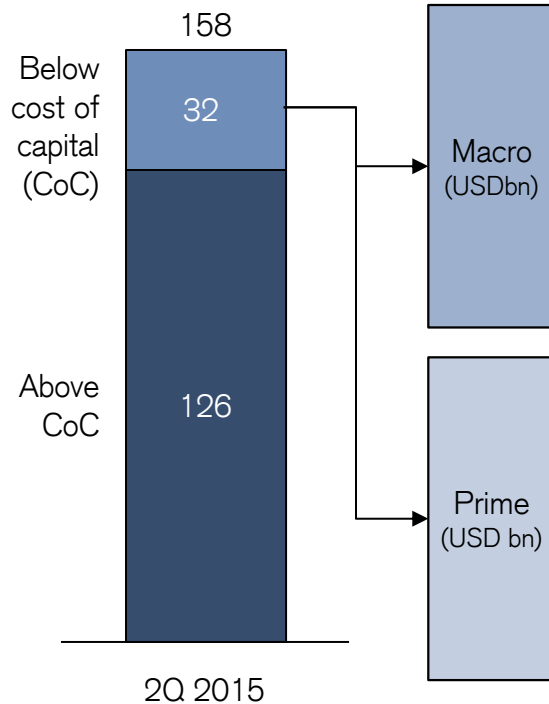
## Functional view



1) Expressed as required capital, calculated as higher of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure 2) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the higher of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Targeted and rational approach to right-sizing Investment Bank(2/2)

RWA breakdown, in USDbn



**YE 2015 target**

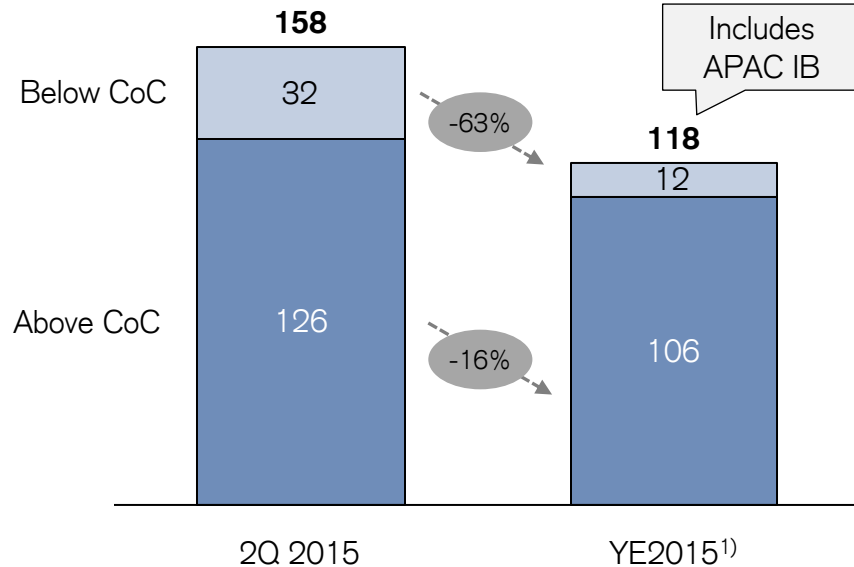
- RWA down CHF 20bn
- Leverage down CHF 87bn

1) Expected Note: APAC IB included; Strategic business only; This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

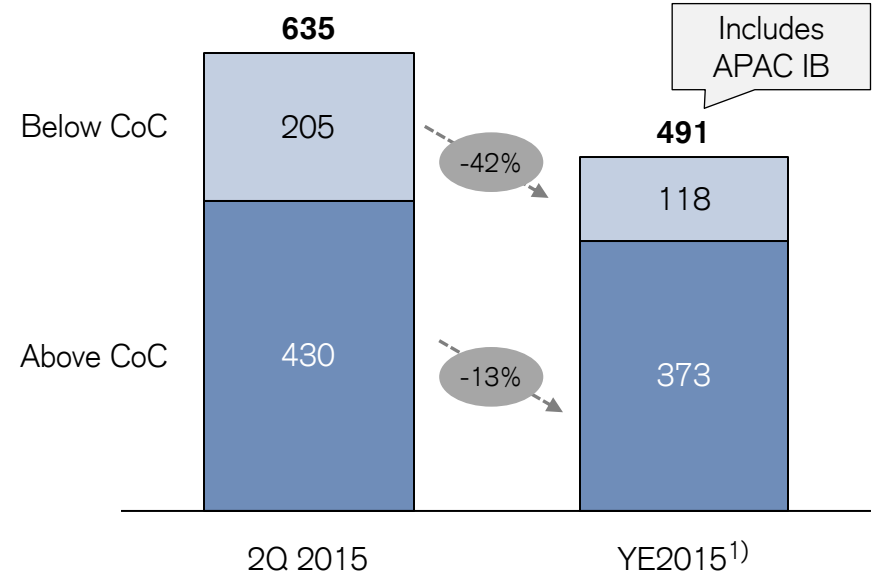


# Investment Bank: targeted reduction of RWA and Leverage – current structure (incl. APAC)

**RWA, USDbn** (current structure, strategic)



**Leverage, USDbn** (current structure, strategic)



RoC<sup>2)</sup> (%)

~19%

~15%

~13%

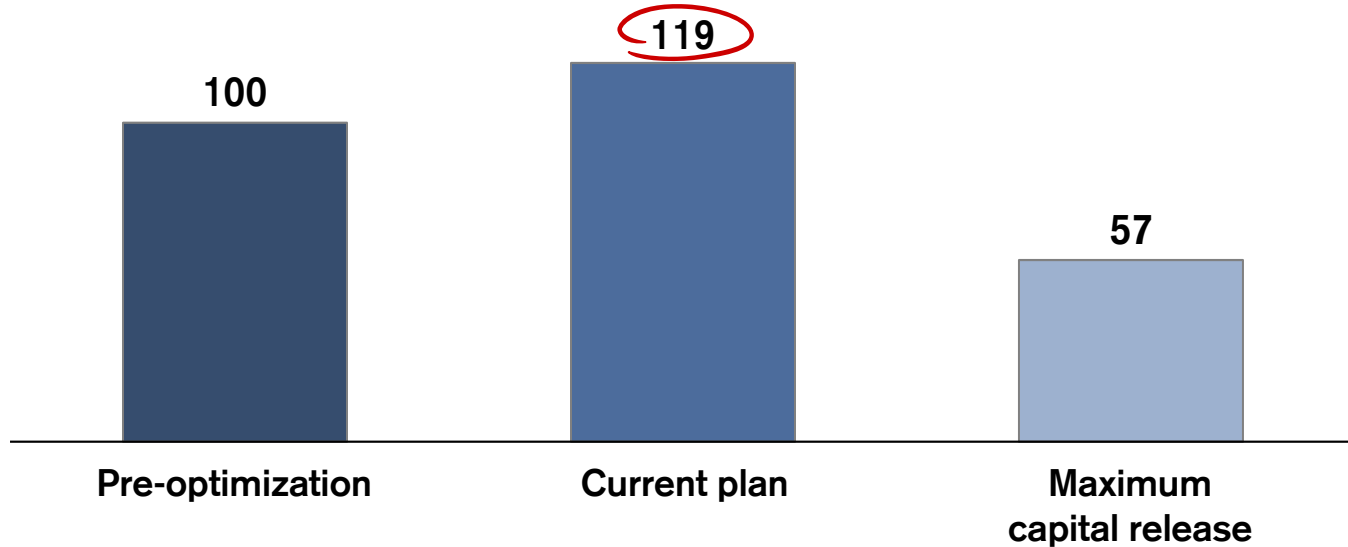
~10%

1) Expected 2) Expressed as required capital, calculated as either 10% of Basel III risk-weighted assets or 3.5% of leverage exposure

Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015, strategic only. BIS LVE for leverage exposure

# Planned RWA reduction at Investment Bank optimizes PTI/RWA arbitrage

PTI/RWA at YE2015 pro forma Index, (Pre-optimization=100)



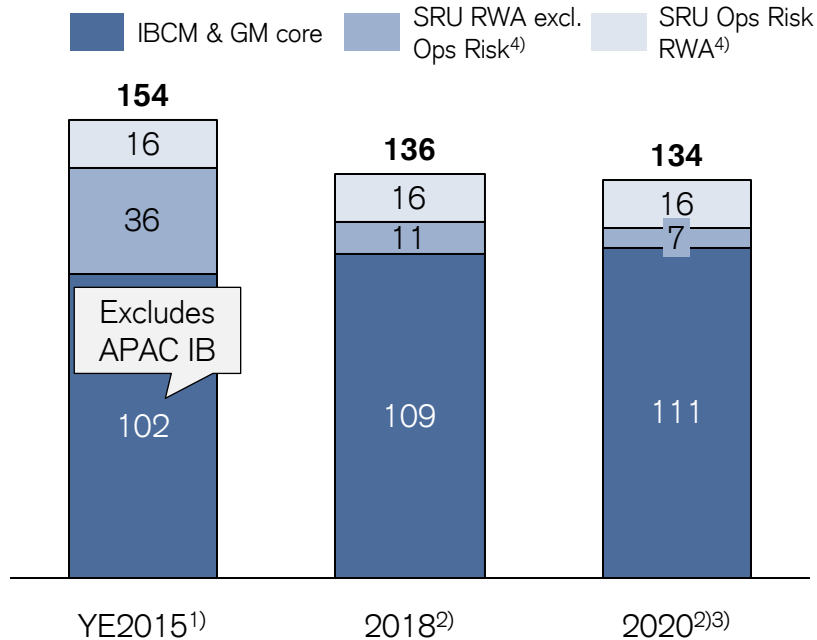
Reduction in RWA  
vs Pre-optimization  
USD bn

Note: Excl. Asia and IBD CH. All numbers based on FYFC 2015 as of 30.09.2015; Source: Credit Suisse data

# IB (IBCM & GM) RWA and Leverage expected to remain stable after restructuring – new structure

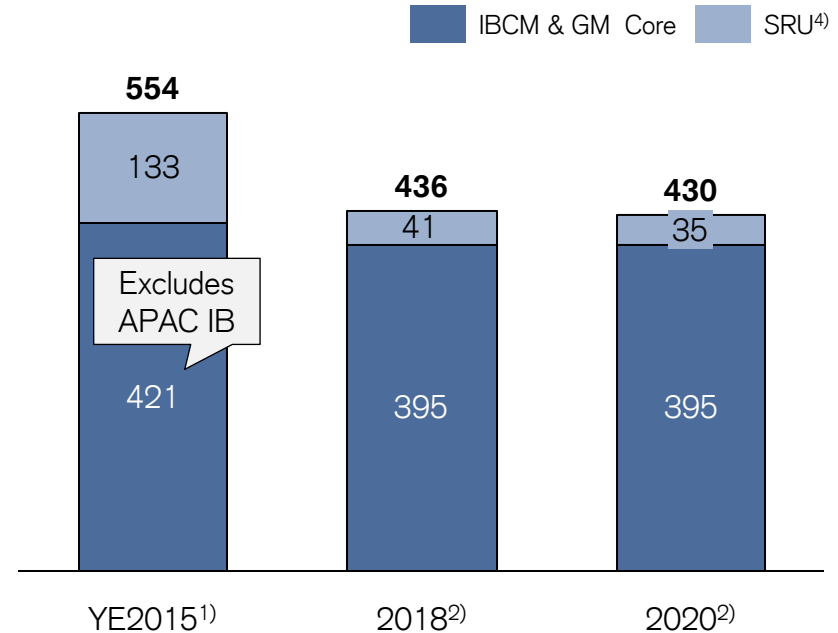
## IB (IBCM & GM) RWA

USDbn (new structure, incl. SRU)



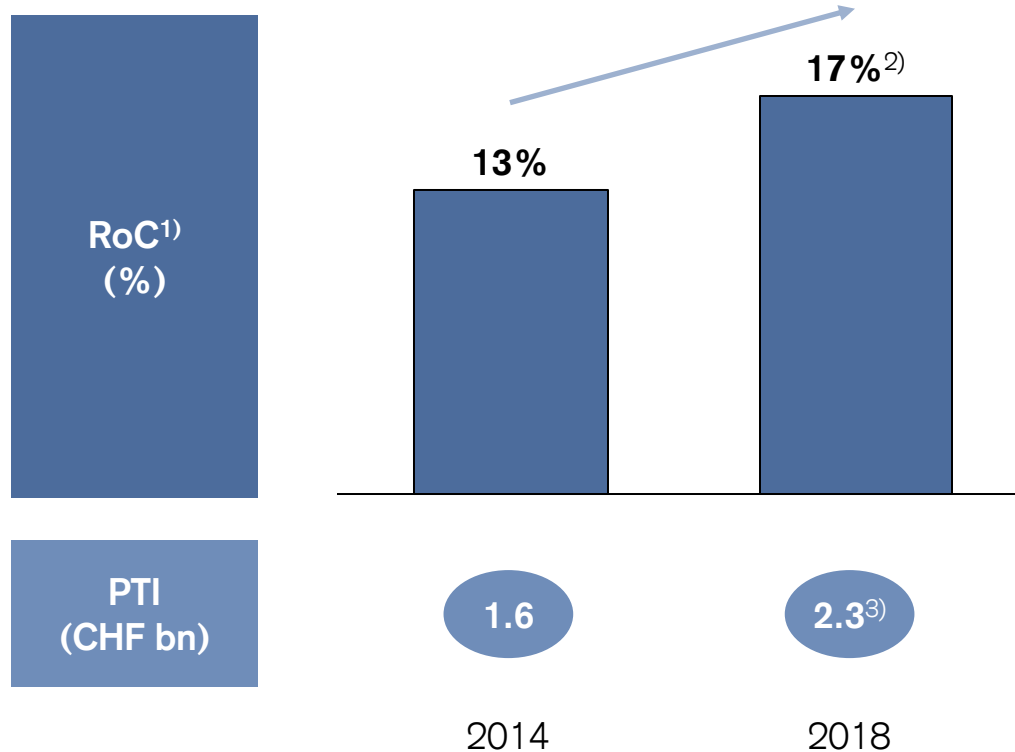
## IB (IBCM & GM) Leverage

USDbn (new structure, incl. SRU)



1) Expected 2) Illustrative 3) Pre-regulatory change; Post-regulatory change RWA would amount to USD 174bn of which USD 142bn is IB core. 4) Strategic Resolution Unit. Note: New management structure effective October 22, 2015

# Improving return on capital – Swiss Universal Bank

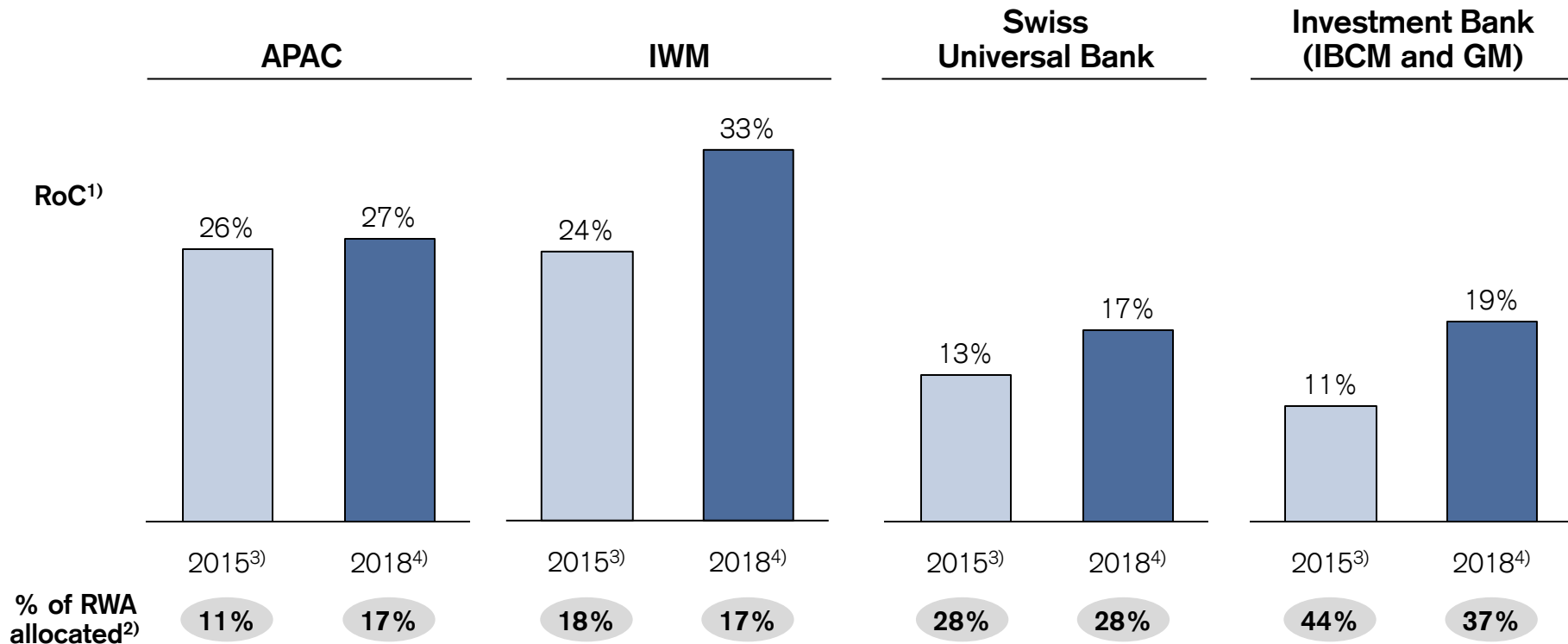


**IPO<sup>4)</sup> of Swiss Universal Bank<sup>5)</sup> expected to support the delivery of growth and profitability**

- Transparency and market discipline
- Attractive, stable earnings stream to investors
- Value of Swiss franchise highlighted
- Incentive alignment for management of Swiss Universal Bank<sup>5)</sup>
- Currency to take advantage of potential market consolidation

1) Expressed as required capital, calculated as higher of 10% Basel III risk-weighted assets or 3.5% end of year leverage exposure 2) Illustrative 3) Target 4) Any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG 5) Legal entity Credit Suisse (Schweiz) AG Note: New management structure effective October 22, 2015

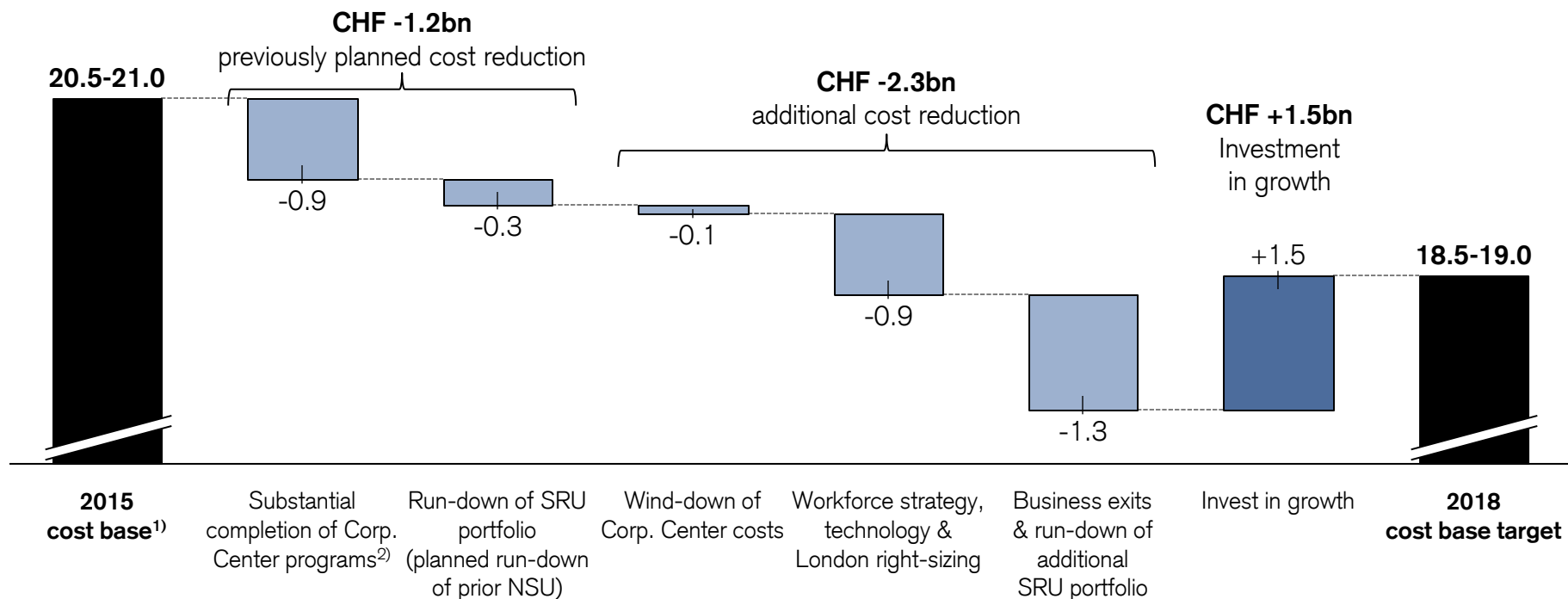
# Improving return on capital and capital allocation



1) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the higher of 10% Basel III risk-weighted assets or 3.5% average leverage exposure, based on 9M15 Annualized 2) Excluding Corporate Center and SRU 3) Expected 4) Illustrative Note: New management structure effective October 22, 2015; IBCM=Investment Banking and Capital Markets; GM=Global Markets Note: Numbers not adding up due to rounding

# Reducing fixed costs while investing in growth

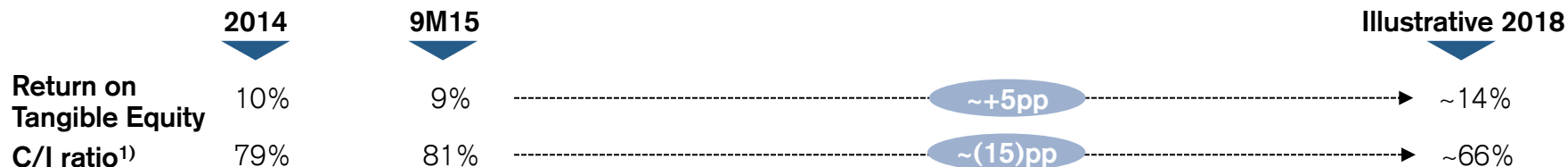
In CHFbn



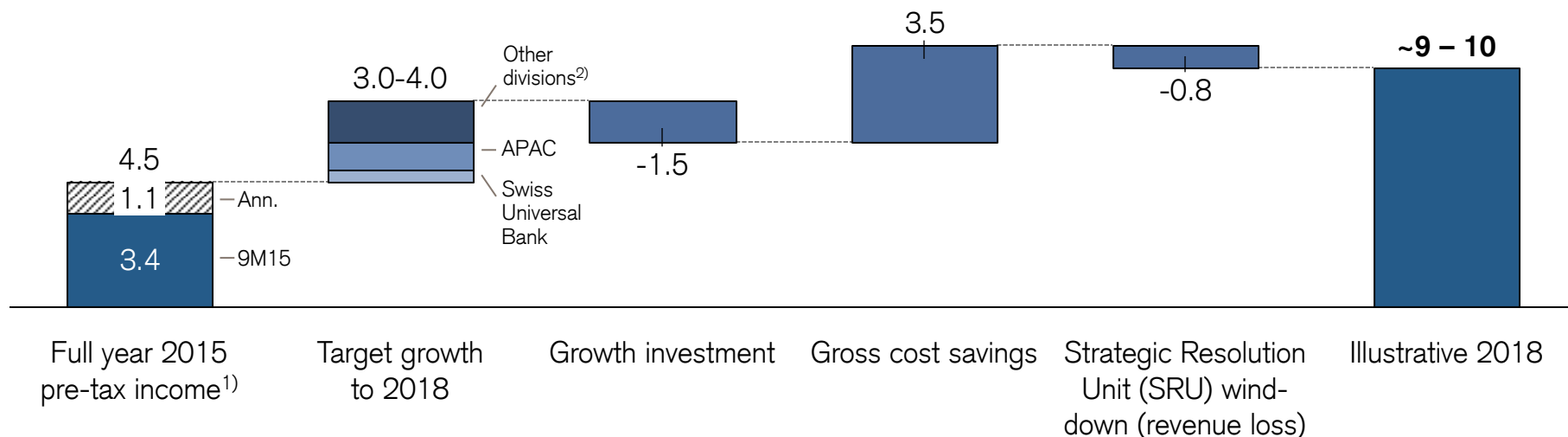
1) Expected; 2) Includes LE program, IT architecture simplification, other corporate center programs and realignment costs

Note: Cost reduction program measured on constant FX rates and based on expense run rate excluding major litigation expenses in the SRU & restructuring costs, but including other costs to achieve savings; New management structure effective October 22, 2015

# The Group is expected to deliver profitable growth ...



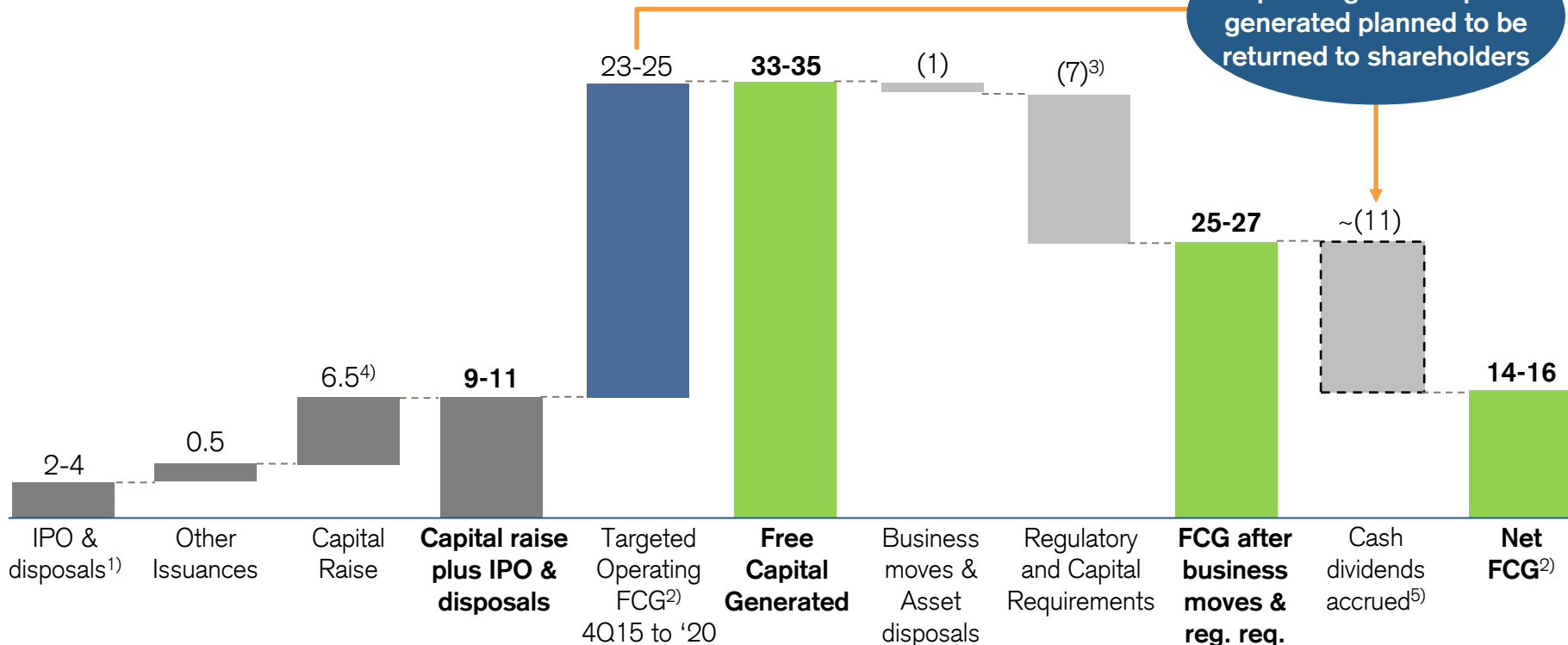
## Illustrative pre-tax income progression, CHFbn



1) Expected, excludes impact of FVoD and certain litigation provisions as disclosed in our Financial Report and assumes a tax rate of 30% for return on tangible equity 2) Includes Corporate Center Note: 2014 and 9M15 reflects Core results; New management structure effective October 22, 2015

# ... and return capital to shareholders

Illustrative 4Q2015 to 2020, in CHFbn



1) Capital impact from targeted IPO of Credit Suisse (Schweiz) AG as well as disposal of non-core assets, does not include material capital impact / benefit from cost savings and exposure reductions; any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG 2) Free Capital generated 3) Including impact on capital applying RWA floors at 60% 4) Net of costs and including relating threshold impact for deferred tax assets; subject to approval by EGM (EGM: Extraordinary General Meeting) 5) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017 Note: Under the free capital generation concept, capital is calculated using 10% to convert RWA into capital and 3.5% for leverage exposure due to the anticipated TBTF requirement of 3.5% CET1 leverage ratio and 10% CET1 requirement; New management structure effective October 22, 2015



# Our 3Q15 results further emphasize the need for change

		<u>Implications for strategy</u>
<b>Credit Suisse Group</b>	<ul style="list-style-type: none"> <li>■ <b>Group pre-tax income</b> (excluding revenue impact from fair value on own debt) of <b>CHF 238mn</b>. Group Strategic pre-tax income for the quarter of CHF 826mn, a 49% decrease from 3Q14</li> <li>■ <b>9M15 return on equity of 9%</b>, of which 11% for the Strategic business</li> </ul>	<p><b>Drive capital allocation to high return businesses with cost discipline</b></p>
<b>Asia Pacific</b>	<ul style="list-style-type: none"> <li>■ <b>48% year-to-date increase in overall pre-tax income</b> to CHF 1,129mn</li> <li>■ <b>Wealth Management with YoY double-digit growth</b> in NNA in 3Q15 and 9M15</li> <li>■ <b>9M15 Investment Banking revenues increase of 15%</b>, driven by equities</li> </ul>	<p><b>APAC key opportunity</b></p>
<b>Private Banking &amp; Wealth Management</b>	<ul style="list-style-type: none"> <li>■ <b>Strategic pre-tax income of CHF 753mn with RoC of 20%</b>, impacted by weaker client activity and adverse market conditions</li> <li>■ <b>Strong strategic NNA of CHF 17.3bn of which CHF 10.5bn from WMC with growth across all regions</b></li> </ul>	<p><b>Accelerate growth by focusing on UHNWI in other EM</b></p>
<b>Investment Banking</b>	<ul style="list-style-type: none"> <li>■ <b>Strategic pre-tax income of USD 291mn significantly lower</b> QoQ and YoY, primarily due to lower fixed income results driven by <b>muted client activity</b></li> <li>■ <b>Reduction in leverage</b> exposure to USD 615 bn; <b>early achievement of USD 600-620 bn year-end target</b></li> </ul>	<p><b>Reduce exposure to volatile IB and tilt towards stable, high-return businesses</b></p>
<b>Progress on capital</b>	<ul style="list-style-type: none"> <li>■ <b>“Look-through” Swiss Total Leverage ratio of 4.5%</b>, of which BIS Tier 1 leverage ratio of 3.9% and CET1 leverage ratio of 2.8%</li> <li>■ <b>“Look-through” CET1 capital slightly down QoQ to 10.2%</b></li> </ul>	<p><b>Build a strong capital position</b></p>


Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# A set of objectives to measure progress

	Key Metrics, in bn, in CHF unless otherwise specified	2014	2018 target
Profitable growth	APAC PTI	0.9	2.1
	IWM PTI	1.3	2.1
	CHUB PTI	1.6	2.3
	Group Cost base		18.5-19.0

		2015	2018 target
Capital	SRU RWA wind-down (ex. OpRisk)	42 <sup>1)</sup>	12
	Global Markets RWA	USD ~83-85 (target)	USD ~83-85
	Global Markets Leverage	USD ~380 (target)	USD ~370

- **CHF 23bn to 25bn of Operating Free Capital generated (FCG) over 5 years**
- **At least 40% of Operating FCG to be distributed to shareholders via dividends over the period<sup>2)</sup>**

	▪ <b>CET1 capital ratio ~13% until 2018 and &gt;11% thereafter<sup>3)</sup></b>
	▪ <b>CET1 leverage ratio above 3.5%</b>

1) Number corresponds to the starting point of SRU as it is being established 2) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017 3) After regulatory recalibration in 2019 Note: All metrics on the slide based on new organizational structure, new management structure effective October 22, 2015 APAC=Asia-Pacific IWM=International Wealth Management CHUB=Swiss Universal Bank

# Agenda for the day

Time (GMT)	Topic	Speaker
11.00 – 11.05	<b>Welcome</b>	Urs Rohner, Chairman of the Board
11.05 – 12.00	<b>Overview &amp; Summary</b>	Tidjane Thiam, Chief Executive Officer
12.00 – 13.00	<b>Financials &amp; Capital</b> (incl. 3Q15 results)	David Mathers
13.00 – 14.00	Lunch	
14.00 – 14.30	<b>Swiss Universal Bank</b>	Thomas Gottstein
14.30 – 15.10	<b>Asia Pacific</b>	Helman Sitohang
15.10 – 15.40	<b>International Wealth Management</b>	Iqbal Khan
15.40 – 16.20	Coffee break	
16.20 – 16.40	<b>Global Markets</b>	Tim O'Hara
16.40 – 17.00	<b>Investment Banking &amp; Capital Markets</b>	Jim Amine
17.00 – 19.30	Q&A session	All

# Agenda for today

**1** Credit Suisse Strategy

**2** Capital position

# Our ambition is to be a leading Private Bank and Wealth Manager with strong Investment Banking capabilities

APAC and  
other EM

- **Capture the Wealth Management opportunity in Emerging Markets** by accelerating growth in Asia Pacific and by replicating our successful model in other Emerging Markets

Swiss  
Universal Bank

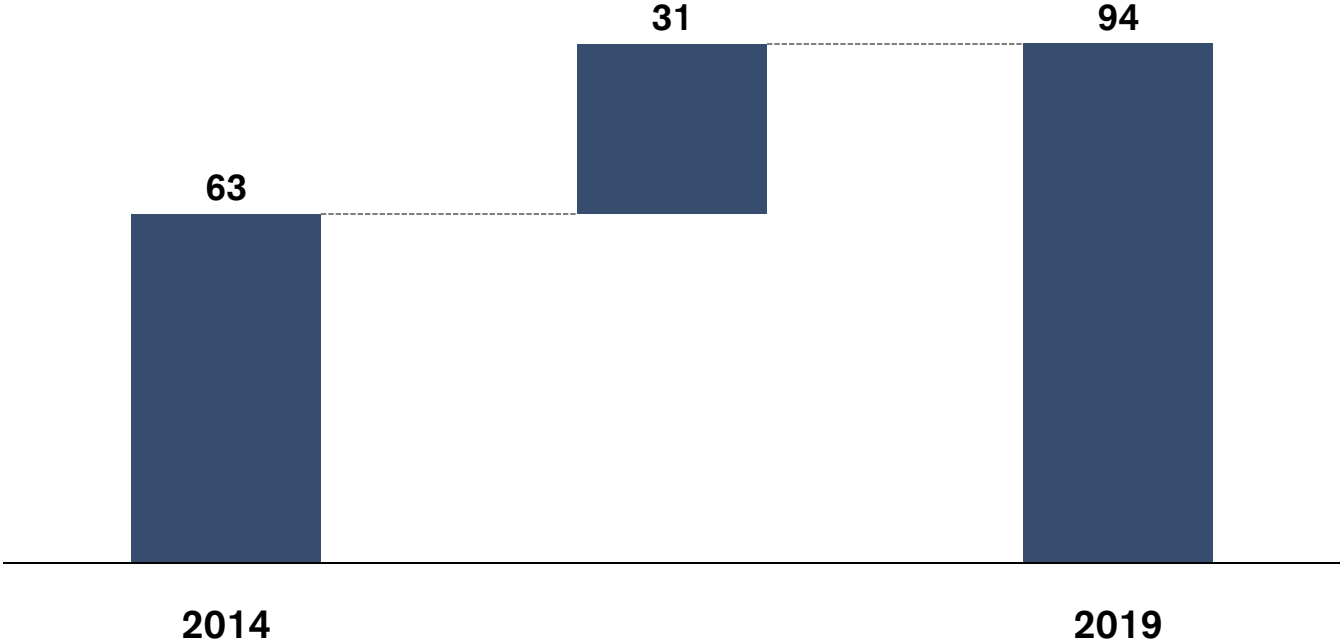
- **Create a Swiss Universal Bank to expand our position** with Swiss private, corporate and institutional clients and participate in domestic consolidation opportunities

Investment  
Bank

- **Right-size the Investment Bank** to optimize its profitability and capital usage, reduce volatility of earnings and support Wealth Management customer needs

# Global wealth is expected to continue growing

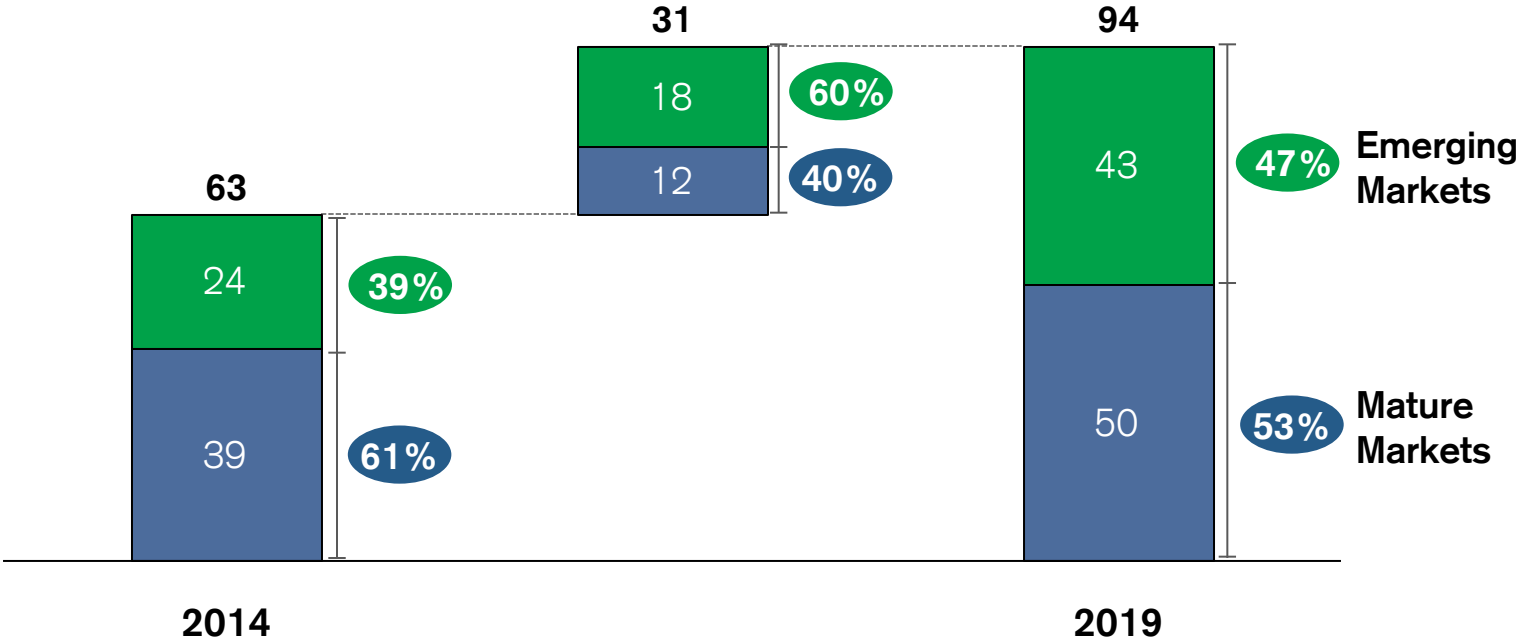
Estimated global wealth development 2014-19, in CHFtr



Source: BCG Global Wealth Report 2015. UHNW and HNWI individual's wealth, excl. pension and insurance. HNWI=USD1-20mm wealth, UHNWI>USD20mm wealth

# Emerging Markets expected to drive ~60% of wealth increase by 2019

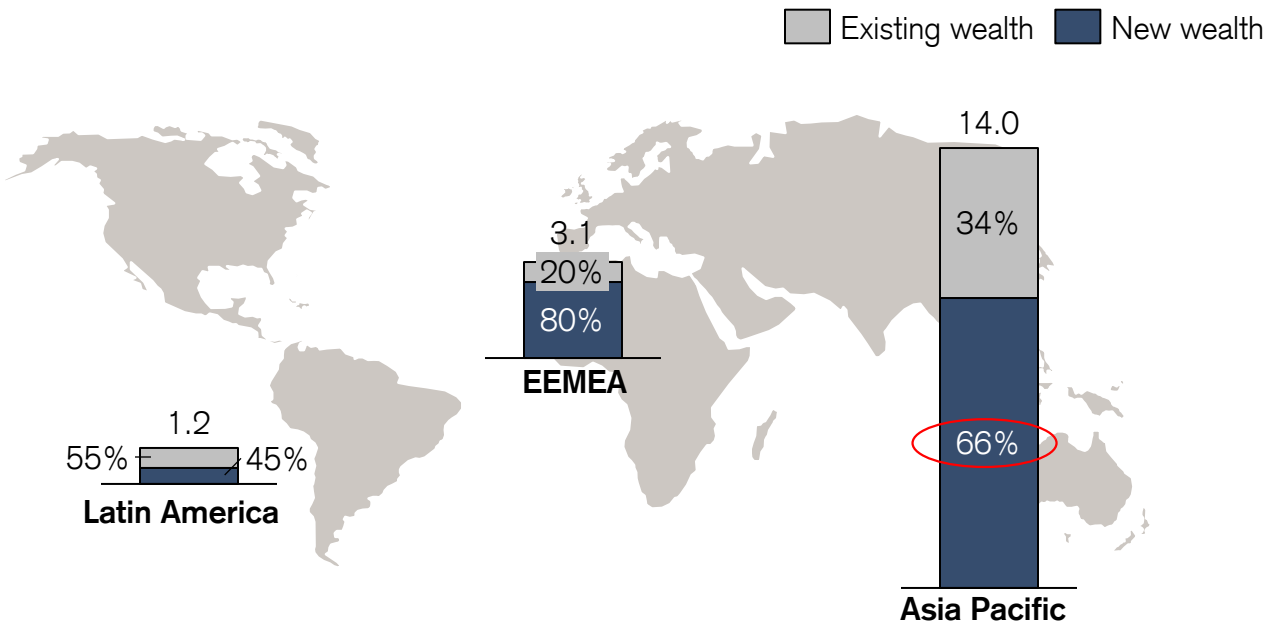
Estimated global wealth development 2014-19, in CHFtr



Source: BCG Global Wealth Report 2015. UHNW and HNW individual's wealth, excl. pension and insurance. HNWI=USD1-20mm wealth, UHNWI>USD20mm wealth. Note: Numbers not adding up due to rounding.

# Growth in Emerging Market wealth expected to mostly come from “new wealth”

Estimated wealth development in Emerging Markets 2014-19 – new wealth vs. existing wealth, in CHFtr

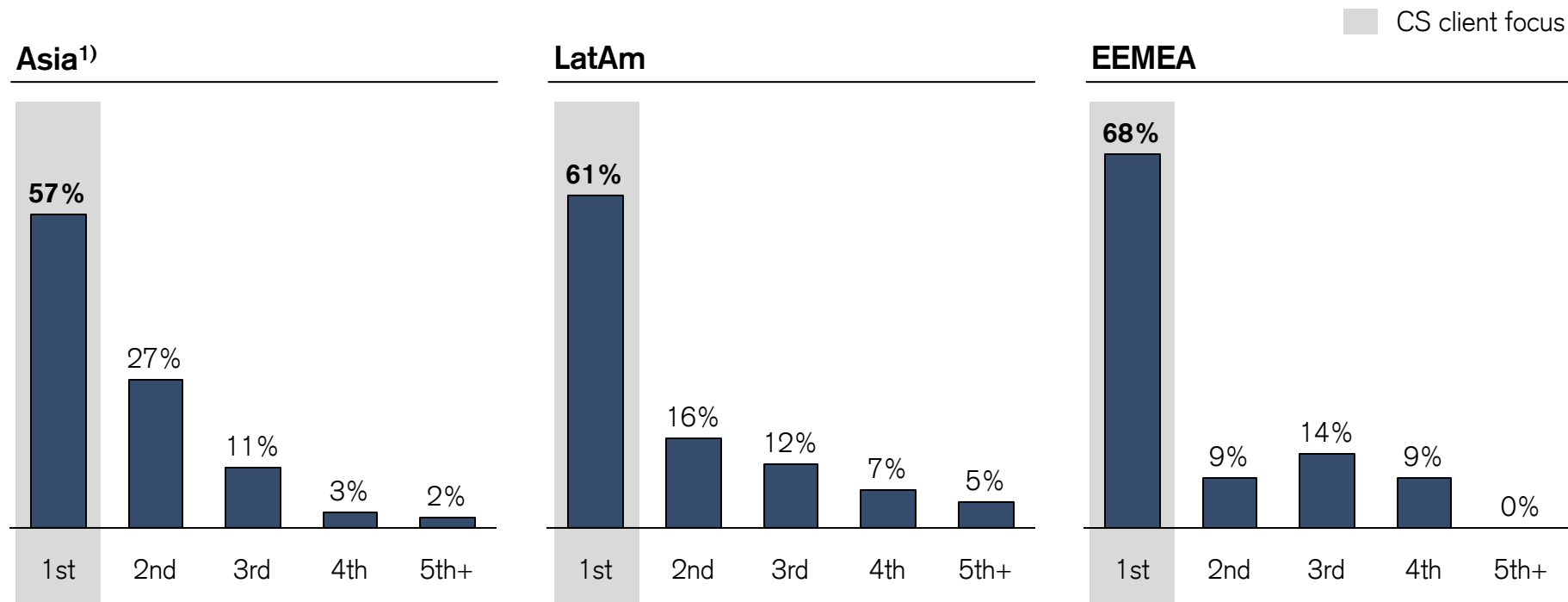


Source: BCG Global Wealth Report 2015



# First generation entrepreneurs driving new wealth generation, not only in Asia but also in other Emerging Markets...

Generational ownership 1st to 5th generation (in %)



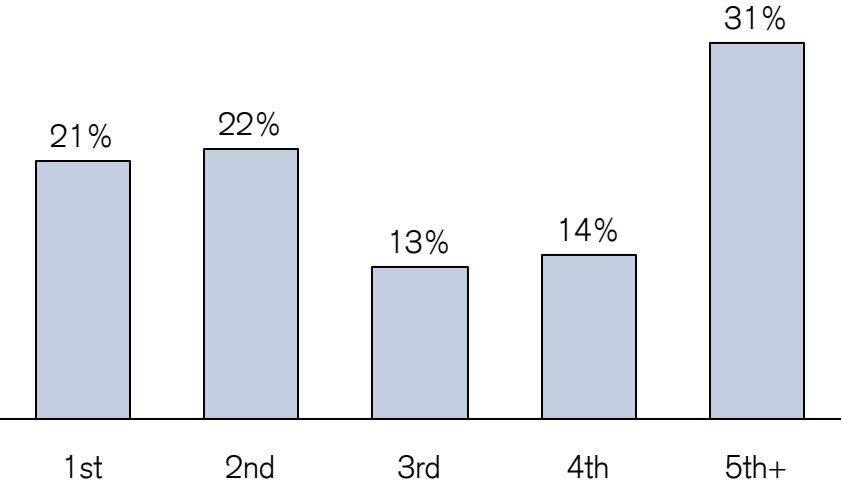
1) Ex-Japan

Source: Credit Suisse Research Institute Note: Numbers not adding up due to rounding

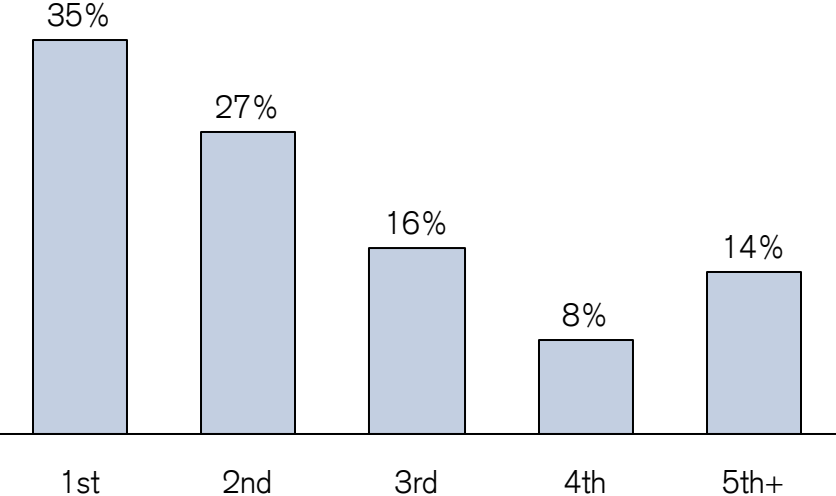
# ... while ownership profile more balanced in Mature Markets

Generational ownership 1st to 5th generation (in %)

## Western Europe



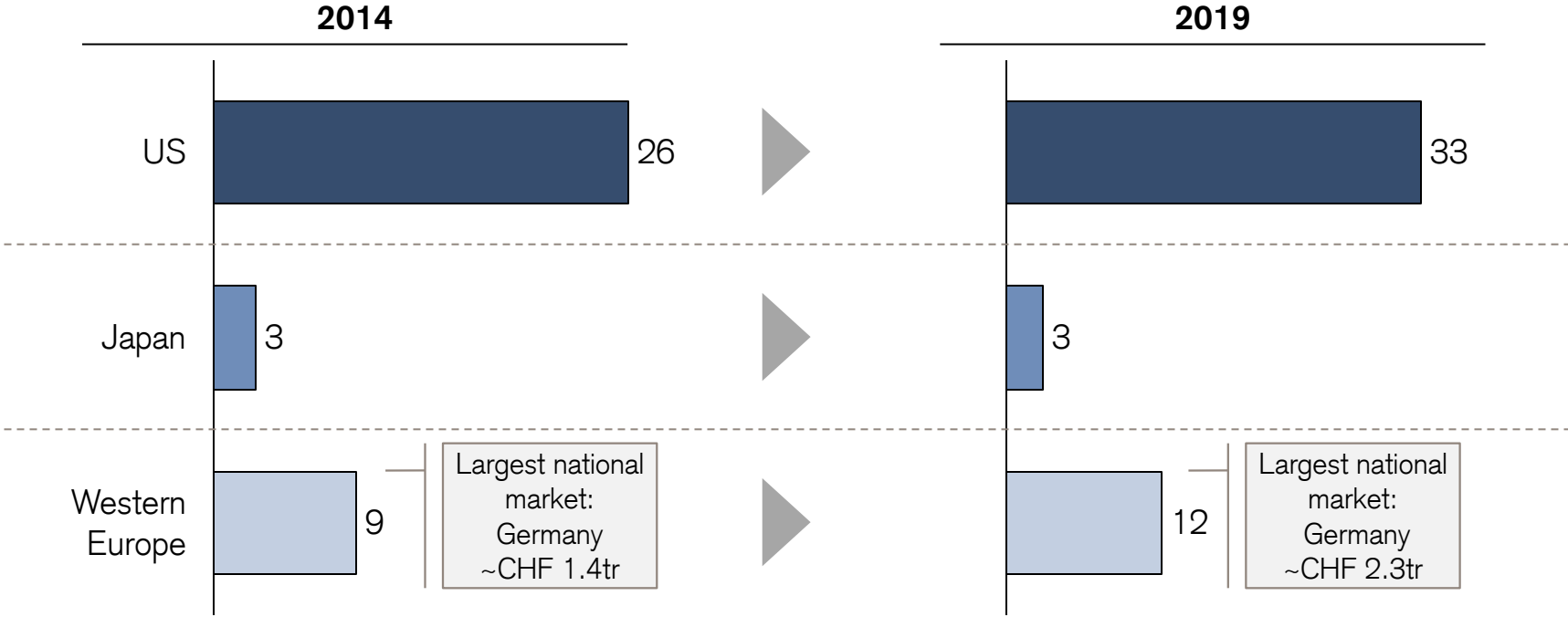
## U.S.



Source: Credit Suisse Research Institute Note: Numbers not adding up due to rounding

# In Mature Markets, the US is expected to remain the largest pool of wealth

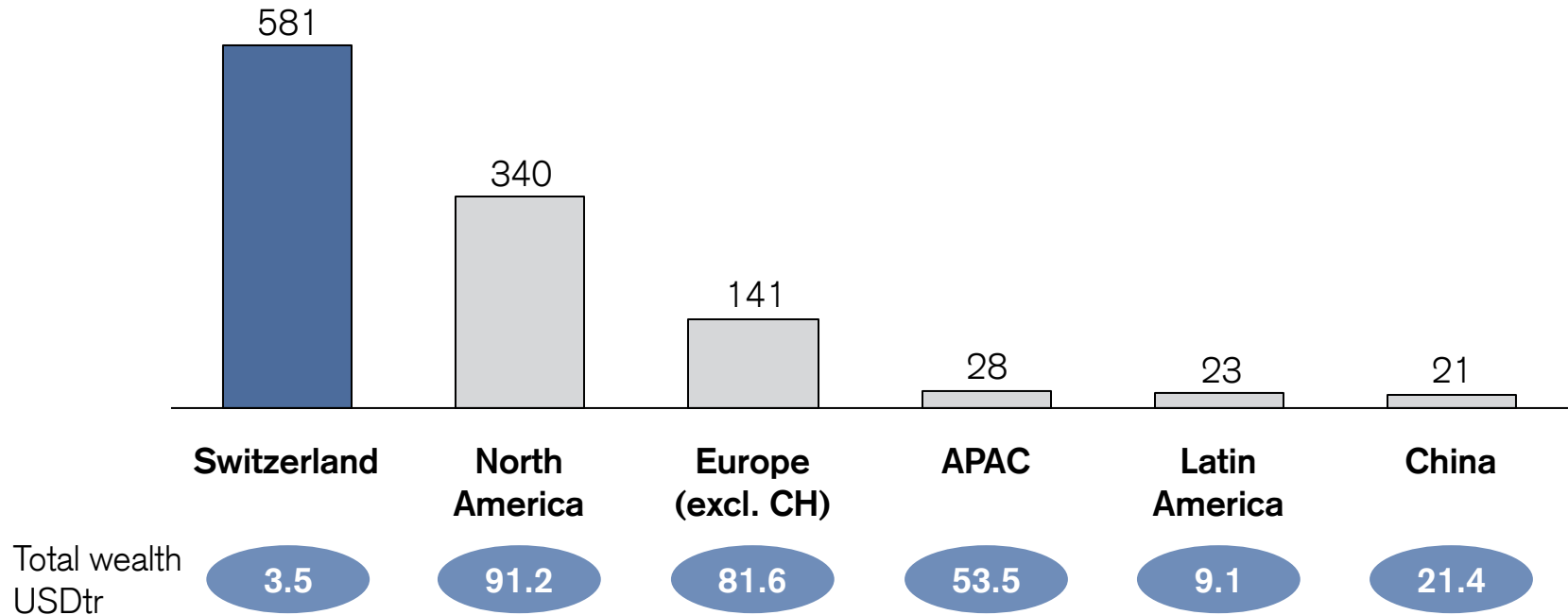
US, Japan, Western Europe estimated wealth in 2014 and 2019, in CHFtr



Source: BCG Global Wealth Report 2015. UHNW and HNW individual's wealth, excl. pension and insurance

# Switzerland expected to continue to have the highest average wealth per adult

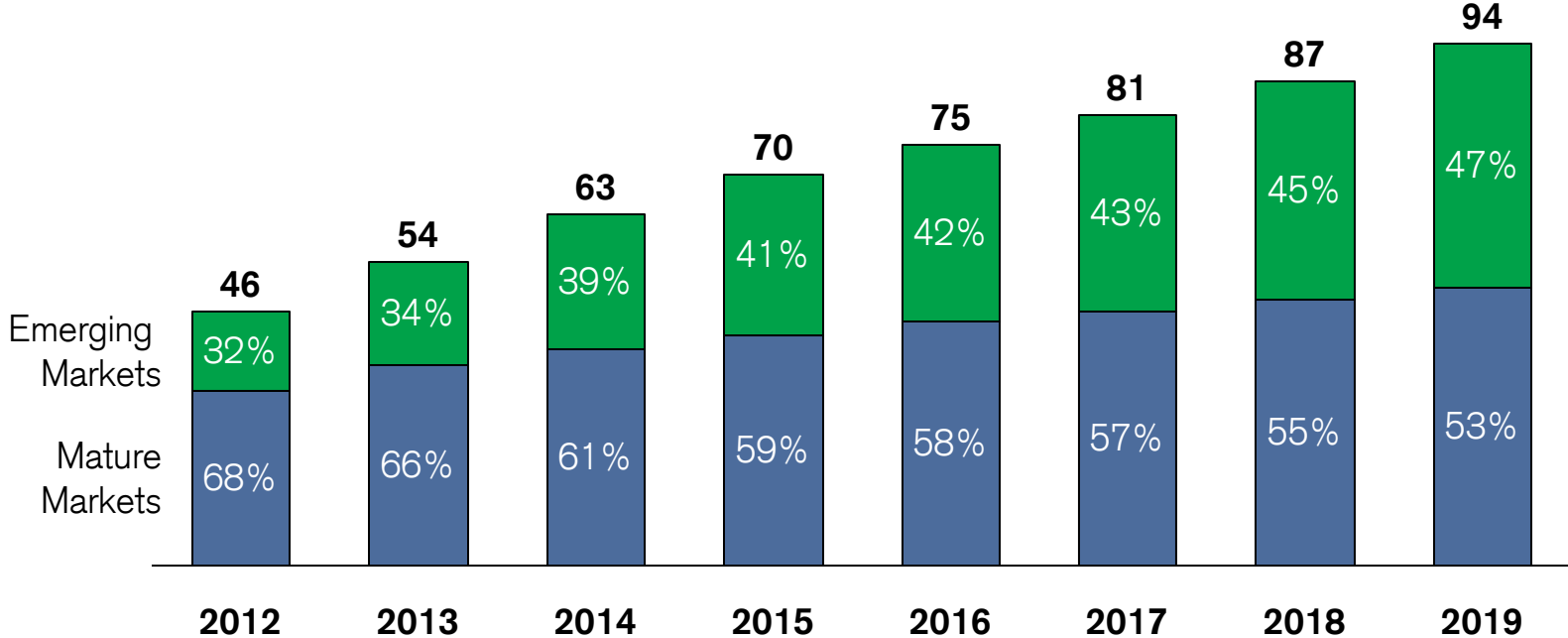
Wealth per adult – 2014, USDk



Source: CS Global Wealth Databook; BCG Global Wealth Report 2015

# Despite slower growth, Mature Markets expected to remain important

Estimated global wealth in 2012-19, in CHFtr



Source: BCG Global Wealth Report 2015. UHNW and HNWI individual's wealth, excl. pension and insurance. HNWI=USD1-20mm wealth, UHNWI>USD20mm wealth. Note: Numbers not adding up due to rounding.

# The Wealth Management opportunity for Credit Suisse

**Significant growth in APAC and Other EM**



**Large pool of wealth in Mature Markets**

- **Most attractive long term opportunity for Wealth Management**

- **Switzerland – our home market – providing stability to earnings**
- **Focused approach in US & Western Europe given highly competitive environment**

*Balanced approach*

# Right-size the Investment Bank: our approach

## Right-sizing approach

- Targeted and rational approach
- Apply three criteria to determine businesses to be right-sized

1

**Connection with the WM business**

- **Invest** where direct **support to Wealth Management**
- Protect business with indirect connectivity

2

**Capital usage**

- **Focus on real binding constraint** – ‘worst of RWA or Leverage’
- **Improve capital productivity**

3

**Profitability**

- Keep any business that delivers **returns in excess of cost of capital**
- **Avoid cliff effect** when right-sizing

# Revenues generated by UHNW clients from using IB products and services

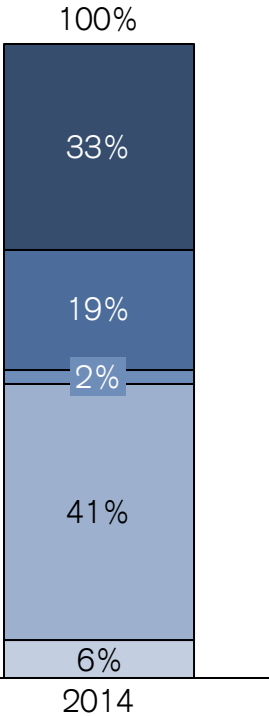
## UHNWI needs

- Financing
- Investments
- Hedging
- Capital markets access
- Trading

## CS IB solutions

- Share backed lending / Loan syndication
- Shares / Funds / Derivatives
- Interest rate, FX, Equity / Credit
- ECM / DCM / M&A deals
- AES / Prime Services for Private Clients

## CS IB Deal revenue mix<sup>1)</sup>



1) Revenue mix of integrated bank revenues where WM clients used episodic IB solutions, based on current reporting structure. Note: this slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015.

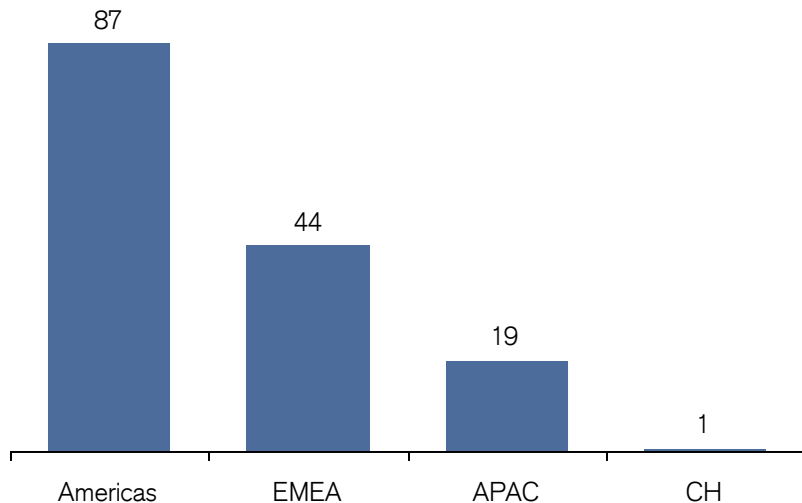


# Strong IB franchise and returns with exception of EMEA region and Macro / Prime Services business

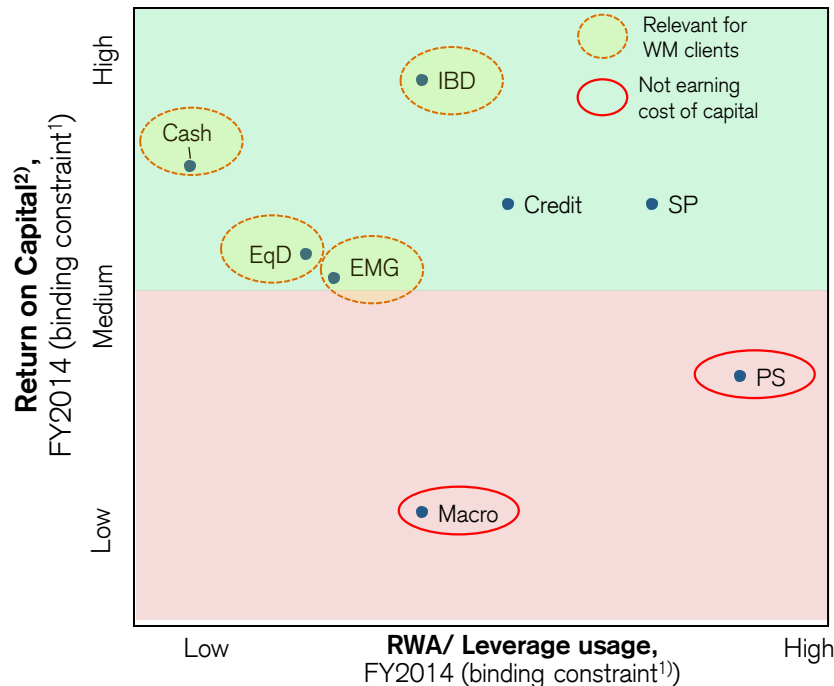
## Regional view



## RWA FY2014 (USDbn)



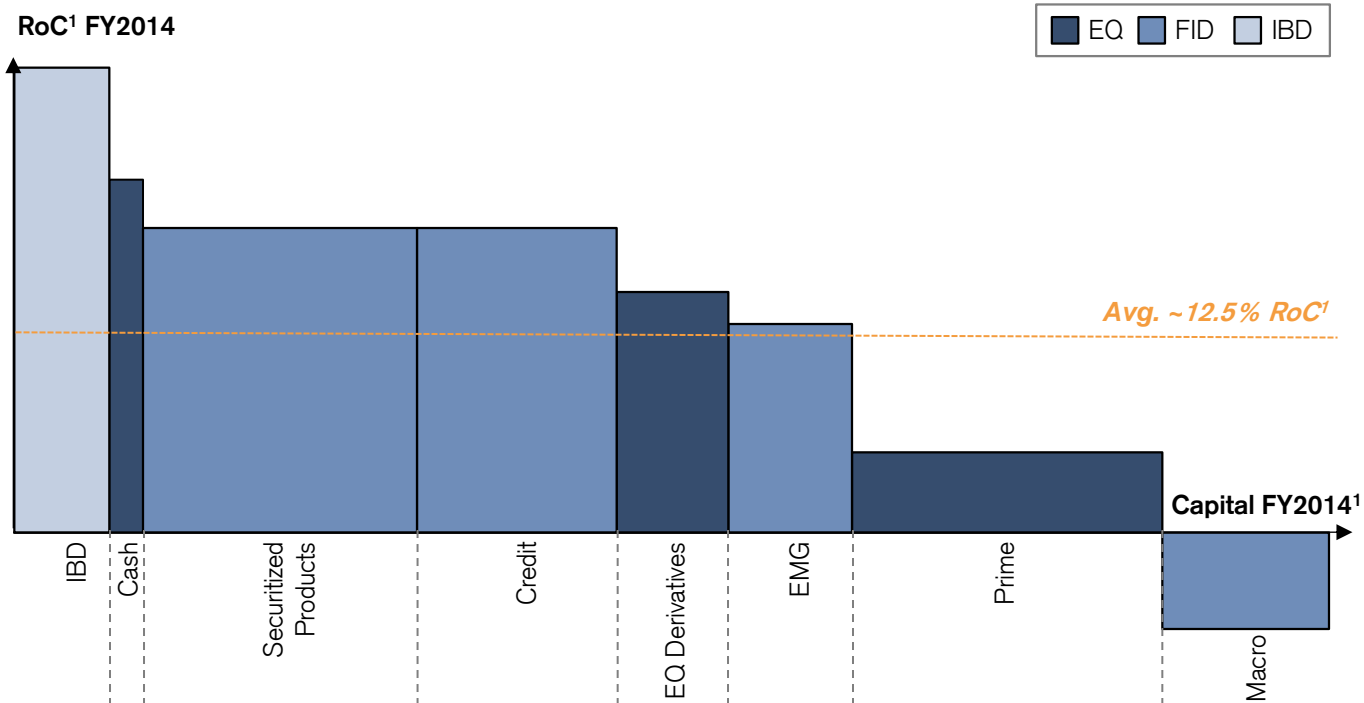
## Functional view



1) Expressed as required capital, calculated as higher of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure 2) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the higher of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015, APAC IB included

# Investment Bank: Business profitability and capital allocation

## FY2014 IB profitability and capital usage



1) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the higher of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015, APAC IB included; Represents "fully allocated" view, i.e., IB funding costs, operational risk and Corporate Bank costs have been allocated to individual IB businesses

# Right-size the Investment Bank: WM connectivity, capital usage and profitability

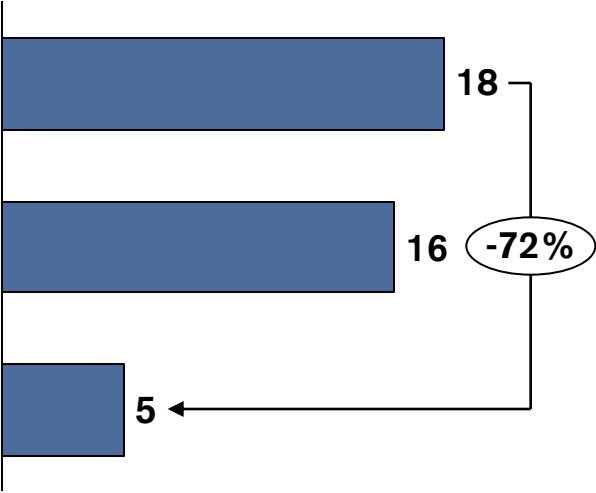
Right-sizing focus   ✓ Pass   ✗ Non-acceptable

	1 Connection with WM	2 Capital usage (FY2014)	3 Profitability <sup>1)</sup> (FY2014)
IBD	✓	✓	✓
Equity Derivatives	✓	✓	✓
Cash Equity	✓	✓	✓
Emerging Markets Group	✓	✓	✗
Securitized Products	✗	✗	✓
Credit	✗	✗	✓
Prime Services	✓	✗	✗
Macro	✓	✗	✗

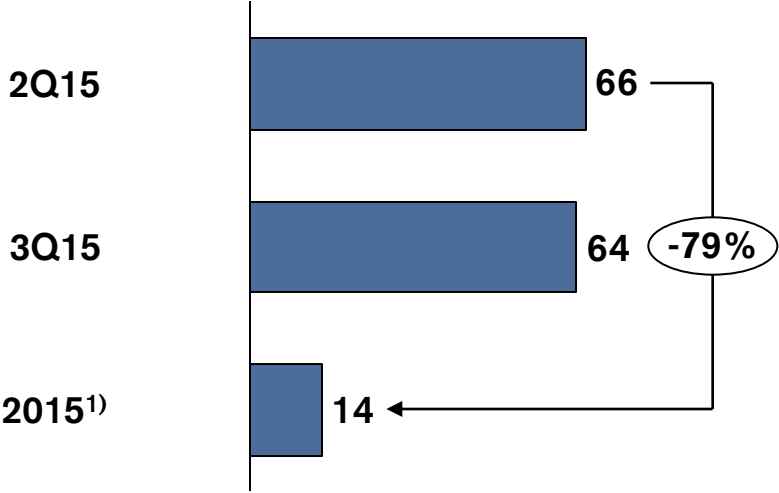
1) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the highest of 10% Basel III risk-weighted assets or 3.5% end of 2014 leverage exposure. Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Right-size the Investment Bank: Macro

Macro RWA, in USDbn



Macro Leverage, in USDbn

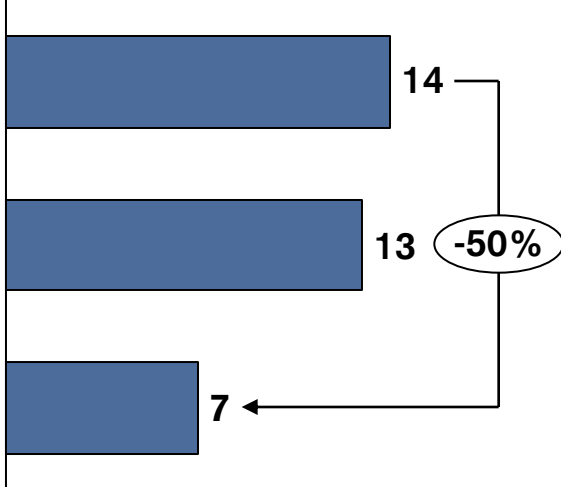


- Largely exit in EMEA and APAC
- Maintain core US

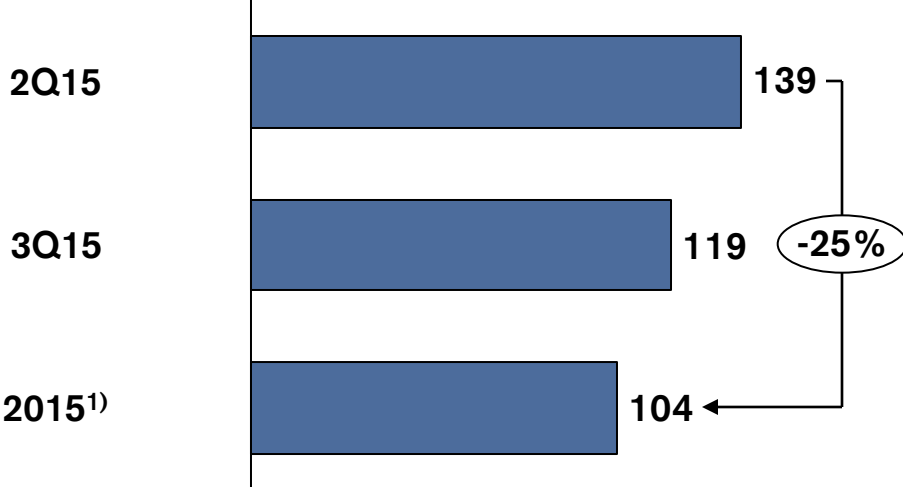
<sup>1)</sup> Expected  
 Note: APAC IB included; Strategic business only; This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Right-size the Investment Bank: Optimize Prime

Prime RWA, in USDbn



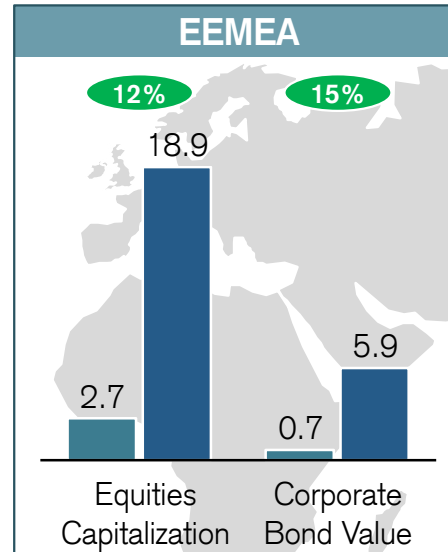
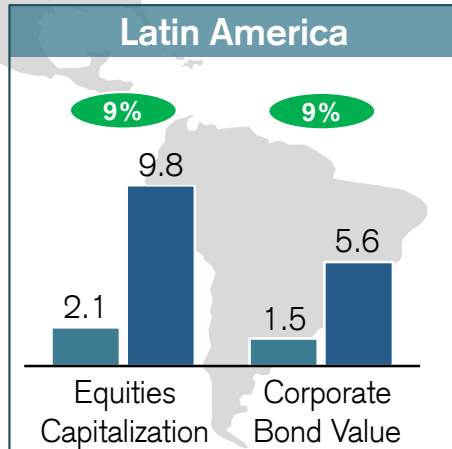
Prime Leverage, in USDbn



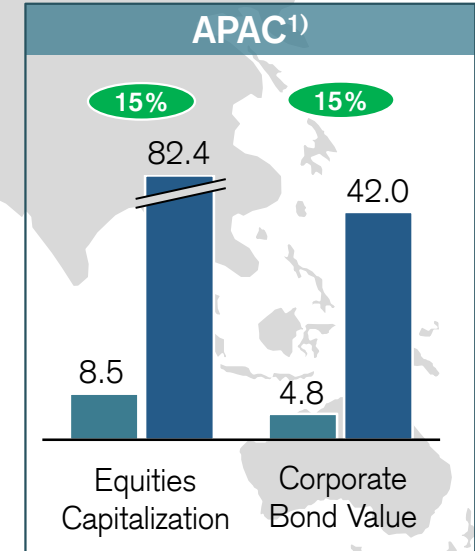
▪ Optimize for returns centered around core franchise clients

1) Expected  
Note: APAC IB included; Strategic business only; This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Prime is important for the Equity franchise which is a core component of the Emerging Markets opportunity



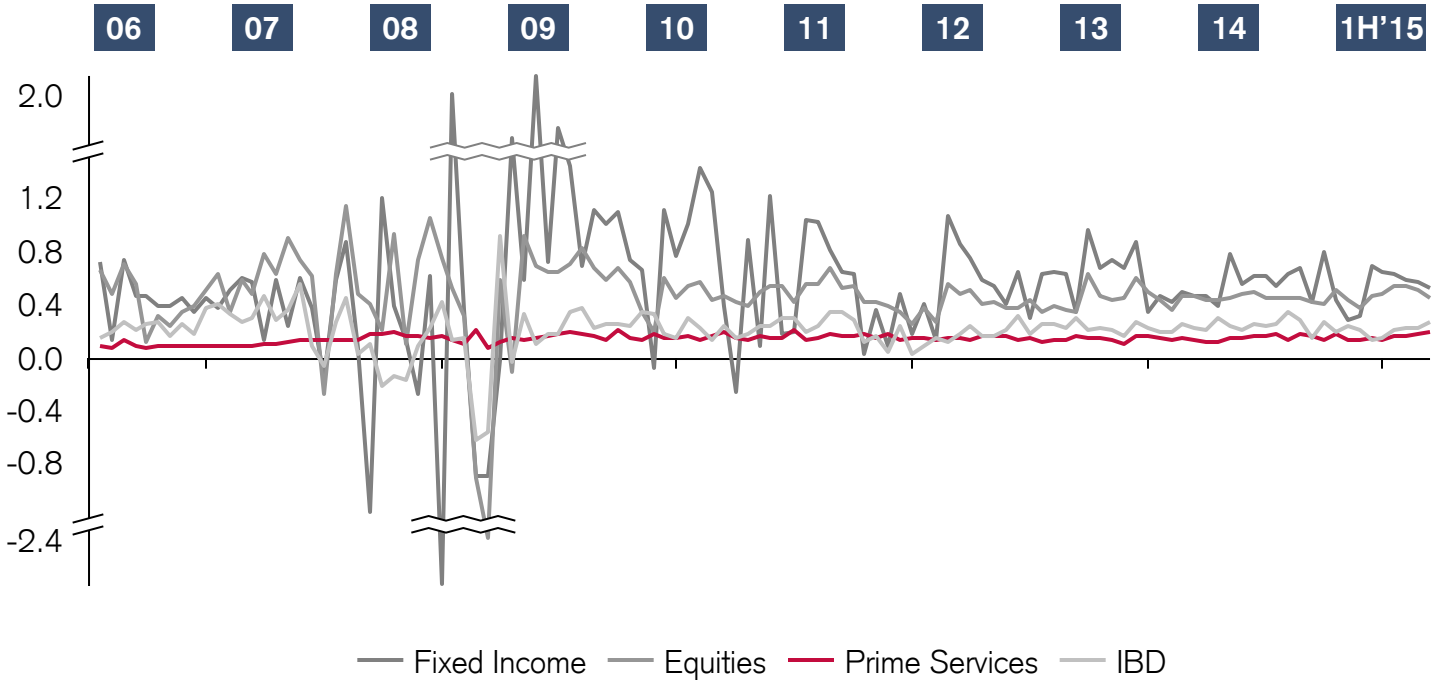
•% CAGR 2014-2030  
 ■ 2014; USDtr ■ 2030; USDtr



1) Only Emerging Markets within APAC  
 Source: Credit Suisse Research Institute (Emerging Capital Markets: the road to 2030).

# Right-size the Investment Bank: Optimize Prime

Investment Bank Monthly Net Revenue Volatility<sup>1)</sup>, in USDbn

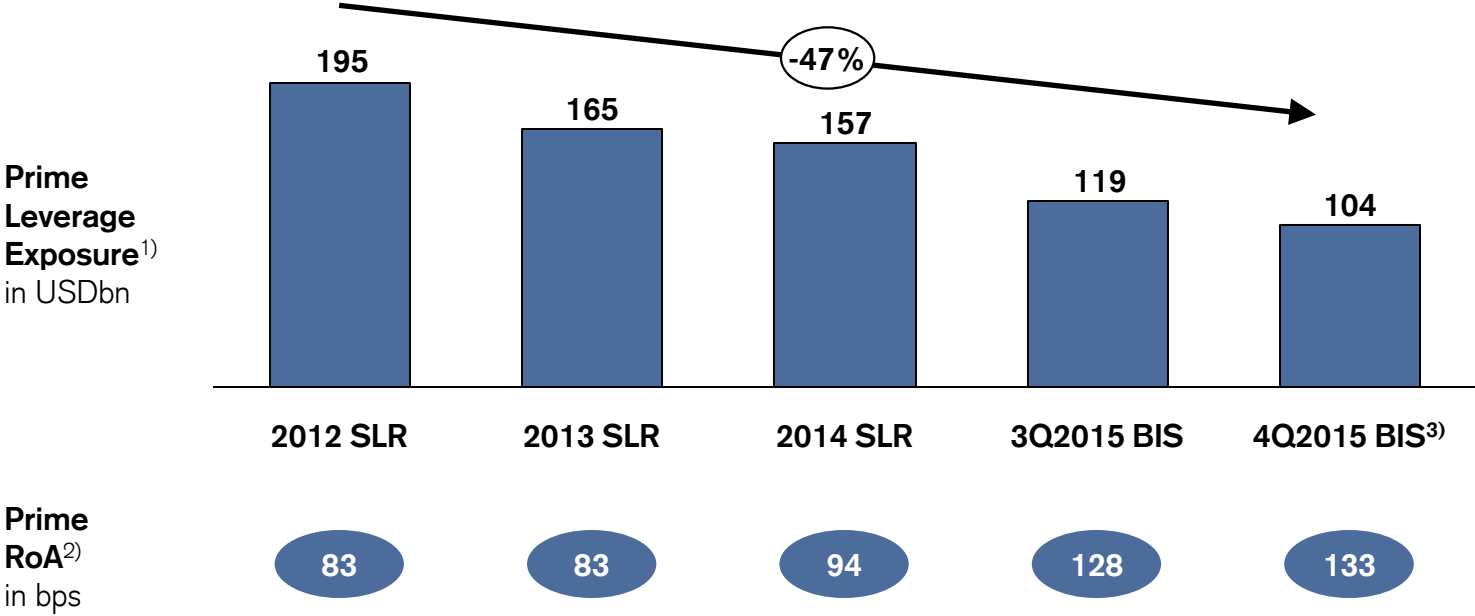


1) Source: Credit Suisse Internal Data

Notes: APAC IB included; This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Right-size the Investment Bank: Optimize Prime

## Prime Leverage Exposure and Prime Return on Assets

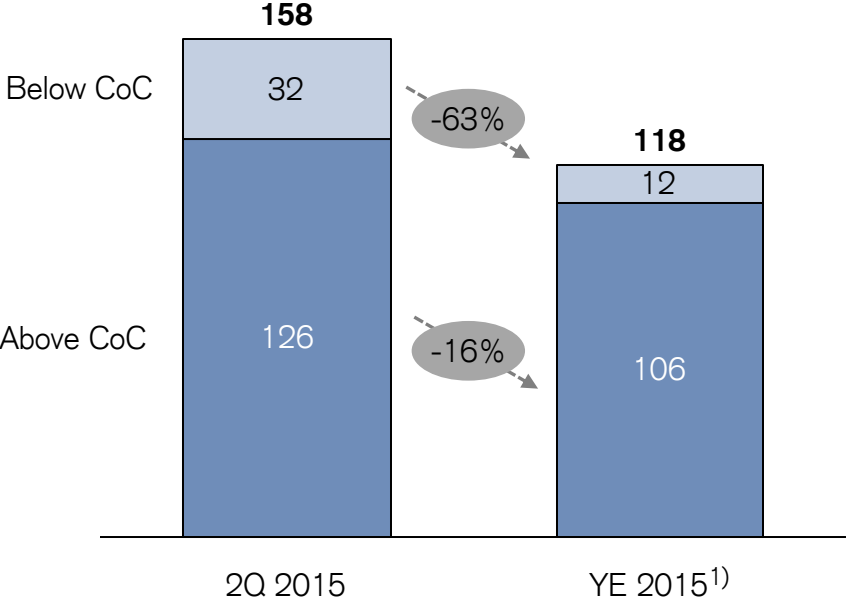


1) Leverage exposure data is spot period-end 2) 2012-14 RoA calculated using 5-quarter average leverage exposures, 2015 quarterly data is calculated using spot period-end leverage exposure 3) Expected  
 Notes: SLR – Swiss Leverage Exposure; BIS – Bank for International Settlements; APAC IB included; This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

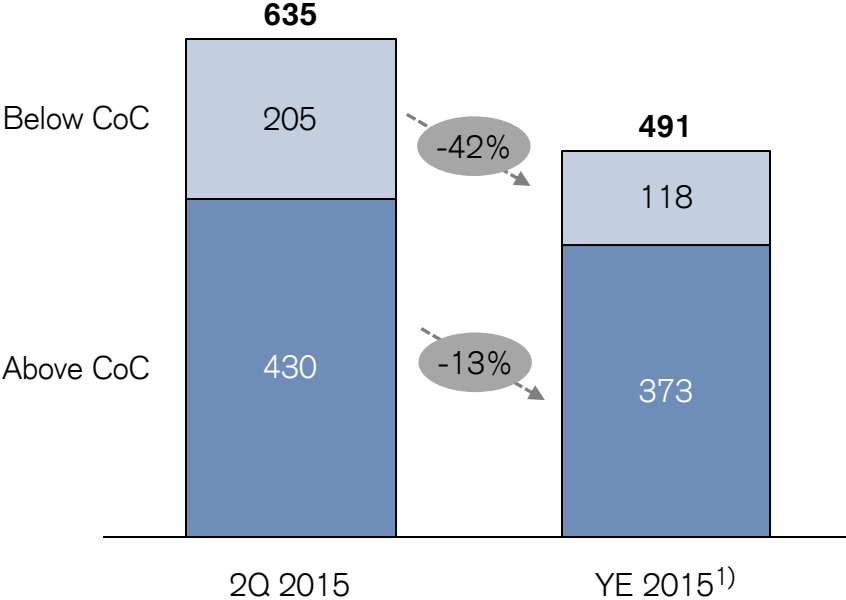


# Investment Bank: targeted reduction of RWA and Leverage

**RWA, USDbn**

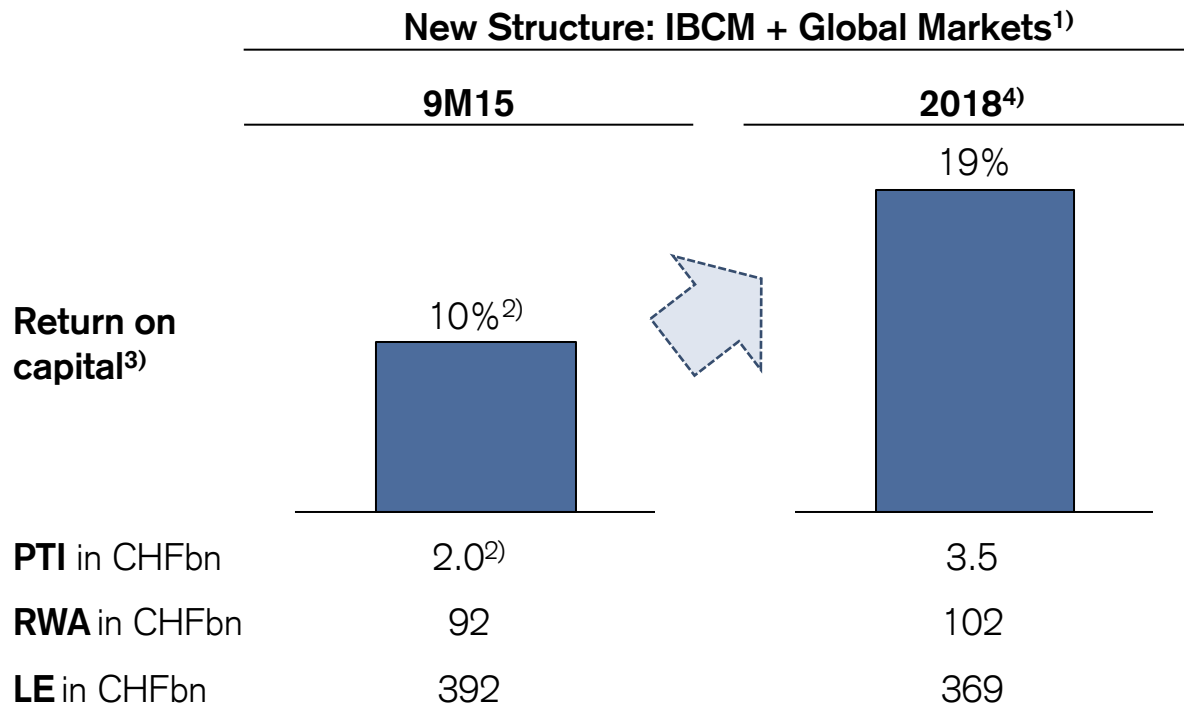


**Leverage, USDbn**



1) Expected  
 Note: APAC IB included, This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on Oct 21, 2015; Strategic IB business only; BIS LVE for leverage exposure

# Optimized Investment Bank expected to deliver returns above cost of capital



1) IB new structure, i.e. excl. APAC IB and SRU positions (SRU – Strategic Resolution Unit) 2) 9M15 PTI annualized 3) RoC calculated using income after tax, assuming tax rate of 30% and capital allocated on the highest of 10% Basel III risk-weighted assets or 3.5% leverage exposure 4) Illustrative Note: New management structure effective October 22, 2015

# APAC: Expected to double revenues – from CHF 3.3bn in 2014 to CHF 6.8bn in 2020

Net revenues in CHFbn

## Context

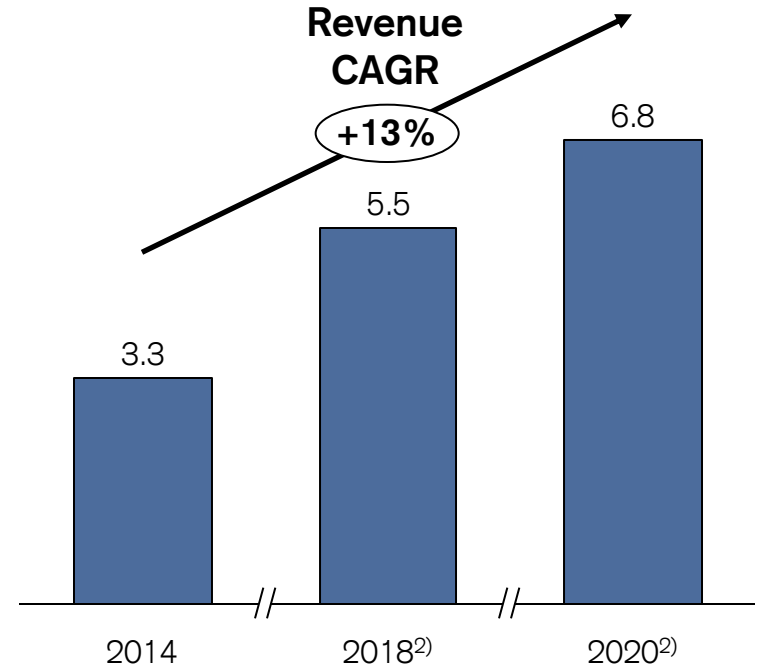
- A leading **Entrepreneurs' Bank** with sophisticated advisory solutions
- **Top equities and credit franchises** with disciplined risk management

## Strategic Actions

- Focus on **billionaires, next generation** and **lower tier entrepreneurs**
- **Grow credit via bespoke lending solutions**
- Expand **RM base**; drive **RM productivity** through digitalization
- Replicate success of **Integrated Bank approach** in SEA<sup>1)</sup>
- Expand footprint in **Greater China (China onshore, scaling up China offshore, Taiwan)**
- **Address Japan savings opportunity** with integrated solutions

1) SEA=South-East Asia 2) Illustrative

Note: New management structure effective October 22, 2015

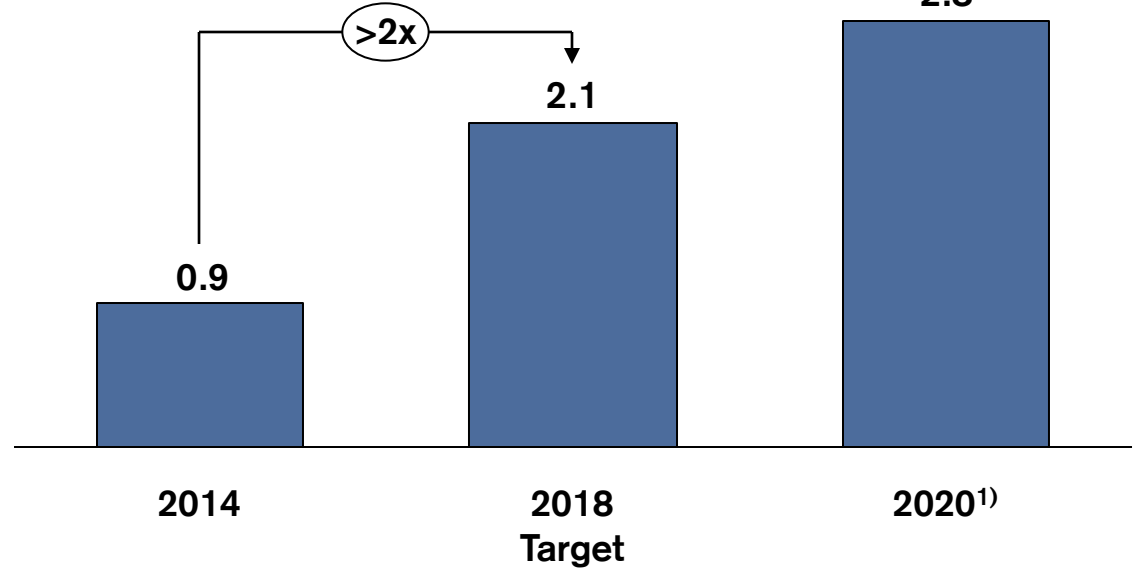


# APAC: Profitable growth

PTI in CHFbn

Over the period of 2011 to 2014:

- RM growth +21%
- AuM growth +70%
- WMC APAC PTI 4x



1) Illustrative  
Note: New management structure effective October 22, 2015

# IWM: Replicate our success in Asia Pacific in other Emerging Markets

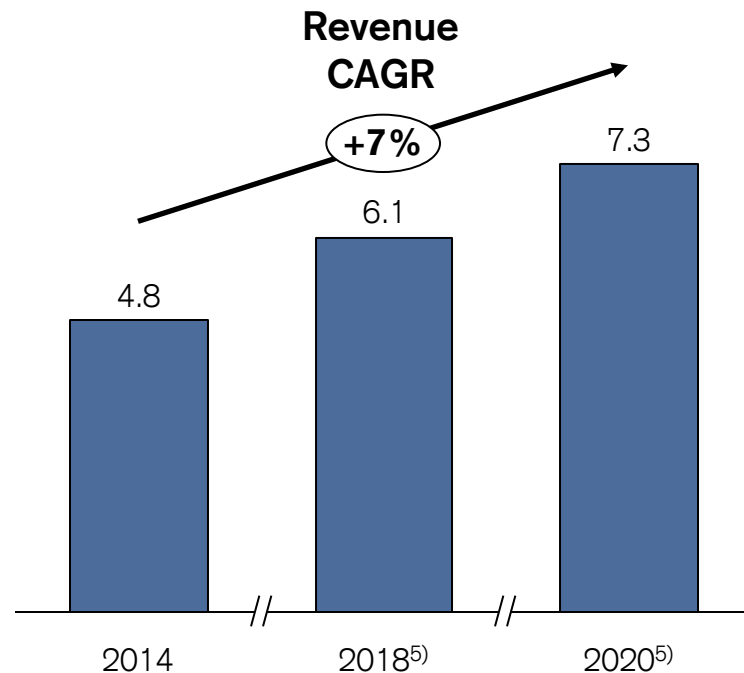
Net revenues in CHFbn

## Context

- **Leading market positions<sup>1)</sup>** in EM and DM:
  - #1 in CEE<sup>2)</sup>, #1 in MENA<sup>3)</sup>, #2 in LatAm
  - #3 position in Western Europe

## Strategic Actions

- Create **dedicated, fully accountable managerial platform** for intl. UHNW clients
- **Double lending volume by 2020** (15% p.a.)
- Grow RMs in EM by 5% p.a.
- Improve **joint PB/IB coverage**
- **Build out London, Lux<sup>4)</sup>, CH as hubs** and **add new spokes / advisory offices** in selected locations
- **Digitize service model for lower wealth bands:** new offering focused on clients <5m AuM

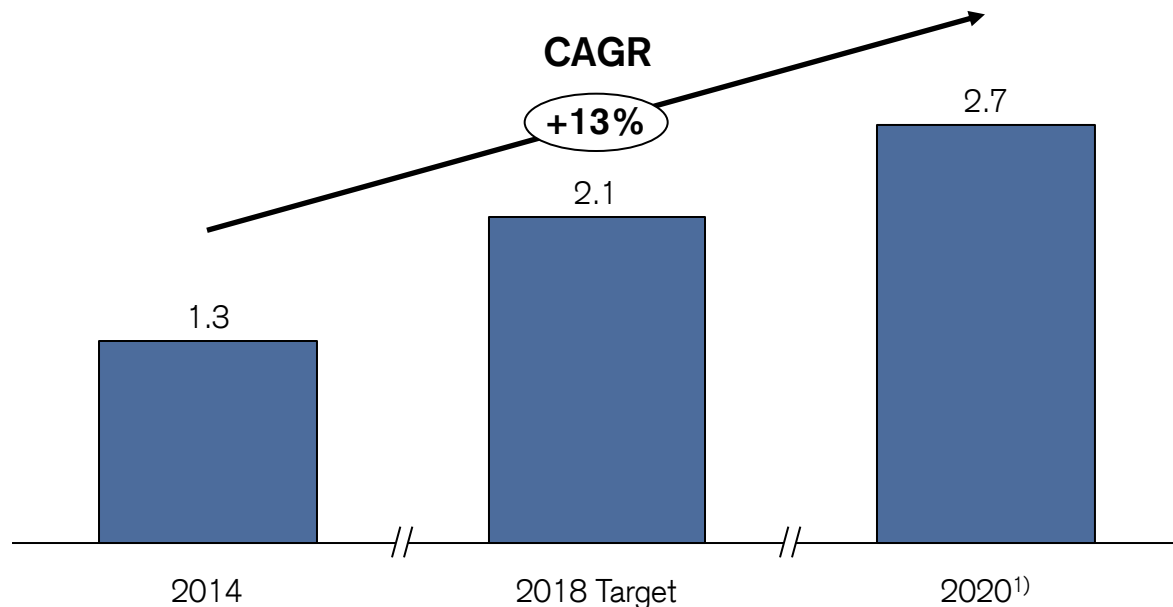


1) Euromoney Magazine Survey 2015 for 'Best Private Banking Services Overall'. Ranking does not distinguish between on/off-shore 2) CEE=Central and Eastern Europe 3) MENA=Middle-East and North Africa 4) Lux=Luxembourg

5) Illustrative Note: Includes Asset Management division; New management structure effective October 22, 2015

# IWM: Profitable growth

PTI in CHFbn



- Growth trajectory to benefit from **finalization of regularization**
- **Transition sub-scale platforms** in Western Europe towards **more profitable models**

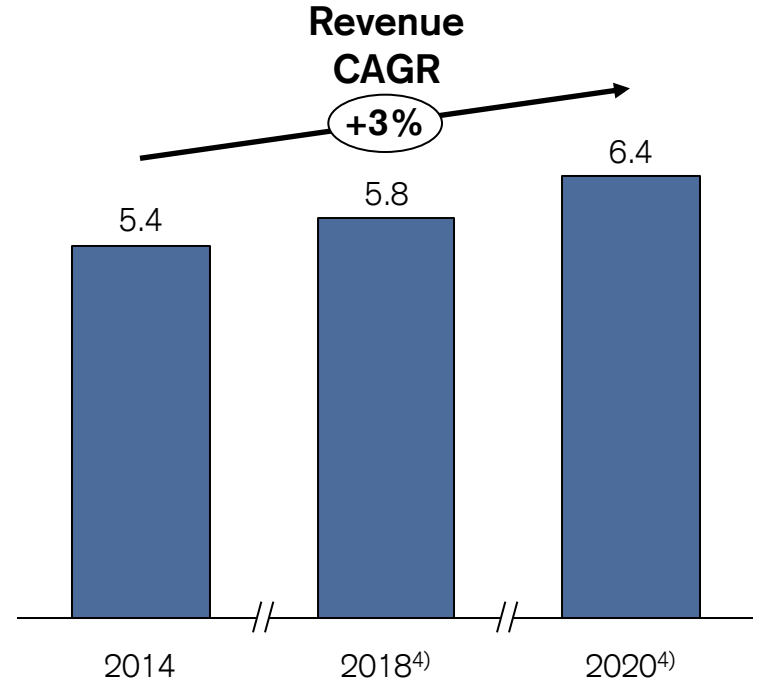
1) Illustrative

Note: New management structure effective October 22, 2015

# Swiss Universal Bank: Plan to grow revenues to CHF 5.8bn by end-2018 and to CHF 6.4bn by end-2020

Net revenues in CHFbn

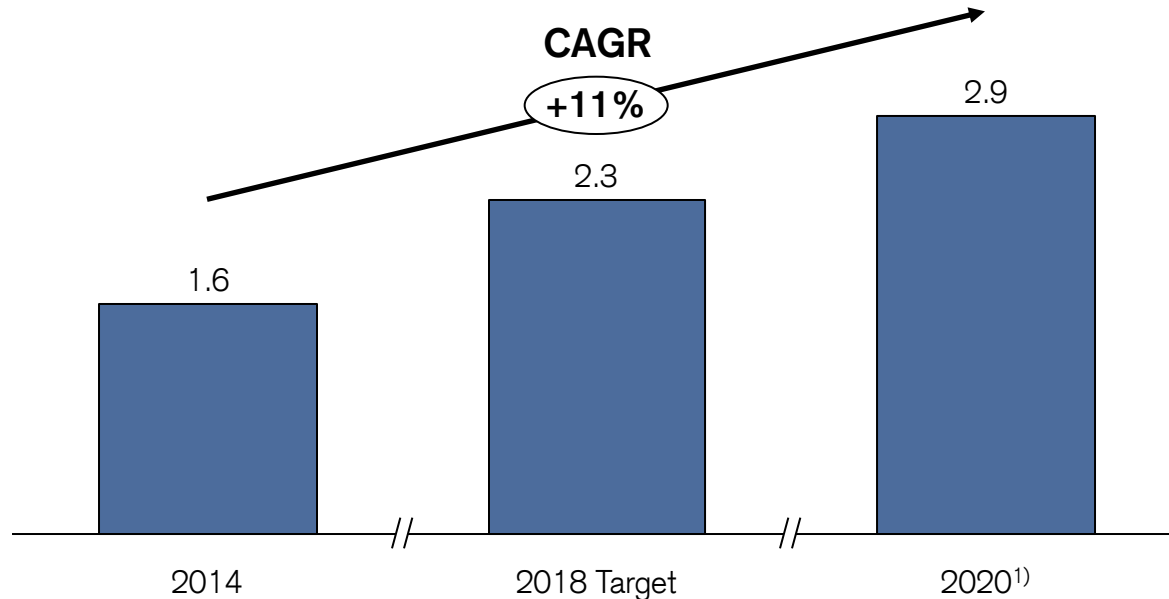
- |                          |   |
|--------------------------|---|
| <b>Context</b>           | <ul style="list-style-type: none"> <li>▪ <b>Enhance management focus</b> – reduce impact of double hatting and matrix organization</li> <li>▪ Build on <b>Credit Suisse entrepreneurial heritage</b></li> </ul>   |
| <b>Strategic Actions</b> | <ul style="list-style-type: none"> <li>▪ <b>Invest in higher return businesses where we can gain share:</b> entrepreneurial UHNWI and HNWI, global solutions for Swiss MNCs<sup>1)</sup> and small and medium sized SMEs<sup>2)</sup></li> <li>▪ <b>Double lending book</b> for UHNWI and <b>increase UHNWI RM's by 30%</b></li> <li>▪ <b>Expand entrepreneurs bank / offering</b></li> <li>▪ Take advantage of <b>market consolidation</b></li> <li>▪ Target a partial <b>20-30% IPO of the legal entity Credit Suisse (Schweiz) AG<sup>3)</sup></b> by the end of 2017</li> </ul> |



1) MNC=Multi-national Companies 2) SME=Small and Medium sized companies 3) Any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG 4) Illustrative Note: New management structure effective October 22, 2015

# Swiss Universal Bank: Profitable growth

PTI in CHFbn



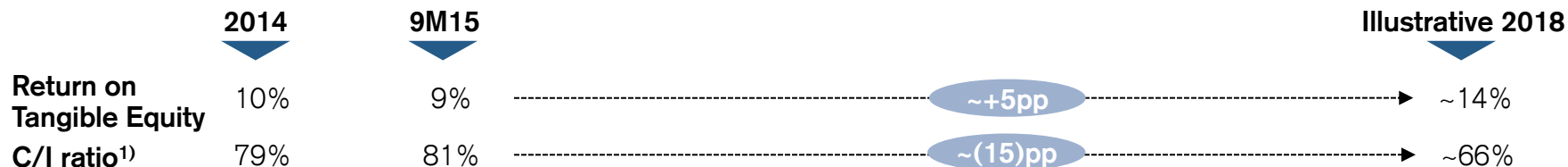
1) Illustrative

Note: New management structure effective October 22, 2015

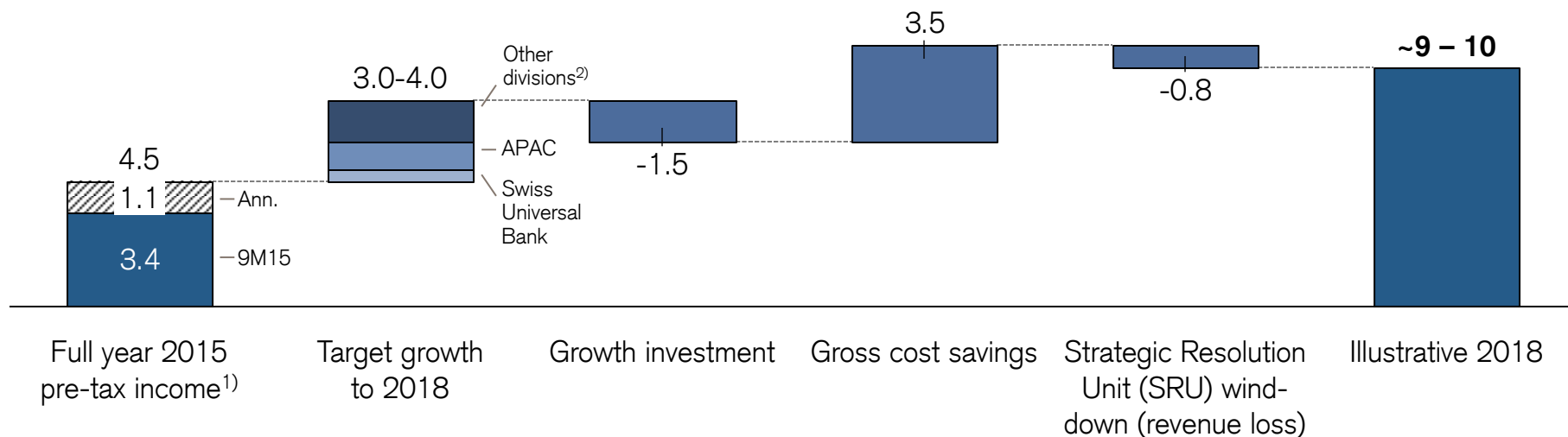
- **End-to-end accountability and responsibility** over Swiss costs and investments
- Increased **cost efficiency** through footprint optimization, automation and operational leverage



# The Group is expected to deliver profitable growth ...



## Illustrative pre-tax income progression, CHFbn



1) Expected, excludes impact of FVoD and certain litigation provisions as disclosed in our Financial Report and assumes a tax rate of 30% for return on tangible equity 2) Includes Corporate Center Note: 2014 and 9M15 reflects Core results; New management structure effective October 22, 2015

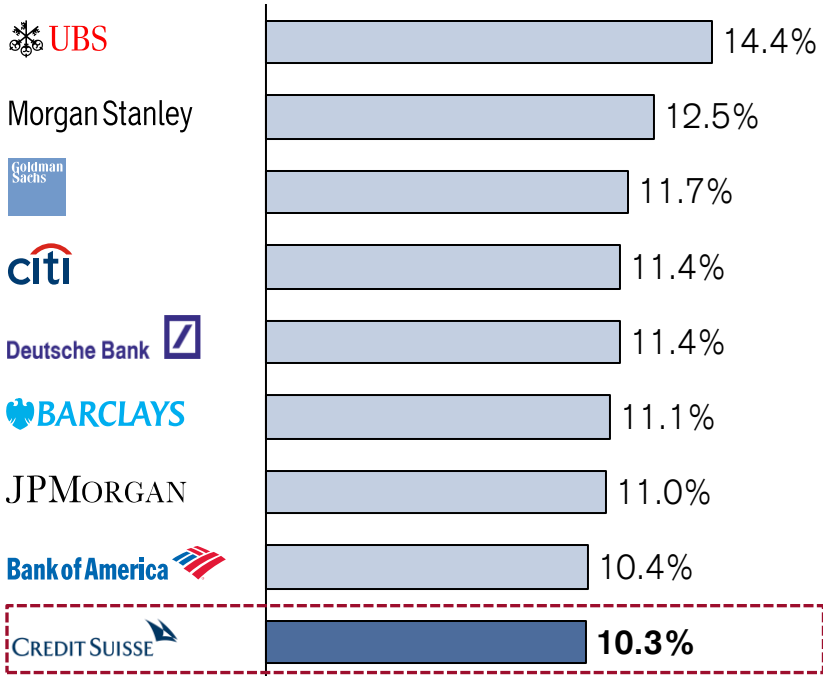
# Agenda for today

**1** Credit Suisse Strategy

**2** Capital position

# Our current capital position

## CS vs. select peer's CET 1 RWA ratios, Q2 2015



Source: company quarterly financial disclosure

**Our capital position** has impacted our ability **to deliver value for our stakeholders:**

- **Impacted strategic flexibility**
- **Restricted ability to implement necessary restructuring measures**
- Impacted the amount of **distributions available for shareholders**

# Anticipated regulatory developments highlight need for capital buffer

## Leverage ratio recalibration

Recalibrated leverage ratio likely to be primary capital constraint until 2019, however...

- Final Swiss TBTF rules expected imminently
- Swiss TBTF rules anticipated to require 5% Tier 1 leverage ratio, and 3.5% CET1 leverage ratio

- CS targeting 5-6% Tier 1 leverage ratio by end 2017, of which 3.5-4.0% is expected to be met through common equity**

- TBTF rules effective from January 1<sup>st</sup>, 2019
- Implied minimum CET1 capital of CHF 35bn required, and minimum Tier 1 capital of CHF 50bn

## RWA uplift

...RWA uplift resulting from capital floors above 60% will drive the binding constraint<sup>1)</sup> from the start of 2019

- Final rules for advanced models expected by 2016

- Standardized Approach to counterparty Credit Risk rules effective from January 1<sup>st</sup>, 2017; minimal impact expected

- CS targeting ~13% CET1 capital ratio by the end of 2018**

- The impact of FRTB will primarily affect market risk assets in investment banking and is estimated at ~50bps<sup>2)</sup>
- Our initial estimate of the incremental impact of a floor against revised standard models is 25-100bps<sup>2)</sup> if the floor is set at 60%, and 100-250bps<sup>2)</sup> if the floor is set at 70%. The impact of a floor will affect both market and credit risks across both investment banking and private banking assets. These estimates are inherently uncertain given that implementation is expected several years in the future

- CET1 capital ratio targeted to remain at ~11% after implementation of rules**



1) The binding constraint is determined as the worse of 3.5% of leverage exposure and 10% of RWA due to the anticipated TBTF requirement of 3.5% CET 1 leverage ratio and 10% CET 1 requirement 2) Reflects post-mitigation estimates of current expectations Note: New management structure effective October 22, 2015; Future numbers expected / illustrative

# Improve our capital position

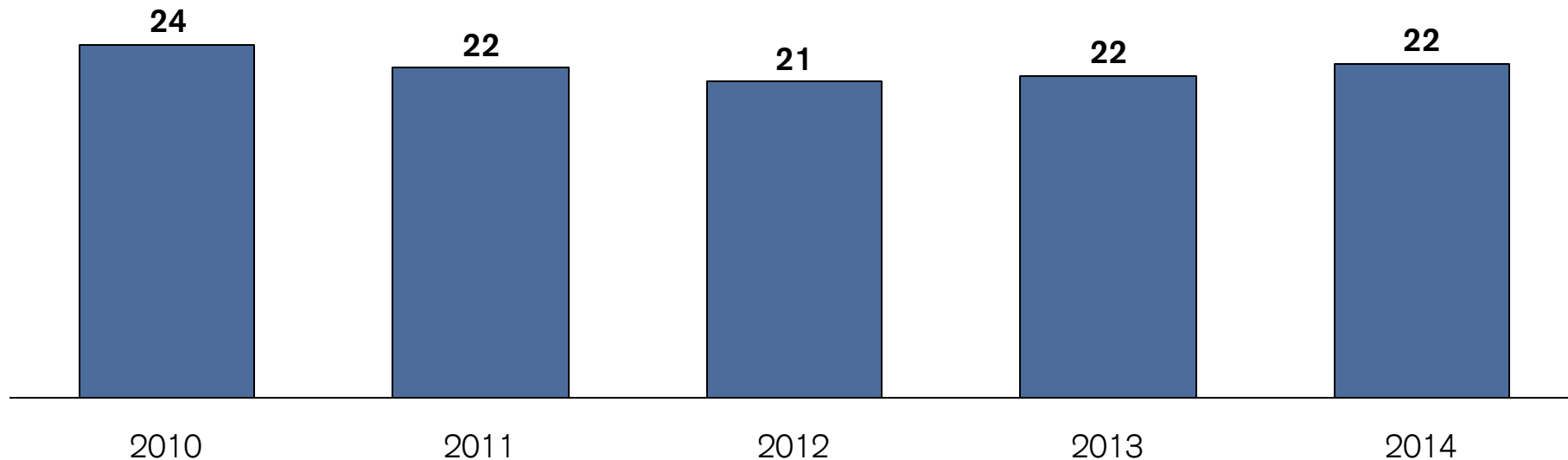
## 1 Internal capital generation

- Right-size the Investment Bank
- Reallocate capital
- Reduce fixed costs
- Transition non-core assets & implement closures

## 2 Capital raising

# In spite of our efforts, our total cost base has not significantly decreased in absolute terms

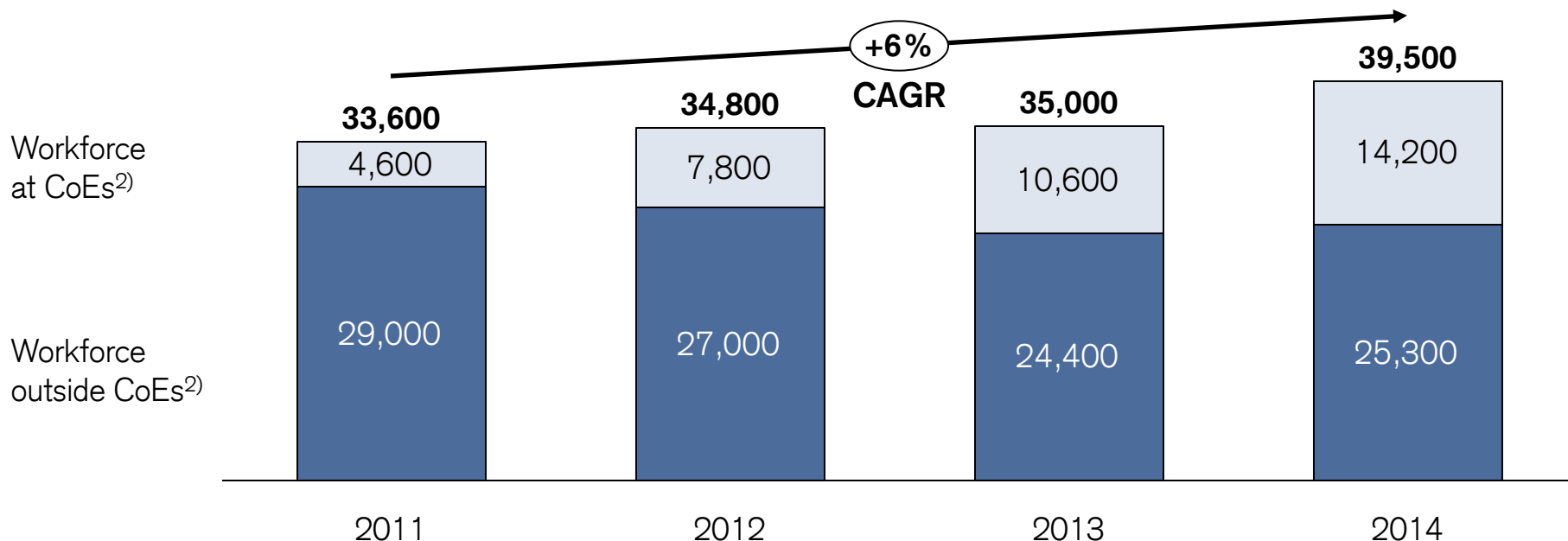
## Evolution of Credit Suisse Group operating expenses, in CHFbn



Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

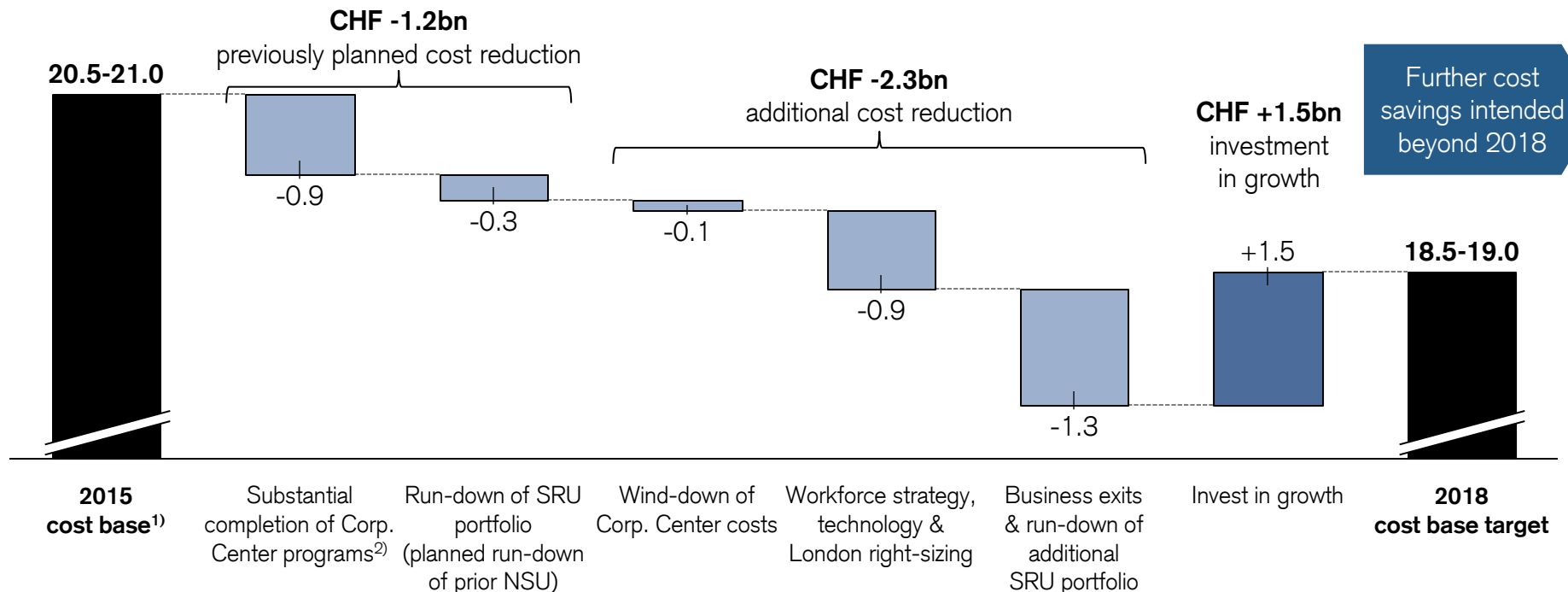
# Shared Services workforce increased by 6,000 FTE from 2011 to 2014 as growth in offshoring was not fully reflected in headcount reduction in the main operating centers

Evolution of the Shared Services<sup>1)</sup> workforce (Employees & Contractors), in FTE



1) Includes all ShS (IT, Finance, Ops, Risk, GC, CRES, TB&C and non-Core ShS) 2) Includes employees, contractors, and outsourced workforce; Centers of Excellences include India, Wroclaw and Raleigh Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# CHF 3.5bn in gross savings which, combined with the planned investments, is expected to lead to an absolute reduction in the cost base by a net CHF2bn to CHF19bn by end-2018



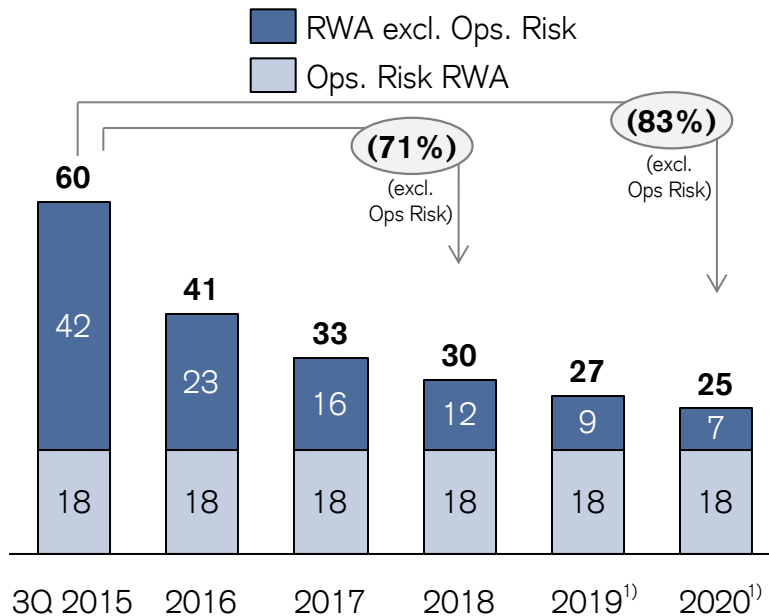
1) Expected; 2) Includes LE program, IT architecture simplification, other corporate center programs and realignment costs

Note: Cost reduction program measured on constant FX rates and based on expense run rate excluding major litigation expenses in the SRU & restructuring costs, but including other costs to achieve savings; New management structure effective October 22, 2015

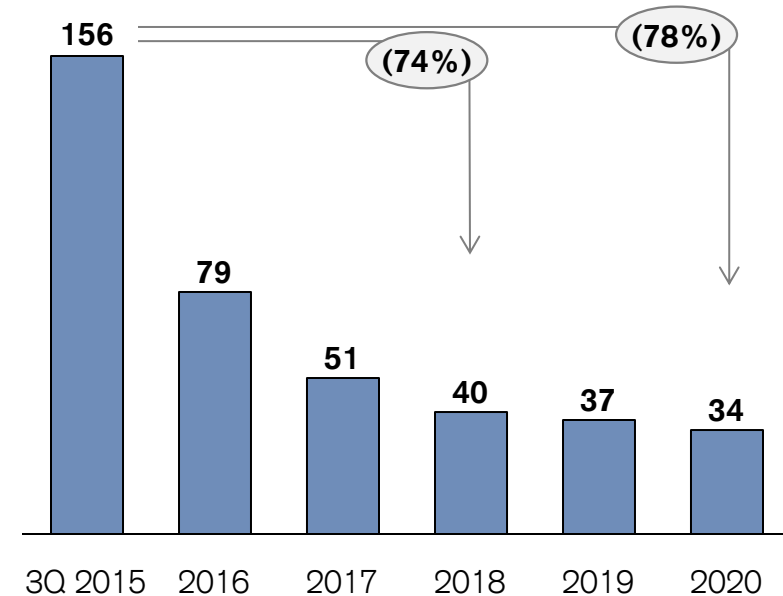


# Strategic Resolution Unit RWA and leverage exposure wind-down profile

Basel 3 RWA, in CHFbn



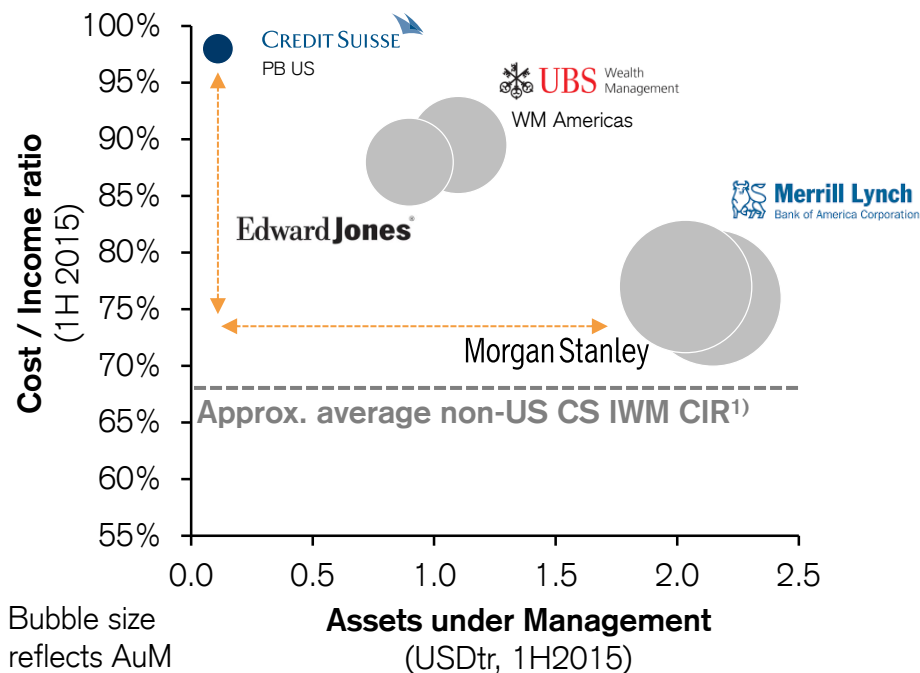
Leverage Exposure in, in CHFbn



1) Does not reflect impacts from methodology changes Note: New management structure effective October 22, 2015; Future numbers expected / illustrative; Regulatory (FINMA) approval required for any ops risk reduction

# Our current US Private Banking operation did not meet sufficient profitability and return criteria

## Challenged CS PB US position despite improvements



- US Wealth Management market attractive, but **requires appropriate business model**
  - **Brokerage model challenged** as it requires scale and value accrues to brokers, not shareholders
- 
- Decision taken to **transition CS PB US**
  - **New coverage model focused on UHNWI** to be introduced that **integrates investment banking coverage and WM services**

Source: Company public disclosures 1) FYFC as of May 2015 Note: This slide presents financial information based on results under our current structure prior to our re-segmentation announcement on October 21, 2015

# Streamlining Western Europe Footprint

**Consolidate Booking Centers**

**Develop Hub and Spoke Model**

**Move Towards Advisory Office Model**

- **This will help to adjust our service model to client proposition**
- **This is expected to deliver CHF 50-60mn annual cost reduction from booking center consolidation alone**
- **This will be achieved without impacting client service**

# Partial IPO of Swiss Universal Bank<sup>1)</sup>

**We intend to execute a partial IPO<sup>2)</sup> (20 to 30% stake) of the Swiss Universal Bank<sup>1)</sup> by end of 2017**

- Attractive, stable earnings stream to Swiss and international investors
- Value of Swiss franchise highlighted
- Transparency and market discipline to support the delivery of profit growth
- Incentive alignment for management of legal entity Swiss Universal Bank<sup>1)</sup>
- Currency to take advantage of potential consolidation in the Swiss Private Banking market
- Control retained by Credit Suisse Group

1) Legal entity Credit Suisse (Schweiz) AG

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

# Improve our capital position

## 1 Internal capital generation

- Right-size the Investment Bank
- Reallocate capital
- Reduce fixed costs
- Transition non-core assets & implement closures

## 2 Capital raising

# We have announced a CHF 4.70bn rights issue supplemented by a CHF 1.36bn non-preemptive placing

## Size

- Announced a non-preemptive placing of CHF 1.36bn to institutional investors
- Firmly underwritten rights issue of CHF 4.70bn
- Total capital raise of CHF 6.0bn<sup>1)</sup>

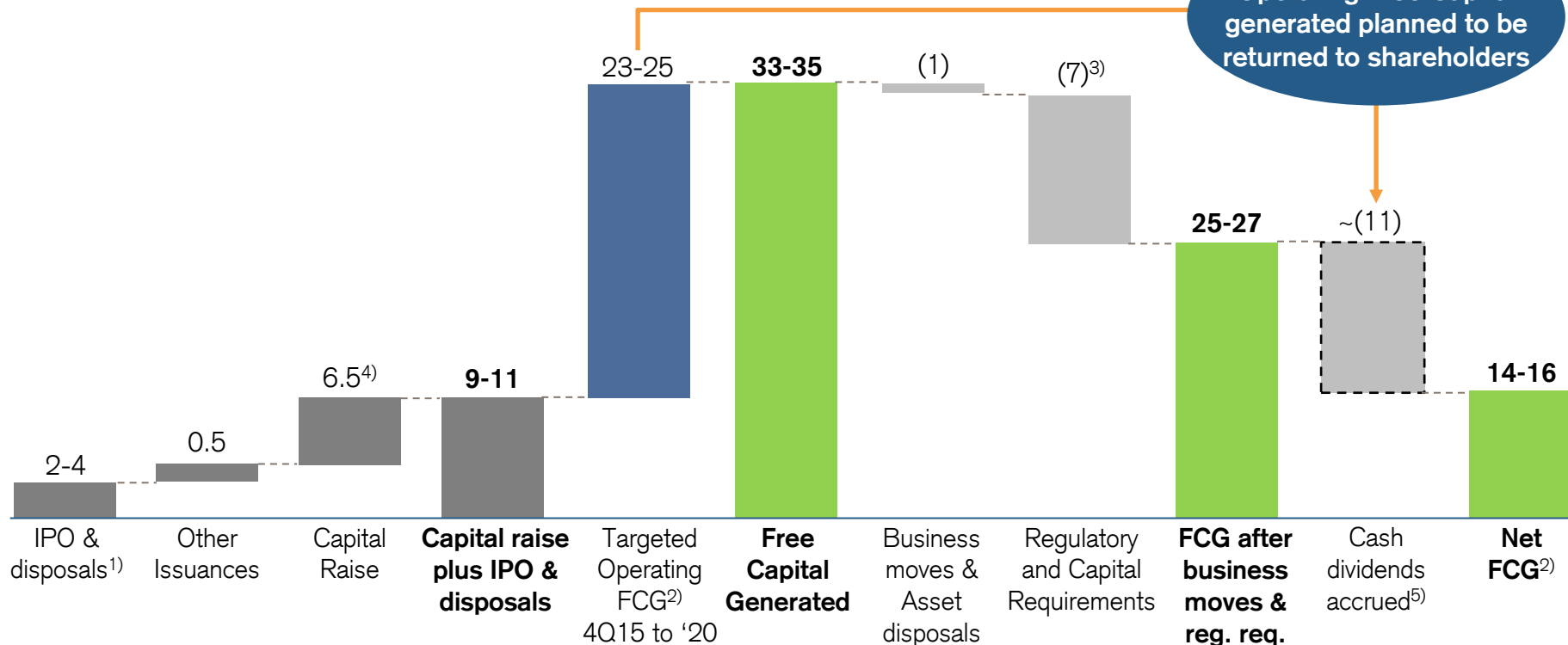
## Timing

- EGM approval 19th November with rights trading thereafter

1) Net of expenses Note: Subject to approval by EGM (EGM: Extraordinary General Meeting)

# Returning capital to our shareholders

Illustrative 4Q2015 to 2020, in CHFbn



1) Capital impact from targeted IPO of Credit Suisse (Schweiz) AG as well as disposal of non-core assets, does not include material capital impact / benefit from cost savings and exposure reductions; any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG 2) Free Capital generated 3) Including impact on capital applying RWA floors at 60% 4) Net of costs and including relating threshold impact for deferred tax assets; subject to approval by EGM (EGM: Extraordinary General Meeting) 5) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017 Note: Under the free capital generation concept, capital is calculated using 10% to convert RWA into capital and 3.5% for leverage exposure due to the anticipated TBTF requirement of 3.5% CET1 leverage ratio and 10% CET1 requirement; New management structure effective October 22, 2015

# Our Strategy – Profitable growth and capital generation

## Profitable Growth

- Capture the **Wealth Management opportunity in Emerging Markets** by **accelerating growth in Asia Pacific** and by **replicating our successful model in other Emerging Markets**
- **Create a Swiss Universal Bank** to expand our position with Swiss private, corporate and institutional clients and participate in domestic consolidation opportunities
- **Right-size the Investment Bank** to optimize its profitability and capital usage, reduce volatility of earnings and support Wealth Management customer needs

## Capital generation

- **Deliver ~CHF 23-25bn in Operating Free Capital Generation** from 4Q2015 to end-2020, with **at least 40% planned to be returned through dividends to shareholders<sup>1)</sup>**

1) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017




# A set of objectives to measure progress

	Key Metrics, in bn, in CHF unless otherwise specified	2014	2018 target
Profitable growth	APAC PTI	0.9	2.1
	IWM PTI	1.3	2.1
	CHUB PTI	1.6	2.3
	Group Cost base		18.5-19.0

		2015	2018 target
Capital	SRU RWA wind-down (ex. OpRisk)	42 <sup>1)</sup>	12
	Global Markets RWA	USD ~83-85 (target)	USD ~83-85
	Global Markets Leverage	USD ~380 (target)	USD ~370

- **CHF 23bn to 25bn of Operating Free Capital generated (FCG) over 5 years**
- **At least 40% of Operating FCG to be distributed to shareholders via dividends over the period<sup>2)</sup>**

	▪ <b>CET1 capital ratio ~13% until 2018 and &gt;11% thereafter<sup>3)</sup></b>
	▪ <b>CET1 leverage ratio above 3.5%</b>

1) Number corresponds to the starting point of SRU as it is being established 2) Until we reach our capital target however, we will recommend CHF 0.70 per share with a scrip alternative; we will discontinue the scrip once we have clarity on regulatory requirements and litigation risks. In any event, we will not continue with the scrip beyond 2017 3) After regulatory recalibration in 2019 Note: All metrics on the slide based on new organizational structure, new management structure effective October 22, 2015 APAC=Asia-Pacific IWM=International Wealth Management CHUB=Swiss Universal Bank

## In summary

This strategy will:

1. Create value for our chosen customers
2. Position the bank well to deal with an uncertain environment
3. Generate capital and reward our shareholders

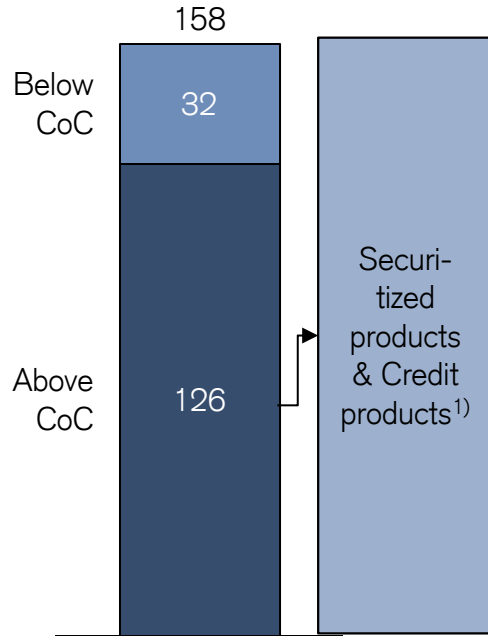
CREDIT SUISSE



# Appendix

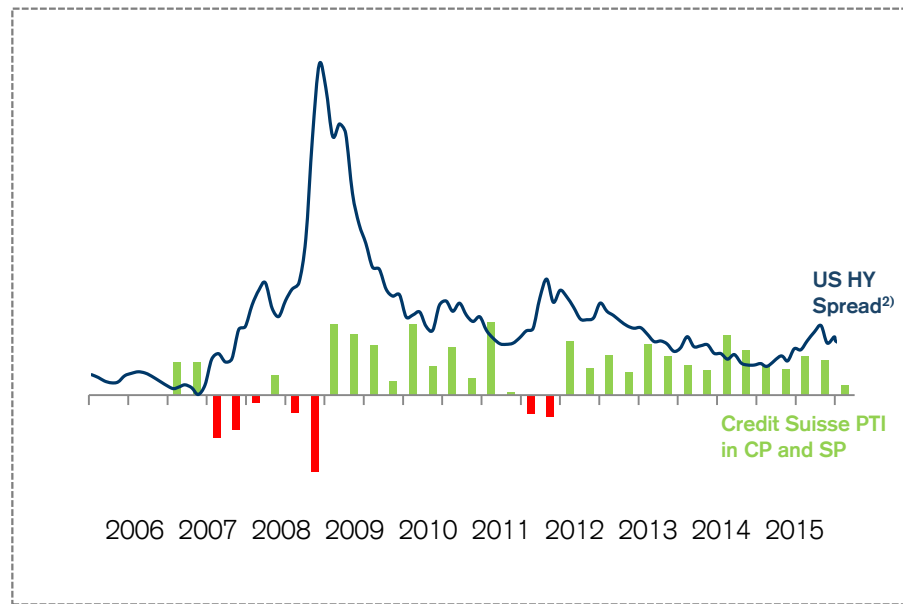
# Targeted and rational approach to right-sizing IB

RWA breakdown in USDbn



2Q 2015

## Indication of market volatility



- Lower volatility and concentration risk through reduction of exposures:
  - **RWA down by 5% at Q4 2015<sup>3)</sup>**
  - **Leverage down by 25% at Q4 2015<sup>3)</sup>**

1) Credit complex includes SP and GCP 2) Sourced from Credit Suisse Leveraged Finance Strategy 3) From 2014YE exposures Note: APAC IB included