Annual General Meeting of CREDIT SUISSE GROUP
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Presentation by Brady W. Dougan
Chief Executive Officer of Credit Suisse Group

Guten Morgen meine Damen und Herren
Ich habe die Ehre Sie heute erneut so zahlreich hier im Hallenstadion zu begrüssen.
Dies ist für mich die achte Generalversammlung als CEO der Credit Suisse.

Bonjour Mesdames et Messieurs
J’ai l’honneur de vous souhaiter la bienvenue ici au Hallenstadion.
Pour moi c’est la huitième assemblée générale des actionnaires comme CEO du Credit Suisse.

Dear Shareholders
Ladies and Gentlemen

I have had the honor of serving as your CEO for the last 8 years, and address you one last time in that capacity.

Given this occasion – my final AGM – I hope you will indulge me for a few longer-term reflections on our time together. A lot has happened - many things that we can be proud of, and a few that I wish had gone differently. I would like to give some perspective on how we have navigated through some very rough seas and chosen our course for the future. Our bank today is strong, headed in a good direction, and well prepared for its next leader.
When I was asked by our Board to take on the CEO role in 2007, I fully understood the responsibility. Credit Suisse is a 160-year old institution with 46,000 employees, a strong reputation, and important businesses around the world.

This history is manifested in the board room of our headquarters in Paradeplatz, which holds large portraits of every Chairman of Credit Suisse, from our founder Alfred Escher up to modern times. They watch over every board meeting – unblinking, observing our discussions on strategy and the challenges of the modern era.

I have sometimes wondered how they would have approached certain situations—how they would have looked to steer the bank for the long term, even when that meant going against the fashion of the day.

In some ways, the company of these leaders can be a comfort, especially when going against the tide. In 2007, when I first took on the CEO role, we adopted a strategy of reducing risk and focusing on our clients.

At first, we were criticized for this – many observers said that we were missing opportunities in what was still a bull market. Soon, though, the wisdom of this contrarian approach became clear as the financial crisis hit. Credit Suisse was able to weather the crisis and emerged as one of the world’s strongest and most trusted banks.

Similarly now, some of our businesses – Investment Banking in particular – are out of favor. Some argue for a change of tactics – lightening the boat by throwing valuable assets overboard. But instead, we have persevered and worked to reshape this business into a streamlined division that is focused on core clients. We have continuously reduced capital and costs to ensure this business delivers good returns for our shareholders.

We also had to re-shape our private bank. Early on in my tenure, we determined that the only approach that would work was one built on a highly tax-compliant business model, and centered on top quality services. This transition has not always been easy, but I am pleased to say that we have made tremendous progress towards achieving that model.
Our two divisions also complement each other in important ways. Our Investment Banking expertise is critical for our Private Banking clients, who increasingly demand institutional-level capabilities. Our cross-bank collaboration revenues contributed over 4 billion Swiss francs last year, and added strongly to the performance of the bank.

I believe that a disciplined “one bank” strategy, focused on client service, is the right course for the long term. Sometimes – like today – this strategy may be out of fashion, and undervalued in the market. But at some point, we expect that the market will take notice of our consistent performance and good returns.

Let’s turn to some charts that highlight our present position.

First, a look at our client position – which is the bedrock of all of our businesses and for your investment in the bank.

// Slide // Market-leading growth in Private Banking

Our clients continue to entrust us with their most important matters. We now have 1.4 trillion Swiss francs of assets under management that clients have placed at our private bank. As you can see in this chart, we have grown our market share by more than any of our peers over the period since the crisis. We are just ahead of one American competitor, and far outpace the rest.

This success was due to both the quality of our service and the safety of our bank, which was especially valued in the heat of the crisis.

// Slide // Growing market share in Investment Banking

Similarly, we have strengthened our position in Investment Banking. We have won market share despite steep reductions in capital and risk. We remain leaders in many key client franchises, as you can see on the slide. I have heard from many clients over the years how grateful they are for our support, especially during the most challenging times.
// Slide // Managing through adversity

The crisis period may seem long ago now, but the stresses of that time are still vivid to me. As you can see from this pie chart, roughly two-thirds of the world’s top banks needed direct support from their governments at that time. Many of the biggest banks were forcibly restructured or ceased to exist.

Credit Suisse did not need any government assistance, and we did not take it despite the tension and turmoil of the time.

I remember sitting across the table from our regulators and the Central Bank here in Switzerland in late 2008. Walter Kielholz - our Chairman at the time – was with me. They told us they would be bailing out UBS, and offered us the same support. We responded that we did not need this support and would rely solely on private capital, as we have always done throughout our history.

We did not manage perfectly, but we did keep the bank on a straight course through the most turbulent period in 70 years without government help. We protected our clients’ assets and we maintained our capability to serve them well.

// Slide // Pioneering reforms to shape the new banking environment

As the crisis waned, the discussion turned from survival to reform. Many banks opposed reforms automatically, and hoped for a quick return to the old ways. We supported the need for more capital and lower risk business models, and moved our business strongly in that direction.

We also understood the need for reform and supported it with practical ideas. As you can see from this slide, we even pioneered some of the critical ideas to build a stronger financial system. We recognized that the “too big to fail” problem that afflicted the industry was a deep flaw in the safety of the system. When Lehman Brothers failed, the global system went into cardiac arrest. The moral and political consequences of taxpayer bail-outs were also unsustainable. This situation needed radical reform.

We were an early proponent of “rescue capital” – securities that could absorb losses and provide new equity in a crisis, such as Contingent Convertible securities – also known as “co-co’s”. At the time, you may recall that some of the greatest minds in European finance were certain that these instruments could
not be sold. We did the pioneering benchmark issues – selling roughly 8 billion Swiss francs in the first week– to prove this was a real market. Since then the market has grown dramatically, and we have helped support its growth across Europe.

We also pioneered the idea of bail-in resolution as a new framework to end the concept of “too big to fail”. We published the first outline of this system in early 2010, and Bail-in powers are now mandatory in the key countries around the world. Bail-in bonds will be required to bolster the loss-absorbing capital shield for every large bank. We have recently issued over 7 billion dollars of bail-in bonds or “TLAC”-debt, making Credit Suisse the fastest adopter of the new rules of any European bank.

We have worked closely with regulatory authorities in Switzerland and around the world to support practical reforms. We believe this is our duty to help repair the financial system on which we all depend, and critical for durable reform.

Another key issue in the reform effort has been employee compensation. This is also critical for our business - it is both our largest cost item, and a key tool in attracting and retaining the best people.

We have been a leader in several important reforms. We were one of the first to introduce claw-back provisions to improve employee alignment. In 2008, at the height of the crisis, we paid employees via the “Partner Asset Facility”, where employees were granted a deferred compensation award based on the performance of unsold distressed assets. This helped the bank by reducing our risk and capital, and aligned the interests of our employees and shareholders.

More recently, we pioneered the use of co-co instruments as compensation for our employees – creating loss absorbing capital for the bank. Employees provide the first loss buffer, one that is even junior to shareholders in the event of serious losses.

While I know this subject is controversial and sure to be discussed later today, these initiatives have helped encourage an ownership mindset for our senior people, supporting a stronger culture as well as addressing regulatory concerns.

We resolved some important legacy issues in 2014. These issues predated my appointment as CEO and, indeed, everyone on the current management team, but they were nonetheless difficult and painful to
resolve. Solving them involved every constituency of the bank – employees, regulators, shareholders, and the public – and had to be done without losing our focus on serving clients. This required a long and intense effort by everyone on our management team.

During my time as CEO, we have successfully resolved legacy issues involving sanctioned countries payments, and cross-border banking issues in Germany and the United States.

With regard to the US cross-border issues, a few additional comments are necessary.

Credit Suisse has worked hard to be proactive in resolving this matter. We decided to stop doing business with US clients that could not establish compliance with US law and we accepted responsibility for mistakes and misconduct in the business.

Despite that, we were faced with what can only be described as an immensely difficult regulatory situation – involving different national regulators with different and sometimes conflicting legal requirement. At times, we felt like we were stuck in the middle. Despite that significant challenge, we worked very hard to balance the best interests of all our constituencies – customers, employees, shareholders and our regulators – in reaching a principled solution, unlike some others, and we got there without requiring any special emergency law.

I believe we did a good job in a very difficult situation. It was not easy, but we achieved a responsible and successful resolution of what was likely the most significant litigation matter in the history of our bank.

There have been a number of industry issues that have arisen more recently, during my time as CEO. The largest “new” issues include Money Laundering regulations, LIBOR and Foreign Exchange manipulation. While these are ongoing regulatory matters, to date Credit Suisse has not had any material issues in these areas.

We have worked hard to build a responsible culture – where our employees act in the best interests of our clients and the Bank. I believe our record of preventing new problems over the last 8 years is a strong indicator of good progress on a very important topic.

We have also faced important business challenges in the post crisis period.
// Slide // Sustained reductions in balance sheet and risk

This chart shows the dramatic restructuring that has taken place. We have had to exit many businesses, and re-engineer others significantly, especially in the investment bank. This restructuring has been done more quietly and more steadily than at some other banks, but it is dramatic nonetheless. Balance sheet has been cut by a third, and risk capital by 43%. I believe these tough actions have set us on a course to thrive in the new environment.

// Slide // Chart on Total shareholder return – In a difficult market, Credit Suisse has outperformed Swiss and European peers since July 2007

We have provided competitive market returns to our shareholders over the last 8 years. This chart shows total shareholder return, which includes both dividend payouts and price returns.

Here you can see that we have outperformed our Swiss peer and European peers by roughly 24% over the last 8 years, though we have lagged our US peers.

// Slide // Chart on reported Return on Equity, 2009 – 2014 – Credit Suisse: Outperformance in Post-Crisis Return on Equity

If you look at the returns on capital generated by our business, Credit Suisse comes out near the top of the industry. This chart shows the total return on equity for the post-crisis environment, where we have outperformed peers by a good margin. We are not yet at our target Return on Equity, but we are making good progress in that direction.

// Slide // Focus on Corporate Citizenship

We have also emphasized efforts beyond pure business activities over many years. I believe our citizenship efforts have made a real difference in our communities – and encourage the right spirit among our people.
Early on in my tenure, we refocused our philanthropy effort on a few areas – education for less developed countries and communities, microfinance capacity building, and disaster relief. We combined significant financial support with intense, personal employee involvement.

Over the past eight years, our employees have been involved in over 1 million hours of volunteer activities. This ranges from tutoring local children to microfinance training in over 30 countries by people who join our Global Citizens Program. I’m pleased to say that annual volunteering has doubled over the last 8 years. This combination of financial and human effort has made a real impact on many lives.

We also work to align our business with good citizenship here in Switzerland. We lend over 150 billion Swiss francs to local businesses and individuals, and have hired over 1,000 young talents within Switzerland in 2014.

On the environmental side, we have been greenhouse gas neutral for 5 years, and are also a leader in financing for renewable energy. We are certainly not perfect, but we strive for progress and are proud of the gains we’ve made in many areas.

Of course, not everything has gone smoothly. Regulatory requirements in Switzerland are tougher than in other countries, and implemented more quickly. We recognized early on that the regulatory environment would be very tough after the 2008 crisis. But frankly, we underestimated the extent of the new regulatory requirements, as well as the breadth of dissatisfaction toward the banking industry.

I have certainly made my share of mistakes, as well. In retrospect, for instance, I should have been more cautious about expanding the business early in the post-crisis rebound. But overall, I am proud of the hard work we have done over the period where I served as your CEO, and I believe the bank is well positioned to thrive going forward.

I would like to turn now to some recent figures, which help demonstrate the progress of our enterprise.

// Slide // Credit Suisse reported Core pre-tax income – Robust performance 2014

Our full-year 2014 results highlight the consistent performance of our bank. Despite the impact of settling the US cross-border matter, we reported Core pre-tax income of 3.2 billion Swiss francs, as shown in the
right-hand bar on the chart. Excluding the settlement, pre-tax income would have been 4.8 billion Swiss francs.

Our reported results include both our strategic businesses, as well as activities we have decided to exit. Since the end of 2013 we have separately disclosed our strategic results, to give you a clear view of these activities.

// Slide // 2014 Strategic Core pre-tax income

The next slide shows our results for 2014 for the strategic component only: Core pre-tax income was 6.8 billion Swiss francs, as shown on the right, and return on equity was 12%, as shown in the green box – roughly the same as 2013.

Before we turn to the divisional results, I want to speak briefly about the capital ratios for the Group.

// Slide // Credit Suisse remains one of the world’s best capitalized banks

This chart shows the “look-through” view of our core equity capital ratio, which assumes that the 2019 rules are applied fully today.

The successful execution of the capital actions that we announced last May helped us offset the impact of the US cross-border settlement on our capital position. At year-end 2014, our CET1 ratio stood at 10.1% and our Swiss total capital ratio at 16.4%, as shown in the bar on the left. Since the end of 2014, our CET1 capital ratio has decreased slightly to 10.0%.

We remain one of the strongest banks in the world, and credit investors consider us one of the safest.

Now turning to the two business divisions.

// Slide // 2014 strategic results: Private Banking & Wealth Management – Strategic pre-tax income
In Private Banking & Wealth Management, we reported strategic pre-tax income of 3.7 billion Swiss francs as shown on the right. We continued to deliver efficiency improvements and the cost/income ratio improved to 68% for 2014, as indicated in the green box at the bottom.

// Slide // 2014 strategic results: Investment Banking – Strategic pre-tax income

In Investment Banking, pre-tax income for our strategic businesses in 2014 was also 3.7 billion Swiss francs.

// Slide // 2014 strategic results: Investment Banking – Consistent return on “look-through” Basel III Capital

Investment Banking is often described as a volatile business. But our diversified franchise and focus on clients has enabled us to deliver stable results. Our returns in our strategic business were 17% in 2013, 17% in 2014 and 19% in the first quarter of 2015. Our repositioned Investment Bank is delivering consistent performance for our investors.

// Slide // 1Q15 strategic results

Let me turn briefly to our first quarter results, which we announced on Tuesday.

Credit Suisse again delivered a strong and consistent performance. Reported net income was 1.1 billion Swiss francs, up 23% from the first quarter of 2014.

We generated this result against what was a challenging backdrop – including the sudden decision by the Swiss National Bank to discontinue the minimum exchange rate of the Swiss franc against the Euro and introduce negative short-term interest rates.

We swiftly announced a plan to moderate the impact of this new environment on our results. These proactive measures, combined with an improvement in market activity, successfully addressed this situation in the first quarter.
Our Private Bank benefitted from a particularly strong performance in Wealth Management Clients – with improved margins and profitability. In our diversified Investment Banking franchise, we achieved consistent results, with a strategic return on regulatory capital of 19%.

This was achieved in spite of leverage reductions which contributed significantly to our group-wide program. We are well on track to reach our leverage targets for year-end.

Looking at the second quarter so far the momentum in the business has carried over from the first quarter with an improving trend in underwriting and advisory. We remain committed to our capital and leverage goals and expect to make further progress in executing our strategic initiatives over the balance of 2015.

Before closing, I want to thank my colleagues across the bank. I’ve had the honor of working closely with literally thousands of people over these 8 years. They have been great partners and we have worked as a team to serve our clients, reposition the bank, and achieve strong results.

I have seen them accomplish incredible things – both in the turmoil of financial storms, and in the challenges of the aftermath.

I would like to say a few words in particular about my colleagues on the senior management team, who are present here today.

Rob Shafir and Hans-Ueli Meister have done a tremendous job in adapting our Private Bank to a dramatically changed environment and achieving more asset growth than any other bank in the industry.

Jim Amine, Gael de Boissard and Tim O’Hara have worked tirelessly to restructure the Investment Bank, making difficult decisions that have helped turn us into a best-in-class model for investment banking.

David Mathers has done an amazing job for us, both as CFO and in accepting responsibility for many other parts of the bank’s operations over time.

Pamela Thomas-Graham has provided incredible creativity, energy and enthusiasm to the firm.
Romeo Cerutti has been a tireless partner in resolving many of our legal issues and setting the right tone for the future.

And, finally, Jo Oechslin, who although a recent joiner, has already contributed materially to the management team.

I think they are the best leadership team in the industry. I have been lucky to serve with them, and I believe we have all benefited enormously from the commitment and sacrifices they have made for the bank.

I would also like to thank the Chairmen I have worked with over the years – first Walter Kielholz, then Hans-Ueli Doerig, and finally, of course, Urs Rohner, and all of the board members. They have provided sound advice in good times and support in bad times – both have been invaluable.

As a few of you have noticed over the years, I am the first American to serve as CEO of Credit Suisse. I have been grateful for the support many people have given me during my time in this role.

I know this support is not universal – I remember at my first AGM, one of our shareholders rose to speak. He noted that my background seemed adequate, but that I was an American. He suggested I should take the next year to reflect on the situation; if I still wanted to be CEO, this could be considered at the next AGM. There have indeed been a few days when I wish I had taken that advice!

I want you to know I have deeply appreciated the opportunity to serve as your CEO for these last 8 years, and worked hard to deliver my best. During my time at Credit Suisse I have realized that many Swiss values – honesty, disciplined thinking and hard work – are not very different from the ones I grew up with in the American Midwest. I want to thank you for the support that you have given me.

We are now well into the transition period. Between myself, Tidjane and the management team we are working hard to ensure that we keep the bank on a tight course, and ensure a smooth transition.

Tidjane comes to us after much success in a variety of former roles. He could have chosen among many opportunities. I think he has picked the right bank, at the right time, and will help your bank continue its progress. I wish him the best of luck in his new role, and hope you give him the same support you have given me.
Credit Suisse is a very strong franchise. It is performing well, and is well positioned to thrive over the long haul. But most importantly, I believe we have some of the best management and employees in the world, who will ensure the success of Credit Suisse for many years to come.

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Mesdames et Messieurs, merci beaucoup pour votre attention.
J’apprécie votre soutien et vous souhaite tout de bon.

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Vielen Dank für Ihre Aufmerksamkeit, meine Damen und Herren.
Ich schätze Ihre Unterstützung über die letzten acht Jahre sehr und wünsche Ihnen alles Gute.

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