

## 4Q14 Letter to shareholders

### Dear shareholders

2014 was a challenging year for Credit Suisse but also a period of progress. Our full-year results highlight the stability of our franchise, despite the impact of the final settlement of all outstanding US cross-border matters that we reached in May 2014. We reported stable Core pre-tax income of CHF 3,509 million and a return on equity of 5% for the full year. Net income attributable to shareholders was CHF 2,105 million for 2014. At year end, our Look-through CET1 ratio stood at 10.2%, exceeding our 10% year-end target. The successful execution of the capital actions that we announced in May 2014 helped us to offset the impact of the US cross-border settlement on our capital position.

Since the end of 2013, we have separately disclosed our strategic and non-strategic results in addition to our reported results. Our strategic units encompass the businesses that we plan to focus on going forward, while our non-strategic businesses include the ones that we intend to wind down or exit. We think it is helpful for our investors to know how our businesses perform when excluding the drag from the non-strategic results. Looking at our strategic results for the full year 2014, Core pre-tax income was CHF 6,790 million and net income attributable to shareholders was CHF 4,962 million. The return on equity for our strategic businesses for 2014 was 12%, compared to our through-the-cycle Group target of 15%.

During the year, we made further progress toward our goal of achieving a more balanced allocation of capital between Private Banking & Wealth Management and Investment Banking. We continued to drive our revenue growth initiatives in Private Banking & Wealth Management – including our ultra-high-net-worth individuals lending program, which grew substantially in 2014. Additionally, in light of the evolving digital landscape, we are making progress toward creating a state-of-the-art digital private banking platform for our clients, allowing them to gain more efficient access to our global capabilities and enabling them to network with other clients. In Investment Banking, we continued to implement our client-focused, capital-efficient strategy, with an emphasis on our market-leading franchises such as equities, securitized products and global credit products. The close collaboration between our two divisions as an integrated bank enables us to offer clients decades of experience in wealth management, combined with global capital markets access and expertise.

### Our results for the fourth quarter

Our results for the fourth quarter of 2014 demonstrate the resilience of our franchise amid a challenging macroeconomic environment shaped by low interest rate levels and increased market volatility. We reported Core pre-tax income of CHF 1,178 million with a return on equity of 8% and net income attributable to shareholders of CHF 921 million. Looking at the strategic businesses, pre-tax income was CHF 1,449 million and net income attributable to shareholders was CHF 1,155 million. Our strategic return on equity for the quarter was 11%, stable compared to the fourth quarter of 2013.

In Private Banking & Wealth Management, our strategic businesses generated pre-tax income of CHF 1,007 million and a continued high return on regulatory capital of 30%. During the quarter, we continued to see strong loan growth from our ultra-high-net-worth individuals lending program and further improved collaboration revenues between our two divisions. Additionally, we reported gains on the sale of the local affluent and upper affluent client business in Italy as well as the partial sale of an investment in Euroclear. Revenues also benefitted from the appreciation of the US dollar against the Swiss franc. Compared to 4Q13, this was more than offset by lower performance fees and the ongoing low interest rate environment. The net margin in our Wealth Management Clients business improved to 27 basis points, including a benefit of 3 basis points from gains on the above-mentioned sales. The cost/income ratio for our strategic businesses was 67% for the fourth quarter and 68% for the full year 2014.

Wealth Management Clients generated net new assets of CHF 4.4 billion, driven by strong inflows from emerging markets, particularly in EMEA and Asia Pacific. These inflows were more than offset by outflows in Asset Management primarily resulting from the change of management of funds from Hedging Griffo to a new venture in Brazil, Verde Asset Management, in which we have a significant investment. In the fourth quarter, Private Banking & Wealth Management had net asset outflows of CHF 0.2 billion in its strategic businesses. For the full year 2014, Wealth Management Clients reported total net new assets of CHF 27.5 billion. This corresponds to a net new asset growth rate of 3.5% – in line with our 3% to 4% short-term target – even after total Western European cross-border outflows of CHF 11.4 billion due to the ongoing regularization of our asset base.



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

In Investment Banking, we generated pre-tax income of CHF 579 million in our strategic businesses, up 20% from the same period of 2013. Excluding funding valuation adjustments of CHF 279 million, which we introduced in line with the industry, pre-tax income increased by 43% year-on-year, driving a solid return on regulatory capital of 12% in our strategic businesses. Even with this negative impact, the profitability of our strategic businesses in Investment Banking improved compared to the same quarter of the previous year and revenues remained stable amid a more volatile market environment, which generally benefitted our trading businesses while adversely impacting underwriting activity. This revenue consistency highlights the stability of our diversified franchise.

Our fixed income businesses delivered consistent revenues in the fourth quarter of 2014 relative to the same period of 2013. In particular, we saw improved performance from our macro businesses and continued momentum in our high-returning securitized products franchise, which offset the reduced levels of client activity in credit. Our equities results improved compared to the fourth quarter of the previous year, reflecting a favorable trading environment and increased client activity across products, with a strong performance in Asia. Our continued momentum in mergers and acquisitions was offset by a slowdown in underwriting activity.

Additionally, we made continued progress in reducing risk-weighted assets and leverage exposure in Investment Banking, in line with our strategy to sustain strong returns on capital. Compared to the third quarter of 2014, we were able to reduce risk-weighted assets by USD 10 billion and our leverage exposure by USD 62 billion.

### **Revised Group leverage ratio targets**

In light of the continued regulatory developments, we intend to further reduce leverage exposure by approximately CHF 230 billion, resulting in a revised leverage exposure target for the Group for end-2015 of CHF 930–950 billion on a foreign exchange adjusted basis. With these reductions, we are also targeting a Look-through leverage ratio, including high and low trigger instruments, of approximately 4.5%, by end-2015 of which the Tier 1 component should be approximately 4.0% and the CET1 component approximately 3%.

### **Response to the changing currency and interest rate environment**

Since the start of 2015, we have seen significant central bank actions and market turmoil. Most notably, on January 15, 2015, the Swiss National Bank (SNB) discontinued the minimum exchange rate of CHF 1.20 per euro and lowered short-term interest rates. Since these actions occurred after the end of the 2014 financial year, they had no impact on our 2014 results. Looking at our profitability going forward, we estimate the net adverse impact on our profit to be approximately CHF 125–175 million, or 3%, based on 2014 earnings. This takes into account a number of mitigating measures that we are implementing, including incremental cost reductions of CHF 200 million. We plan to complement these actions with the remaining CHF 1 billion of cost savings from the ongoing Group-wide efficiency program and the previously announced revenue growth initiatives.

We expect that this will allow us to more than offset the impact of the changed operating conditions on our business and financial results by the end of 2017. However, in order to deliver a consistently good performance in the long term, it is key that we also continue to drive growth in Private Banking & Wealth Management, leverage our strong position in our Swiss home market and build on our strength in emerging markets.

### **Distribution to shareholders**

Consistent with 2013, the Board of Directors will propose a cash distribution of CHF 0.70 per share for the financial year 2014 out of reserves from capital contributions to the Annual General Meeting. We will offer an optional scrip alternative to our shareholders, allowing them to elect to receive the distribution in the form of new shares. We remain committed to returning half of our earnings to shareholders, provided our Look-through CET1 capital ratio continues to exceed 10% and we meet our leverage ratio targets.

During 2014, we made considerable progress in developing our businesses and in innovating new products and services for our clients, as well as better aligning our resources and reducing our operating expenses. Furthermore, thanks to the dedication and professionalism of our employees, we were able to mitigate the impact of the US cross-border settlement on our business, as well as resolve other litigation issues. We would like to express our sincere gratitude to our clients, our shareholders and our employees for all of their support during the year.

Sincerely

Urs Rohner

Brady W. Dougan

February 2015

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 Credit Suisse's 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.

BCBS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BCBS requirements as implemented by FINMA that are effective for 1Q15, and the application of those requirements on our 4Q14 results. Changes in these requirements or any of our interpretations, assumptions or estimates would result in different numbers from those shown here. BCBS leverage exposure target assumes foreign exchange rates of USD/CHF and EUR/CHF as of the end of January 30, 2015.

Illustrative impact of SNB actions and our mitigating measures applied to 2014 results and assumes that the SNB actions occurred on January 1, 2014, foreign exchange rates of USD/CHF and EUR/CHF as of the end of January 30, 2015 and certain other modeling parameters; actual results may differ significantly.

A summary document containing a more detailed description of the option to receive the distribution in new shares will be made available to shareholders of Credit Suisse Group on or around March 20, 2015. The conditions for the exercise of the scrip alternative, including possible restrictions to its availability to some Credit Suisse Group shareholders, will be

specified in such summary document. This letter does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, securities of Credit Suisse Group nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied on in connection with, any contract therefor. This letter does not constitute a prospectus within the meaning of any applicable law. Eligible shareholders should make their decision to receive a cash distribution or new shares of Credit Suisse Group as part of the 2014 distribution solely based on the terms and conditions of the 2014 distribution and the additional information contained in the relevant documents, which will be available upon publication of the invitation to the 2015 Annual General Meeting. This letter does not constitute a recommendation to shareholders to elect to receive new shares of Credit Suisse Group as part of the 2014 distribution. Eligible shareholders are furthermore advised to consult their bank, tax or financial adviser before making any decision.

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.

Adjusted cost run-rates are non-GAAP financial measures. 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 4Q14 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 |
|--|-------------|---------|---------|----------|------|-------------|---------|--------|----------|
|  | 4Q14        | 3Q14    | 4Q13    | QoQ      | YoY  | 2014        | 2013    | YoY    |          |
| <b>Credit Suisse (CHF million, except where indicated)</b>         |             |         |         |          |      |             |         |        |          |
| Net income/(loss) attributable to shareholders                     | 921         | 1,025   | (476)   | (10)     | –    | 2,105       | 2,326   | (10)   |          |
| of which from continuing operations                                | 931         | 919     | (474)   | 1        | –    | 2,003       | 2,181   | (8)    |          |
| Basic earnings/(loss) per share from continuing operations (CHF)   | 0.55        | 0.55    | (0.37)  | 0        | –    | 1.15        | 1.14    | 1      |          |
| Diluted earnings/(loss) per share from continuing operations (CHF) | 0.54        | 0.55    | (0.37)  | (2)      | –    | 1.14        | 1.14    | 0      |          |
| Return on equity attributable to shareholders (%)                  | 8.3         | 9.7     | (4.5)   | –        | –    | 4.9         | 5.7     | –      |          |
| Effective tax rate (%)   | 20.2        | 27.4    | 18.9    | –        | –    | 37.2        | 31.2    | –      |          |
| <b>Core Results (CHF million, except where indicated)</b>          |             |         |         |          |      |             |         |        |          |
| Net revenues   | 6,376       | 6,537   | 5,920   | (2)      | 8    | 25,815      | 25,217  | 2      |          |
| Provision for credit losses  | 75          | 59      | 53      | 27       | 42   | 186         | 167     | 11     |          |
| Total operating expenses   | 5,123       | 5,177   | 6,396   | (1)      | (20) | 22,120      | 21,546  | 3      |          |
| Income/(loss) from continuing operations before taxes              | 1,178       | 1,301   | (529)   | (9)      | –    | 3,509       | 3,504   | 0      |          |
| Cost/income ratio (%)  | 80.3        | 79.2    | 108.0   | –        | –    | 85.7        | 85.4    | –      |          |
| Pre-tax income margin (%)  | 18.5        | 19.9    | (8.9)   | –        | –    | 13.6        | 13.9    | –      |          |
| <b>Strategic results (CHF million, except where indicated)</b>     |             |         |         |          |      |             |         |        |          |
| Net revenues   | 6,000       | 6,287   | 6,024   | (5)      | 0    | 25,126      | 25,475  | (1)    |          |
| Income from continuing operations before taxes                     | 1,449       | 1,622   | 1,461   | (11)     | (1)  | 6,790       | 7,173   | (5)    |          |
| Cost/income ratio (%)  | 74.9        | 73.4    | 75.2    | –        | –    | 72.4        | 71.5    | –      |          |
| Return on equity – strategic results (%)                           | 10.9        | 11.0    | 10.8    | –        | –    | 12.2        | 13.4    | –      |          |
| <b>Non-strategic results (CHF million)</b>                         |             |         |         |          |      |             |         |        |          |
| Net revenues   | 376         | 250     | (104)   | 50       | –    | 689         | (258)   | –      |          |
| Loss from continuing operations before taxes                       | (271)       | (321)   | (1,990) | (16)     | (86) | (3,281)     | (3,669) | (11)   |          |
| <b>Assets under management and net new assets (CHF billion)</b>    |             |         |         |          |      |             |         |        |          |
| Assets under management from continuing operations                 | 1,377.3     | 1,366.1 | 1,253.4 | 0.8      | 9.9  | 1,377.3     | 1,253.4 | 9.9    |          |
| Net new assets from continuing operations                          | (3.0)       | 7.8     | 4.2     | –        | –    | 30.2        | 36.1    | (16.3) |          |
| <b>Balance sheet statistics (CHF million)</b>                      |             |         |         |          |      |             |         |        |          |
| Total assets   | 921,415     | 954,362 | 872,806 | (3)      | 6    | 921,415     | 872,806 | 6      |          |
| Net loans  | 272,551     | 265,243 | 247,054 | 3        | 10   | 272,551     | 247,054 | 10     |          |
| Total shareholders' equity   | 44,189      | 43,864  | 42,164  | 1        | 5    | 44,189      | 42,164  | 5      |          |
| Tangible shareholders' equity                                      | 35,296      | 35,178  | 33,955  | 0        | 4    | 35,296      | 33,955  | 4      |          |
| <b>Basel III regulatory capital and leverage statistics</b>        |             |         |         |          |      |             |         |        |          |
| Risk-weighted assets (CHF million)                                 | 291,410     | 292,879 | 273,846 | (1)      | 6    | 291,410     | 273,846 | 6      |          |
| CET1 ratio (%)   | 15.0        | 14.3    | 15.7    | –        | –    | 15.0        | 15.7    | –      |          |
| Look-through CET1 ratio (%)  | 10.2        | 9.8     | 10.0    | –        | –    | 10.2        | 10.0    | –      |          |
| Swiss leverage ratio (%)   | 5.0         | 4.9     | 5.1     | –        | –    | 5.0         | 5.1     | –      |          |
| Look-through Swiss leverage ratio (%)                              | 3.9         | 3.8     | 3.7     | –        | –    | 3.9         | 3.7     | –      |          |
| <b>Share information</b>   |             |         |         |          |      |             |         |        |          |
| Shares outstanding (million)                                       | 1,599.5     | 1,600.8 | 1,590.9 | 0        | 1    | 1,599.5     | 1,590.9 | 1      |          |
| of which common shares issued                                      | 1,607.2     | 1,607.2 | 1,596.1 | 0        | 1    | 1,607.2     | 1,596.1 | 1      |          |
| of which treasury shares   | (7.7)       | (6.4)   | (5.2)   | 20       | 48   | (7.7)       | (5.2)   | 48     |          |
| Book value per share (CHF)   | 27.63       | 27.40   | 26.50   | 1        | 4    | 27.63       | 26.50   | 4      |          |
| Tangible book value per share (CHF)                                | 22.07       | 21.98   | 21.34   | 0        | 3    | 22.07       | 21.34   | 3      |          |
| Market capitalization (CHF million)                                | 40,308      | 42,542  | 43,526  | (5)      | (7)  | 40,308      | 43,526  | (7)    |          |
| <b>Number of employees (full-time equivalents)</b>                 |             |         |         |          |      |             |         |        |          |
| Number of employees  | 45,800      | 45,500  | 46,000  | 1        | 0    | 45,800      | 46,000  | 0      |          |

## Financial calendar and contacts

### Financial calendar

|                             |                         |
|-----------------------------|-------------------------|
| First quarter results 2015  | Tuesday, April 21, 2015 |
| Annual General Meeting      | Friday, April 24, 2015  |
| Second quarter results 2015 | Tuesday, July 21, 2015  |

### 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<br>Dept. HKG 1<br>P.O. Box<br>8070 Zurich<br>Switzerland |

### US share register and transfer agent

|                                  |   |
|----------------------------------|---|
|                                  | Deutsche Bank   |
| ADS depository bank              | Trust Company Americas  |
| Address                          | American Stock Transfer & Trust Co.<br>Operations Center<br>6201 15th Avenue<br>Brooklyn, NY 11219<br>United States |
| US and Canada phone              | +1 800 937 5449   |
| 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<br>Share Register RXS<br>8070 Zurich<br>Switzerland |
| Phone   | +41 44 332 26 60   |
| E-Mail  | robert.rohner@credit-suisse.com  |

### Cautionary statement regarding forward-looking information

This letter contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

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

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;

- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in "Risk factors" in I – Information on the company in our Annual Report 2013.