

# **Credit Suisse Group**

Transcript of the Media Event on the  
Merger of the Independent Private Banks  
and of Credit Suisse Fides, Zurich

## **Teleconference**

**April 27, 2006**

**14:00 (CET)**

**Moderators:**

Walter Berchtold, CEO Private Banking

Bernard Stalder

Hans Nützi

Beat Wittmann

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OPERATOR: Hello. This is your Chorus Call operator. Welcome to the media conference on Clariden Leu. We are now connecting to the Bank Leu function room in Zurich.

WALTER BERCHTOLD: Ladies and gentlemen, I would like to wish you a heartfelt welcome to Bahnhofstrasse 32. This is set to be the future headquarters of the new Clariden Leu bank, as we announced this morning. I would also like to extend a heartfelt

welcome to those joining us by teleconference. Now, I will introduce the men at my left. Mr Bernard Stalder, designated CEO of the new Clariden Leu. Then Mr Hans Nützi. He will be responsible for the Private Banking division. And Mr Beat Wittmann, who will take care of the entire product area in this new organization. We announced this morning that we will merge our five private banking subsidiaries to form a single entity as of January 2007 in order to continue operating successfully in the private banking market over the next five to ten years. We will be doing this from a position of strength. The press conference will be structured as follows. First, I will touch on two or three issues from the parent company's perspective. After that, Mr Stalder will talk about the positioning, organization and strategy of the new Clariden Leu. Mr Nützi will then speak about the private banking side. And Mr Beat Wittmann will give an overview of the Investment Products division. After the presentations, we will open the floor for questions. As strong as a lion, as solid as a rock; that has been our motto. The opportunities we have with the merger of these five private banks to form a single bank. Five key points prompted our decision. First, of course, clients and their expectations. Clients have become far more demanding throughout the world, and even in smaller organizations they need global opportunities today. They need access to products worldwide. They need access to products that can be offered everywhere. At the same time, growth within the Swiss environment has clearly shifted abroad; in other words, investments are to be made primarily in emerging markets. A certain size is a must. Sooner or later, it will be difficult to finance this expansion with assets of 30-40 billion. And naturally, we still have a highly fragmented Swiss market, which will certainly consolidate further, and in that respect also, it is an advantage to be a certain size. Now for a very brief overview of the new bank. We have consciously chosen

Clariden and Leu as names: Leu has 250 years of banking innovation; and Clariden has very substantial international exposure. And we wanted to preserve these two assets that we have and not lose these two attributes. The new bank will have assets of around 112 billion. Those are purely private banking assets. Insofar as possible, all institutional assets will be transferred. We will have over 55,000 private clients. 1,800 employees with revenues of slightly more than 1.15 billion. Net income of 443 million. Those are 2005 pro forma figures. Globally, the bank will be present in over 15 locations, and it will also have five locations here in Switzerland. This structure will leap to fifth place at a stroke. Research has shown us that this is a set-up with purely private banking assets and will thus be in a very strong position to grow further and also invest in the future itself and seize opportunities in the international markets. You can also see from the cost income ratio of 52%, that it is a merger from a position of strength, certainly a first-class cost income ratio, and with 32% growth over the past three years, this bank will definitely occupy a top position. If we want to combine all the points I've just mentioned and again explain the logic behind our decision and its timing, we have to start by saying that we have purposely done it from a position of strength. All of the five private banks are flourishing. We will also get additional impetus from their strength. We have done this to create a single comprehensive business model to enable the clients of these private banks to take advantage of the globalization of the private banking market also in the future. At the same time, we have created a vehicle that should also attract people, specialized professionals in the market who are looking for an innovative company that is perhaps somewhat smaller than Credit Suisse private banking. Finally, from the strategic background of the private bank, it is also an important step toward taking part in the consolidation here in Switzerland as well as taking advantage of the growth – and

this private bank has a very high share of this growth – and even driving it further. Before I hand you over to Bernard Stalder, I would just like to point out very briefly that we are not planning an IPO. That did come up, but this private bank is a core component in our private banking strategy. Bernard, over to you.

BERNARD STALDER: Thank you very much, Walter. Ladies and gentlemen, I too would like to wish you a heartfelt welcome. I will talk briefly about the vision and future organizational structure, and I will also go into some detail on our business model. When I talk about my vision, it is something that I want to be heard loud and clear by my future employees too. And my vision has to be very simple and easy to understand. Our vision is simple. We want to be the most successful pure private bank in Switzerland. By pure private bank, we mean that we are primarily in the private banking segment of asset management banks. That means there are banks that are far bigger than us that have huge institutional asset management departments. That will not be the case with us, particularly not the institutional business governed by BVG/LPP guidelines and pension funds. In contrast, we are a private bank with our own product factory, if I may put it like that. Both Mr Nützi and Mr Wittmann will discuss this also. So the purity of this private bank, that's perhaps a little puristic, but it should be seen in the light of the fact that we are not an asset management bank comprising two very big business fields in the usual sense. Therefore, we do not want to measure ourselves in terms of size, but rather success, which we base on client satisfaction. Client satisfaction can be measured by determining the growth in client assets in existing accounts. And that can be done. What is also very important and is naturally associated with client satisfaction is investment performance, investment success. We can benchmark ourselves both internally and externally. If we don't do it, the agencies do it for us. So

investment performance is very important. Growth. We have set ambitious growth targets. Profitability, Mr Berchtold spoke about that, we want this profitability to be shown in the cost income ratio by maintaining, or even improving on, the 50% figure. Of course, reputation in the market is extremely important too, and that's very difficult to build up. In this case, our banks have already built up their reputations through the years, and we want these reputations to remain intact with the merger. It is important that we are managed independently and that we manage ourselves, if you want, but that we have the backing of Credit Suisse Group. As already said, we are starting out from a very strong position. This is not something that is being created from scratch; there are four banks, and a lot more. We already have selected wealthy clients worldwide. We have 55,000 relationships. We have external asset managers. We have financial institutions that buy our products. We already have a comprehensive range of products that are complementary in the individual banks. As a reminder, Leu is very strong in the field of structured derivatives. We have created a very strong product range at Clariden over the past ten years, and there are special products at Hofmann too. These exist, we have to – we can – merge them. We have a very modern client advisory process. It is excellent at Leu. Bank Leu is a leader in this area. That is something we want to extend to the other institutions. We have a strong position in the domestic market, and we already have a considerable global presence. That means that in all markets where we operate – I will show a map later on – we have at least 10 billion client assets under management. We have a unique combination of tradition too. Just think about the 250 years of Leu and an entrepreneurial spirit. And merging that tradition and entrepreneurial spirit is one of the big challenges that I will be delighted to take up with my new management team. Finally, we are an independently managed private bank with the support of these very strong

shareholders. And talking of where we're starting from, we also already have a whole series of awards, and not only for products. And you can see that Bank Leu as well as Clariden products have won awards, and the investment process as well as advisory activities have been commended by an independent rating agency, Elite, in Germany, where Bank Leu – I think – was ranked with summa cum laude in both 2004 and 2005. So we are very well positioned in this advisory environment. Back to our franchise. We truly have a global organization. As you can see, we have 11 billion in client assets in Switzerland, 32 billion in Europe, almost 20 billion in Latin America and Spanish-speaking parts of Europe, 14 billion in the emerging markets in Asia and Eastern Europe, a further 5 billion in the rest of the world, and then there are the independent asset managers, and there too we have more than a critical mass with 14 billion and nearly 20 billion in the fund business, giving a total of 112 billion. The independently managed private bank supported by Credit Suisse Group; what exactly does that mean at the end of the day? Is it a complement to the private banking business of Credit Suisse? Is it not a competitor? We are an attractive alternative to a universal bank. Of course, we also have the potential to play an active role in the market consolidation here. There are many banks, and although this process is moving ahead very quickly, I recall the UBS/Baer transaction and others in the past, we believe that critical mass is decisive, and we want to take part in the process actively as Clariden Leu. We have our own independent business model. That means that we are independent in terms of products, services, asset management, and particularly staff policy. Staff are a very important part of this organization. There are people who quite simply prefer to be with a medium-sized or large bank rather than with a huge one. And finally, Credit Suisse offers us significant synergies. We have decided to integrate our IT Operations platform and transfer it to Credit Suisse, and

there are definitely earnings there. Now to the strategic cornerstones of Clariden Leu in the future. On the client side, our target clients are the very wealthy, superrich individuals and family offices, as well as the usual millionaires – if I can refer to them like that. So the client segment, the core segment is certainly one to five million; that's where it's the most interesting. And we will also want to look at our clients who have fewer assets with us, the so-called affluents. We want to exploit the potential there. We know that if we once turn away a client who is in the process of accumulating assets, he won't ever return to us. So the potential of these clients is very important. The range of services has to be comprehensive and have a structured approach. It is not a case of simply managing a portfolio. We're talking about asset management in its entirety, i.e. including Lombard loans, succession planning, etc. The factory, the product factory, if I may, is focused on private banking. These are products that private banking clients buy from us and hopefully increasingly from other banks too, or from other providers such as external asset managers, etc. And that is a reference to, yes, to private banking as well. Culture, we are entrepreneurs. We want to remain entrepreneurs. That means that during the recruitment process we want to take on people who also have an entrepreneurial orientation. We want to train these people, encourage them, and naturally retain them. They are the most important factor in this competitive environment. That can succeed only with a performance-oriented focus and with an approach that is genuinely geared toward the long term and not only toward short-term revenue-sharing models, for example, which are commonplace with brokers. But back to the vision of our growth targets. We believe we can, and we want to, grow on average 8% p.a. in terms of net client asset inflows. I'm not taking investment performance into consideration here. In a great many cases, we cannot forecast this. If there is a stock market collapse of 20%

or 30%, the value of client assets is of course adversely affected. Therefore, we only look at what we can influence, and that includes clients, net client asset inflows, for which we have set a target of 8%, and profitability, as mentioned, under 50. Now, another word on the organization. That is the top management level. We have two strong front-office areas. I will be supported there by Mr Nützi in private banking. He is the CEO of Bank Leu, as you know. Mr Wittmann, who is in charge of products at Clariden, will head the entire product business, and that naturally includes the product areas of the other banks. We have a CFO, of course, as is proper, Mr Kurmann. He is currently CFO at Bank Leu. We have a Chief Operating Officer, Dr Herrmann. He is currently Chief Operating Officer at Bank Hofmann. Then a Chief Risk Officer, Mr Colombara. He comes from Clariden Bank. HR is under Mr Othmar Locher. He too is from Clariden Bank. Marketing & Communication, Mr Ackermann, who is sitting at the back here. He's from Bank Leu. And finally, the Head of Legal & Compliance, Mr Hugentobler, also from Bank Leu. You can see that there's a certain degree of balance in this organization. But obviously we were striving not only to strike a balance, but also to appoint the best people for the jobs in question. That is the current structure. It goes without saying that there are similar combinations of existing teams at the other management levels. That brings me to the end of the first part of my presentation. Now, I would like to hand you over to Mr Nützi, the future CEO of Private Banking.

HANS NÜTZI:

Ladies and gentlemen, I would also like to welcome you to the premises of Bank Leu, the future headquarters of Clariden Leu. Private Banking has a vision. It has set itself the goal of leading a successful private bank into the future. Whatever the faces involved, this is the business model on which we shall build:

the merger of five already very successful private banking entities into one and thus being able to benefit from the strongest units within these already strong entities. What is our business model based on? Nowadays, clients expect their needs in the financial area to be covered in a professional manner. We deal with discerning, highly sophisticated clients who expect more from their private bank than just talk about whether a share goes up or down 1% on any given day. Such clients have to be acquired by means of a highly professional, well structured advisory approach that we intend to spread across the entire organization of the future Clariden Leu private bank. The critical mass of this bank gives us a definite market proximity that will allow us to serve and advise our clients with even greater intensity and focus in all the business areas in which we operate. In the area of advisory and investment management, an organization will be established on the basis of the very latest findings. It will literally merge the strengths from these five entities and thus create a state-of-the-art investment management organization. The aim of this organization and increased professionalism will be that we exploit this strength to generate future growth and thus create value not only for our clients, but also for the bank, in the form of increased income and profitability. Which clients are we addressing? They are clients with high expectations in terms of advisory services. We intend to generate value for our clients by means of a professional approach to advisory services. At the end of the day, the client still wants to achieve just one goal – that of asset performance. And that is the goal which this model aims to achieve. Furthermore, our target clients will include professional, external asset managers. We intend to provide them with a professional platform as part of the consolidation process that is sure to affect this area too. Clients with high expectations of the services to be provided. That is our goal. This value creation for clients is also to be the basis for the

future income of our bank. Due to our size, we have the opportunity to develop a global market presence. As you have already heard, we have reached critical mass in every market. And that provides us with a corresponding market penetration, which is professional. Our service model is based on generating added value for the client, based on a state-of-the-art advisory process. We aim to put in place a holistic approach in which the relationship manager, the client advisor – i.e. the most important interface with the client – experiences the supporting functions in such a way that he too is the recipient of active advice, which allows him to offer the client an optimum service. Relationship managers are supported by enabling services, portfolio consulting or family office services. The internal and external contact partners that we involve will allow us to evaluate new opportunities at all times. At the cultural level, we wish to meet the highest expectations in terms of reputation, and make sure that this is passed on to the individual units in a professional way. Here you can see that we have 450 client advisors or relationship managers, and we will have an additional 100 wealth management specialists. This shows that we are not just paying lip service to this holistic approach, but that we are adapting our structures to its requirements. With 20 locations in Switzerland and abroad, we can demonstrate our market proximity in international terms, and this is something we are determined to build upon. On the last page of my presentation, you can see the complete business model on a single slide. We have the market coverage of Private Banking, where we wish to develop a structured advisory approach; we have critical mass in all markets; and we have the resulting culture and tradition that we must continue to develop and nurture with an entrepreneurial spirit, thereby increasing profitability. And you can also see wealth management services as a supporting element. And we also have investment management, which we wish to develop in

modular fashion as a supporting element for the front office and relationship managers. This brings me to the end of my presentation. We have achieved critical mass in all markets. We have the corresponding market know-how. We benefit from the strength of the individual entities. This will allow us to achieve strategic growth in the future. And this in turn will allow us to position ourselves attractively in the market for professional private bankers and also be able to attract these people. This organization in Private Banking is also scalable and the management capacities are available. I am therefore confident that, together with Private Banking, we can launch the new organization successfully in 2007. Thank you. I'll now pass you to Mr Wittmann.

BEAT WITTMANN: Thank you, Hans. Hello, ladies and gentlemen. I would like to give you an overview of the business model and business strategy of the investment products area. In so doing, I will concentrate on the essential points and look forward to answering your detailed questions afterwards. The business model consists of a positioning and strategic key points. The positioning is fairly clear and straightforward. We want to be a leading provider for products. This is measured primarily by client satisfaction. Then of course also by investment performance and transparency, growth and profitability criteria, and obviously reputation of the financial product business. The fund business, for example, is highly complex. It is highly regulated and highly public. And if you have a product problem, you have a problem across the board. Which is not good. Therefore, operational excellence is a requirement here too. As for the strategic points, there are three of them: capital markets, investment products, culture. The aim is naturally to provide a fully comprehensive, high-quality offering for the private banking division of Clariden Leu, but also for the

external market. Until now it has been the case that all the entities have had an external focus, and here too this is a key point of strategy. In the capital markets, we must offer competitive content in terms of performance and opportunities in the markets, and that is the major challenge. Investments in this area can only be made with a certain mass when we think of primary research and active investment management. The product range needs to be diversified; i.e. we need to offer an all-weather portfolio and be strong in all asset classes, be it in the area of fixed-income equities, alternative investments or – especially importantly – in terms of absolute and relative absolute performance orientation. In the last three years, the industry has seen a certain convergence between the alternative hedge fund sector and the traditional loan-only business. In both areas, we would like to be genuinely strong – and at present we are. Culture and people are the most important thing in this business. We can be credible only if we supply investment funds over three, five and ten years, and with the same people with the same investment philosophy, with the same percentages. Only in this way can we really build up business. And that is decisive. The culture should be innovative, competitive, and international. These are of course all buzzwords, and they need to be backed up with actions. I always say that innovation means two things to me. The first is comprehending and responding to client needs, and the second is taking opportunities in the international capital markets. In this area, an infrastructure seminar was held here this very morning. I believe that this will be one of the most important investment topics of the next 10 years and that the corresponding product range is still comparatively small. So there are plenty of examples. In the product area, we are building this bank on existing strengths. This is a good thing. There are four points here. All the units have until now operated active – not passive, but active – research-driven

product development and investment management. Secondly, all of them have also genuinely focused on inefficient parts of the capital market and provided clients with innovative solutions in the area of funds and structured products. The third point is open architecture in sourcing and also in the distribution of financial products. This has been a buzzword for years now and is a good selling point. We must be measured by whether we really achieve it. We have advisors in funds and we sell products externally in the open market. And the fourth point, which is often forgotten – and one I would really ascribe to operational excellence – is that we have infrastructure platforms, IT operations and advance administration, risk management in Switzerland, in Luxembourg, and in Guernsey that have already been shared in the last few years – here we have very good and significant potential for synergy, because they of course represent fixed-step costs in this area. The product offering is something I wish to show here only in generic form between the main providers in the funds area. Clariden is certainly well known for its extensive platform in the equity sector, as well as absolute return and emerging market products. Bank Leu is very strong in the area of structured derivatives, as well as value creation and products in the area of catastrophe insurance and otherwise in the insurance sector. Bank Hofmann has very select products in the special products area. I don't wish to go into further detail here, but will just give a few examples. I have chosen ten examples from Clariden, Leu and Bank Hofmann – a variety of products. I believe that in order to be competitive in the area of financial products, you have to be innovative. You have to deliver performance, be very transparent and also be of a certain size – that is essential too. Here are a few examples. We invested in Russia 12 years ago. That was certainly an innovation. Or the Leu Prima Cat Bond. And then size and performance is of course nowadays made fully transparent on a daily basis via the

internet. This is where I would like to close my presentation by ensuring you that in the product area the focus these days is on the client and on investment performance, because the capital markets are not interested in what we are doing here. So the work goes on continually, and that is our challenge. Thank you.

BERNARD STALDER: To sum up before moving on to the questions. Yes, what are the next steps, what does this mean for the various people involved? First the clients, this is highly important, the clients all remain with their existing relationship managers. That is a very important message for all clients. They hate nothing more than having their advisor changed. That will not happen. We will offer our clients an excellent combined range of products and services. We will operate under the new brand Clariden Leu as from 2007. We are in the process of developing this brand visually. And we will want to introduce it right away. The headquarters will be here, as already mentioned. We are planning to migrate IT Operations, which will lead to a loss of jobs. There will also be job losses in the central areas. Both the above should be completed by the third quarter of 2007, with a loss of 200 jobs. First BGP is planned, and we will have to work very intensively on this integration. These synergies, which have already been discussed, will not start to pay off fully until 2008. We are expecting net synergies of 100 million, i.e. both cost savings and additional income. Regarding the staff reduction, we do not expect there to be any hardship cases, as some of the people currently working in the IT Operations area at Clariden Bank should transfer to CS, but not everyone, or we'd have no synergies. Some will also be integrated there for the broader product range. Then we have a natural fluctuation, which varies from institution to institution, but over the past few years it has been hovering around 10%. So 10% alone of 1,800 people is already 180. And what I also consider to be very important is that we have ambitious growth targets. We think that some employees from the back-office area will

be able to move to front support units, for example. Therefore, we are assuming that it will actually be possible to manage these 200 people who could be affected without any hardship cases. To sum up once again, we have a strong performance to offer to our clients, plus stability. For employees, an opportunity for personal development with a supportive shareholder that can expect to benefit from sustainable value creation. So it is not a merger resulting from weakness; we said that right at the start. I would say that it's a win, win, win situation. I would like to close with that, and I open the floor to questions. Thank you.

OPERATOR: Thank you very much. If you'd perhaps say briefly who you are and which medium you represent. Thank you.

JOURNALIST You have a target of new inflows of 8% p.a. in private banking. If we take a look at last year, we see that the figure was perhaps even higher at UBS and CS. Could you please tell us how and above all where you can achieve that?

STALDER: Right, I'm being asked here, and I'll happily answer the question. You always have to differentiate between performance and net new client assets when talking about asset growth. And I doubt that very many banks achieved 8% in that respect. I don't have the figure here with me. It was 10.2% for Clariden last year, which is above average. This was driven by two business areas. First, we are strong in the emerging markets. There we have had net new asset growth of 30%, and even higher, and also with products, which are included in that figure. There we are reckoning on annual growth rates of over 20%. Then on a weighted basis we arrive at 8%. That is an ambitious target, and if you look at our competitors, which I don't want to name right now, the figure was much lower, in fact considerably lower. It was around 1% or 2%.

JOURNALIST: What will be the equity capital of this group, equity capital or capital base? You talked only about net income.

BERCHTOLD: Good, the equity capital will be high enough to meet the requirements of the SFBC. I can't give you the absolute figures right now. We are subject to the same SFBC regulations as our subsidiaries.

JOURNALIST: Mr Nützi, I believe I read in the newspaper a few months ago that you thought that Bank Leu could perhaps be taken public. Was that considered at all, or are you in any way unsure, how should I put it?

HANS NÜTZI: I didn't make a clear statement on that. I was asked if Bank Leu was planning an IPO at any stage, and I answered that one should ask the parent company rather than me, as I wasn't the one deciding that. No IPO was planned for the old bank, and no IPO is planned for the new bank either.

JOURNALIST: Yes, but the question was why not? It would be extremely attractive for investors.

BERCHTOLD: I mean private banking is a core business of Credit Suisse, and after all the growth targets of this private bank are a crucial component of this strategy. Private banking is complementary to the parent company. And therefore, we see absolutely no reason to consider it at the moment.

JOURNALIST: ... the next question, Mr Wittmann, at Clariden, I believe you are now the seventh largest fund manager in Switzerland. And there are 15 billion francs in mutual funds, and the combined group now has 19 billion overall. I think in your ten years at Clariden you built up these funds virtually from nothing. Do you intend to double that again over the next ten years at Clariden Leu?

BEAT WITTMANN: At least. OK, that's higher arithmetic. We have a growth target of over 20% p.a. That is for net new assets. I think that in the area of financial products it is possible to grow by over 20% long term more or less regardless of size, as the market is there, and that's our target. It's ambitious but realistic. And it soon adds up. As already said, it's higher arithmetic, but it doesn't take too long to double the figure. But I'd like to say something about the top-line figures too. Top-line figures, that's the easy bit, you might say. We don't have to think too hard about those. But what's crucial is what one does there. Whether it's in fixed income, money market products or alternative investments. It is our ambition to really build up a fully diversified offering in all asset classes, including alternative investments. And above all focusing also on relative performance as well as absolute performance. So I'm talking here about quantitative growth; here it's at least 20% p.a. And then there is also qualitative growth. That is absolutely decisive. In any case, we will do it.

JOURNALIST: If I understand correctly, Clariden Bank has perhaps been the most independent of the group to date. It may be no coincidence that you've repeatedly mentioned this quality, and I think around five times today you've stressed that it is important to be able to work independently and so on. What is the history of this Clariden Bank? How did it ever achieve this independence? It is simply a product of the success you've had over the past ten years?

STALDER: I once coined the phrase "one is as free as the liberties one takes". But of course that is a little overly simplistic, as one has the freedom granted by one's primary shareholders. And in our case, this freedom was certainly given thanks to our success over the years. And I've absolutely no concerns that it will be different in the future. Clearly we don't have fool's license to operate in a vacuum. We are fully integrated in the regulatory area. In compliance, financial reporting, risk management, the

legislator regulates affairs, with the SFBC treating Credit Suisse Group as a consolidated entity. And we understand this and operate accordingly. Of course, that also has to do with reputation. But in the future, as already mentioned, we certainly want to remain independent in the product area as regards investment approach and in staff policy.

BERCHTOLD: Perhaps I can add something from the parent's perspective. We've actually treated all the banks in the same way.

OK, I mean you can naturally argue that from the governance factor. However, I can assure you from the parent's perspective, if Clariden had done something we didn't like, we would have told them so, regardless of whether I was Vice-Chairman or Chairman. However, that isn't a major issue. We have to be clear that ultimately Credit Suisse is always responsible for this private bank, whether we consolidate or something is imposed by the regulator. Therefore, we cannot sneak away from this responsibility. And it is precisely the independence of our private banks that gives them their strength; we have let them develop independently. We have derived synergies wherever possible, from an IT platform, for instance, that is outsourcing. It is logical that five are on the CS platform comparatively speaking, but it is actually a case of outsourcing of IT. And within this business model, the private banks could develop on the basis of the general framework, which is identical for everyone. We developed it ourselves. And I think we did a pretty good job as a shareholder. They have all evolved nicely.

NÜTZI: I'd like to add something. As a matter of fact, it's totally irrelevant whether you're dependent or independent. It's totally irrelevant. What matters most is how successfully you position yourself, and how well you work. If you work well, it doesn't matter who you belong to, whether you belong to a single shareholder, person or company, a family or a whole group of shareholders; what matters is that the owner takes decisions

about you, and exerts influence when you are not successful. And if you're successful as a management team, in line with the guidelines, then you're allowed to get on with it. And these private banks, they showed that they worked well and were successful, so we had quite a lot of freedom. And that is irrespective of whether it was Clariden, Leu or Hofmann, or even the other entities. So the private bank actually decides itself whether it's on a long or short leash. It must be successful, and that's the decisive factor.

JOURNALIST                      Perhaps, who initiated this idea? You, Credit Suisse or Clariden? Because Clariden is the growth driver in this project.

BERCHTOLD                      Well, fundamentally we've always thought about what we're doing. We watch the market. We have our opinions. And we also have discussions and cover the points I mentioned about how the entire environment is developing. Ultimately, that was the catalyst for deciding to merge these private banks. We always said in the past that we're happy with our private banks. That's clear. The question always arose as to who, how and what are we doing. To that I would say we are happy with the private banks. But we are now creating a new basis in order to be able to cope with the demands on private banks in Switzerland also in the future, over the next five to ten years, with this organization. An example, just one example. You are familiar with conditions in Germany. If you want to operate in Germany, you have to be present locally. There are four of us. We have four private banks. It's simply not sensible to have three or four different branches in onshore operations in Germany, just to demonstrate certain things here. And everyone in the market is subject to these requirements. The private banking business will be far more expensive to run in the future. On top of that, there's the whole spiral, the salary spiral. Private banking is in fashion. You try to hire new people. The private banking business is very expensive, and you need to be

a certain size. We will achieve this with the merger. And just to stress the point once again, it's a merger from a position of substantial strength.

JOURNALIST: I've a few questions. As far as I know, Clariden Bank was the bank most in favor of expansion. Could you perhaps say something on your current presence in the growth markets and whether there will be overlaps following the merger? My second question is this: did I understand correctly that you generally have to have a million francs to be a client? And the third question: did all private banks belong 100% to CS? And the fourth question is for you, Mr Berchtold: how does CS view this new competitor?

WALTER BERCHTOLD: I will take the participation question first. Four of the five banks belong 100% to CS. There is an employee participation of 12.3% in the case of Clariden Bank. So we have around 88%, and we have all voting rights. That's the ownership structure. Now to competition. Logically speaking, a competitive situation can arise. And that was the case already in the past with the four private banks. We worked very closely together. So if we were to find ourselves in a competitive situation, logically the client would have the final say. However, we then try to resolve the matter internally, and we look for the most complementary solution. As Chairman of three of these banks, I can tell you that in my experience over the last year and a half there wasn't a single case where it ended in a row. No case was referred to me; things were always resolved amicably. Clients were even assigned reciprocally. If a client wanted to leave, we tried to ensure that he at least remained within the Group. At the end of the day, we all know who we are working for. It's for Credit Suisse, and that is what always counts in the end, ultimately this is our perception. And that is firmly anchored.

STALDER Now to the other parts.

Expansion was another question. We're expanding primarily in Asia, actively. You possibly know that we opened a branch in the region in October. This branch currently has 35 employees. We are very strongly committed to bringing more people on board. It's not so easy at the moment. The private banking market is very hot. We believe we will have a staff of 50 at year-end. We are doing well with the business plans too. We also have plans for Dubai. We've applied for a license there and the initial response has been positive. We think we'll open in a few months in Dubai. And we've a small project in Indonesia too, in Jakarta. A formal application hasn't been filed yet, but we're certainly moving in that direction. In addition, we expect the situation to become interesting for us once again in the Middle East and Asia once these equity markets have cooled off. In other words, it was very difficult to persuade Arab investors to part from their equities and real estate investments, which double every year, for a total return profile with an expectation of 6% to 8%. But those are waves. They come and go. So I'm certainly very positive on this. But fundamentally, you go where there are clients, where there is the potential to build assets. And that, wealth creation, can no longer be found in Europe, with the possible exception of a few investment bankers and hedge fund managers. But most of the European economy is not growing and therefore we have to move to these growth markets. And that is another reason why this merger has come about, as we need the investment, the resources to be able to invest there. There are few overlaps. Regarding the client base, Leu and Hofmann have clients in the Middle East but not representative offices that we have to merge, so there are some cost savings. They can't be overestimated. Take Buenos Aires and São Paulo, for example: Hofmann and Clariden are in Buenos Aires, and Clariden and Leu are in São Paulo. There you bring the people together under one roof. And perhaps you then have one receptionist less. I don't want to overemphasize

it. There will be new teams, and what's important is that the people there are productive. Perhaps to the million-franc question. I'm happy to leave that – not that I wouldn't have an answer – but I'm happy to leave that question to Mr Nützi. That will be his responsibility later.

HANS NÜTZI: I said in my presentation that we will not consciously impose a size restriction, but that we will focus on wealthy clients with a considerable need for financial solutions. When a client has a certain amount of assets, an individual asset allocation becomes feasible. In other words, these are amounts that are worthwhile, and by that we normally mean amounts of a million francs or more. But if a client has a modest amount of assets and we have a highly sophisticated product offering that he can take advantage of, then he will be most welcome to join us. It depends on clients' needs. We want to be the bank for highly sophisticated needs and that's also how we want to position ourselves in the global market.

JOURNALIST Thank you. The 2005 net profit was 443 million francs. I wanted to ask whether you have a comparable profit figure for 2004 to see how things have developed, from a profit viewpoint for the group.

STALDER We will certainly calculate it. At the moment, I have the 2005 pro forma.

JOURNALIST And the second question on basis points, what you earn on client assets. Credit Suisse Group always gives earnings figures in basis points. Do you have similar information for Clariden Leu?

STALDER That can be calculated easily using the pro forma statement. We're around 106 basis points, if I -, that is an average for all the units. For the moment I can only really speak for Clariden, and only wish to speak for Clariden. Mr Nützi, do you have the



their own separate IT? And third and perhaps finally, you spoke about the background, that is you mentioned Bank Baer, and though you can't be expected to say this, didn't that merger last September play a major role in crystallizing your thoughts leading to today's announcement?

BERCHTOLD: What was the last question?

JOURNALIST: Whether the Baer story helped shape your thoughts?

BERCHTOLD: The answer to that question is no. We aren't dependent on other market players. We have long been planning this move. As for Baer. Baer simply happened first. And then, it's only logical that we reviewed our plans and looked at what Baer was doing. But as far as strategy is concerned, this was based on our own ideas. As for descriptions of the institutions involved, you may rest assured that you will be sent these. They are available in writing. It would simply take too long to give you descriptions of each of the banks here and now, and anyway, I don't have headcount figures directly to hand. But all this material is available and will be placed at your disposal. As for IT, Bank Leu, Bank Hofmann and BGP are already on the CS platform. Clariden Bank has to be migrated from its current system to the CS platform and then all the private banks will have been migrated. And CS Fides still has its own system. So, three banks have already been migrated. Clariden is without doubt the biggest. We are aiming to complete the entire migration in the second half of 2007.

JOURNALIST: Did I understand you correctly earlier that you want to give some of the shares in this new bank to the staff? Presumably these would be Credit Suisse shares?

BERCHTOLD: The general bonus model applied at Credit Suisse corresponds to the Clariden model, including the awarding of shares as well as other bonus components.

JOURNALIST: Can you give us more information about the employee participation scheme at Clariden? A word or two about its origins?

BERCHTOLD: I really don't know the full details about its origins. But it has to do with the fact that participation has been policy since the bank was founded back in 19...

STALDER: ... At the start of the nineties ... and was reworked in the 96 plan, which has been in operation for some time now and has stood the test of time, because it takes a long-term approach. This is not an option plan but a plan based on real values and therefore comes close to realizing the essential private banking idea of building for the long term.

JOURNALIST: When I examine the organizational chart, one particular question springs to mind. Mr Nützi will be CEO of Private Banking, which will manage the lion's share of the assets. He will also be in charge of operations. And then we'll have another CEO. I don't wish to put anyone out of a job, but I wonder how a balance will be achieved. Do you really intend bringing the various sides together to form just one institutional asset manager?

STALDER: My prime task will be to combine these five main entities. There will be two major areas as you have heard. One with growth targets for products, and private banking also with growth targets. I believe we'll have more than enough to do in the next few years. My role will be to hold the entire operation together. Mr Nützi has his part to play, which is equally clear, and the same applies to Mr Wittmann. We will not be creating unnecessary overlap.

BERCHTOLD: OK, thank you. Now I'd like to take questions on the phone. Are there any questions please?

JOURNALIST: Hello. I wanted to go back to the question asked by Mr Simonian of the Financial Times. Julius Baer, the question inevitably arises, can you now categorically state that you aren't putting out an advance sales notice for the private banks?

BERCHTOLD: I already addressed that question in my speech today. The bank is not currently up for sale. The bank is part of our strategy and even on current figures, we have a major interest in holding on to that success. This complements our business model.

JOURNALIST: And can you explain why you haven't integrated it fully into Credit Suisse if you don't intend to sell it?

BERCHTOLD: Yes, if we were to integrate it fully on current growth figures, we would be destroying value. Are there any more questions on the phone?

JOURNALIST: Hello. I have a follow-on question, and that is, do I understand correctly that the Banca di Gestione Patrimoniale and Bank Hofmann brands will disappear? In other words, will you be eliminating these brands once they have been integrated into the new Clariden Leu? That's my first question. And if the answer is yes, that throws up the next question as to why you didn't simply integrate these into Credit Suisse. Also, I don't understand your assertion that value is destroyed by integrating a bank that has growth. My second question is that I don't know if all the banks have primarily followed an offshore strategy to date. You mentioned Germany. So, this growth driver of a bigger bank, will it operate exclusively offshore or are onshore operations also planned? That's all. Thank you.

BERCHTOLD: OK, yes, you understood correctly. Yes, the Hofmann and BGP brands will disappear. As I explained, we inevitably had long discussions about the name before opting for Clariden Leu. Clariden is well known internationally; Leu stands for 250 years of tradition. As for value destruction, if something is growing faster, then it'll do better if you create something

independent, with its own platform, its own culture. Whereas if you integrate it, something will, in my experience, generally be lost. That's what I mean by value destruction. As for your last question about onshore/offshore business. Perhaps you could take that one, Bernard.

BERNARD STALDER: Yes, at present, the picture is mixed. But even in Switzerland itself, we currently operate both onshore and offshore businesses. Our total onshore business amounts to 11 billion. My colleague, Mr Nützi, believes that, given our outstanding quality of service, our Swiss onshore business can also grow. The offshore business in the growth markets will remain extremely important for us, although we have now opened a Singapore branch. Switzerland is still the major platform for our offshore business. As for onshore, it's certainly the case that we have attained critical mass in Germany to make onshore operations feasible. We shall proceed cautiously in that market. After all, we all know that Germany isn't just Frankfurt. If you want to be present in the German market, you need at least two or three locations. Costs versus benefits have also to be considered. But I think this market will be of interest.

BERCHTOLD: OK. Are there any more questions on the phone?

OPERATOR: There are no more questions on the phone.

BERCHTOLD: OK. In that case, I'd like to conclude by expressing my heartfelt thanks to all of you for coming here today. And for your questions. Have a nice day. And thank you.

OPERATOR: The teleconference is now concluded. Thank you for calling and goodbye.

- END -

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

This document 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 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 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 (i) market and interest rate fluctuations; (ii) 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; (iii) the ability of counterparties to meet their obligations to us; (iv) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (v) political and social developments, including war, civil unrest or terrorist activity; (vi) the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations; (vii) the ability to maintain sufficient liquidity and access capital markets; (viii) operational factors such as systems failure, human error, or the failure to properly implement procedures; (ix) actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations; (x) the effects of changes in laws, regulations or accounting policies or practices; (xi) competition in geographic and business areas in which we conduct our operations; (xii) the ability to retain and recruit qualified personnel; (xiii) the ability to maintain our reputation and promote our brands; (xiv) the ability to increase market share and control expenses; (xv) technological changes; (xvi) the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users; (xvii) acquisitions, including the ability to integrate successfully acquired businesses; (xviii) the adverse resolution of litigation and other contingencies; and (xix) our success at managing the risks involved in the foregoing.

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### **Cautionary statement regarding non-GAAP financial information**

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