CREDIT SUISSE

3Q14 Letter to shareholders

Dear shareholders

We delivered a good performance for the third quarter of 2014, with our results demonstrating progress in the execution of our strategy and continued strong momentum with our clients.

We reported net income attributable to shareholders of CHF 1,025 million for the third quarter and a return on equity of 10%. Net income attributable to shareholders for the first nine months of this year was CHF 1,184 million.

In 2013, we introduced the concept of "strategic results" to reflect management responsibilities following the set-up of non-strategic units. This reporting structure also serves to give you a more accurate picture of the performance of our key businesses, excluding the impact of businesses we have chosen to exit and other non-strategic positions and items. The results of these non-strategic units are disclosed each quarter as our "non-strategic results". We think it is helpful for our investors to know how our business performs when excluding the drag from the non-strategic units.

Looking at our strategic results, net income attributable to shareholders was CHF 1,115 million for the third quarter and CHF 3,807 million for the first nine months of this year. Our strategic return on equity for the quarter was 11%, and 13% for the first nine months of this year, compared to our through-the-cycle Group target of 15%.

Urs Rohner, Chairman of the Board of Directors (left) and Brady W. Dougan, Chief Executive Officer.

Progress in our two divisions

In Private Banking & Wealth Management, our profitability benefitted from ongoing cost discipline, although margins remain subdued and revenues continue to be impacted by the low interest-rate environment. Our strategic businesses in Private Banking & Wealth Management generated pre-tax income of CHF 872 million and a continued high return on regulatory capital of 27% in the quarter. Our cost efficiency measures helped us to sustain our net margin in Wealth Management Clients at 27 basis points for the first nine months of this year. The cost/income ratio for our strategic businesses was 69% for both the third quarter and the first nine months of 2014.

Our strategic businesses generated net new assets of CHF 8.8 billion in the quarter, driven by strong growth in emerging markets, particularly in Asia Pacific. These strong asset inflows were partly offset by CHF 0.7 billion of outflows from our Western European cross-border business due to the importance we have placed on the regularization of our asset base. Our robust results in Asia Pacific were driven by the successful expansion of our franchise, with increased footprints in Greater China and Singapore. Additionally, we continue to focus on leveraging our strong position in our Swiss home market. In the first nine months of this year, we saw sustained growth in our ultra-high-net-worth individual lending initiative, with good momentum across both emerging and mature markets, recording CHF 3.9 billion in net new lending, compared to CHF 1.0 billion in the first nine months of 2013. We also increased collaboration revenues across both divisions, which we view as a competitive advantage, particularly with ultra-high-net-worth individual clients – one of our key growth segments.

In Investment Banking, the results for our strategic businesses reflect substantially increased profitability, improved returns and robust client activity across many businesses. For the third quarter, we generated pre-tax income of CHF 995 million in our strategic businesses – up 43% from last year's third quarter – and a return on regulatory capital of 17%. Our strong results in fixed income trading, especially in emerging markets and securitized products, and in equity underwriting, were driven by significant client transactions. Equities delivered a stable result, as robust derivatives revenues were offset by muted trading volumes in cash equities.

We continued to work towards increasing the capital and cost efficiency of our strategic businesses in Investment Banking, reporting a return on regulatory capital of 19% and a cost/income ratio of 69% for the first nine months of this year.

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Progress in executing strategy to support cash returns to shareholders

During the third quarter, we made further progress in winding down positions in our non-strategic units. We completed the sale of our domestic private banking business booked in Germany, and, in our Investment Banking non-strategic unit, we reduced risk-weighted assets by USD 2 billion and leverage exposure by USD 11 billion.

Our Look-through Swiss leverage ratio improved to 3.8% during the quarter within reach of the 4.1% Swiss requirement for 2019, effective in 2015. We are targeting to reach approximately 4.5% by the end of 2015. We are executing the capital measures we announced in May, which are expected to fully mitigate the impact of the US cross-border settlement on our capital position. As of the end of the third quarter of 2014, our Look-through CET1 ratio stood at 9.8%, compared to 9.5% as of the end of the second quarter. We remain on track to improve our Look-through CET1 ratio to above 10% by the end of this year. This includes the continued accrual of cash dividends for 2014. We remain committed to our intention of returning approximately half our earnings to shareholders through annual distributions, once we reach a Look-through CET1 ratio of 10% and as we continue to accrete capital toward our 11% long-term target.

We would like to thank you, our shareholders and clients, for the trust you have placed in Credit Suisse.

Sincerely

Urs Rohner Brady W. Dougan

October 2014

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. The related disclosures are in accordance with the current 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.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

Return on equity for strategic results is calculated by dividing annualized strategic net income by average strategic shareholders' equity (derived by deducting 10% of non-strategic risk-weighted assets from reported shareholders' equity). Return on regulatory capital is calculated using income after tax and capital allocated based on the average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

All expense reduction metrics against 6M11 annualized total expenses are measured at constant foreign exchange rates and exclude realignment and other significant expense items and variable compensation expenses. For further information regarding these measures, see the 3Q14 Results Presentation Slides.

Strategic net new assets are determined based on the assumption that assets managed across businesses relate to strategic businesses only.

Refer to "Results overview" in II – Operating and financial review – Core Results in our Annual Report 2013 for further information on Core Results.

Key metrics

		in / end of		% change		in / end of		% change
	3Q14	2Q14	3Q13	QoQ	YoY	**9M14**	9M13	YoY
Credit Suisse (CHF million, except where indicated)								
Net income/(loss) attributable to shareholders	1,025	(700)	454	–	126	1,184	2,802	(58)
of which from continuing operations	919	(691)	304	–	202	1,072	2,655	(60)
Basic earnings/(loss) per share from continuing operations (CHF)	0.55	(0.45)	0.17	–	224	0.61	1.48	(59)
Diluted earnings/(loss) per share from continuing operations (CHF)	0.55	(0.45)	0.17	–	224	0.61	1.47	(59)
Return on equity attributable to shareholders (%)	9.7	(6.7)	4.3	–	–	3.7	9.3	–
Effective tax rate (%)	27.4	(88.7)	40.4	–	–	44.5	30.2	–
Core Results (CHF million, except where indicated)								
Net revenues	6,537	6,433	5,449	2	20	19,439	19,297	1
Provision for credit losses	59	18	41	228	44	111	114	(3)
Total operating expenses	5,177	6,785	4,720	(24)	10	16,997	15,150	12
Income/(loss) from continuing operations before taxes	1,301	(370)	688	–	89	2,331	4,033	(42)
Cost/income ratio (%)	79.2	105.5	86.6	–	–	87.4	78.5	–
Pre-tax income margin (%)	19.9	(5.8)	12.6	–	–	12.0	20.9	–
Strategic results (CHF million, except where indicated)								
Net revenues	6,287	6,309	5,693	0	10	19,126	19,451	(2)
Income from continuing operations before taxes	1,622	1,775	1,416	(9)	15	5,341	5,712	(6)
Cost/income ratio (%)	73.4	71.5	74.8	–	–	71.6	70.3	–
Return on equity – strategic results (%)	11.0	13.0	10.0	–	–	12.7	14.4	–
Non-strategic results (CHF million)								
Net revenues	250	124	(244)	102	–	313	(154)	–
Loss from continuing operations before taxes	(321)	(2,145)	(728)	(85)	(56)	(3,010)	(1,679)	79
Assets under management and net new assets (CHF billion)								
Assets under management from continuing operations	1,366.1	1,319.6	1,239.3	3.5	10.2	1,366.1	1,239.3	10.2
Net new assets from continuing operations	7.8	10.7	8.8	(27.1)	(11.4)	33.2	31.9	4.1
Balance sheet statistics (CHF million)								
Total assets	954,362	891,580	895,169	7	7	954,362	895,169	7
Net loans	265,243	254,532	245,232	4	8	265,243	245,232	8
Total shareholders' equity	43,864	40,944	42,162	7	4	43,864	42,162	4
Tangible shareholders' equity	35,178	32,716	33,838	8	4	35,178	33,838	4
Basel III regulatory capital and leverage statistics								
Risk-weighted assets (CHF million)	292,879	285,421	269,263	3	9	292,879	269,263	9
CET1 ratio (%)	14.3	13.8	16.3	–	–	14.3	16.3	–
Look-through CET1 ratio (%)	9.8	9.5	10.2	–	–	9.8	10.2	–
Swiss leverage ratio (%)	4.9	4.8	4.5	–	–	4.9	4.5	–
Look-through Swiss leverage ratio (%)	3.8	3.7	–	–	–	3.8	–	–
Share information								
Shares outstanding (million)	1,600.8	1,600.0	1,592.4	0	1	1,600.8	1,592.4	1
of which common shares issued	1,607.2	1,607.2	1,595.4	0	1	1,607.2	1,595.4	1
of which treasury shares	(6.4)	(7.2)	(3.0)	(11)	113	(6.4)	(3.0)	113
Book value per share (CHF)	27.40	25.59	26.48	7	3	27.40	26.48	3
Tangible book value per share (CHF)	21.98	20.45	21.25	7	3	21.98	21.25	3
Market capitalization (CHF million)	42,542	40,758	44,066	4	(3)	42,542	44,066	(3)
Number of employees (full-time equivalents)								
Number of employees	45,500	45,100	46,400	1	(2)	45,500	46,400	(2)

Financial calendar and contacts

Financial calendar

Fourth quarter / Full year 2014 results	Thursday, February 12, 2015
First quarter results 2015	Tuesday, April 21, 2015
Annual General Meeting	Friday, April 24, 2015

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