CREDIT SUISSE

# Morgan Stanley 11th Annual European Financials Conference

London, UK

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# Disclaimer

**Cautionary statement regarding forward-looking statements**

This presentation contains forward-looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" and in "Cautionary statement regarding forward-looking information" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2014 filed with the US Securities and Exchange Commission, and in other public filings and press releases. We do not intend to update these forward-looking statements except as may be required by applicable law.

**Statement regarding non-GAAP financial measures**

This presentation also contains non-GAAP financial measures, including adjusted cost run-rates. Information needed to reconcile such non- GAAP financial measures to the most directly comparable measures under US GAAP can be found in the revised presentation to investors slides for the fourth quarter 2014, which are available on our website at credit-suisse.com.

**Statement regarding capital, liquidity and leverage**

As of January 1, 2013, Basel 3 was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions and/or estimates could result in different numbers from those shown in this presentation. Capital and ratio numbers for periods prior to 2013 are based on estimates, which are calculated as if the Basel 3 framework had been in place in Switzerland during such periods.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included in this presentation are based on the current FINMA framework. Swiss Total Capital Leverage ratio is calculated as Swiss Total Capital divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures that consist of guarantees and commitments, and regulatory adjustments that include cash collateral netting reversals and derivative add-ons. The “look-through” CET1 leverage ratio is calculated as “look-through” BIS CET1 capital divided by the three-month average Swiss leverage exposure.

**Overview of 2014 performance, importance of NSU wind-down vs. KPIs**

**Leverage 'One Bank' capabilities to grow UHNWI and emerging market franchises, reposition mature markets to optimise performance**

**Repositioned Investment Bank, focusing on high returning franchises: equities, fixed income yield and underwriting & advisory**

**Targeting look-through BIS Tier-1 leverage ratio of 4%, of which "look-through" CET1 leverage of 3% by year-end 2015, supported by expected additional CHF 230bn de-leveraging**

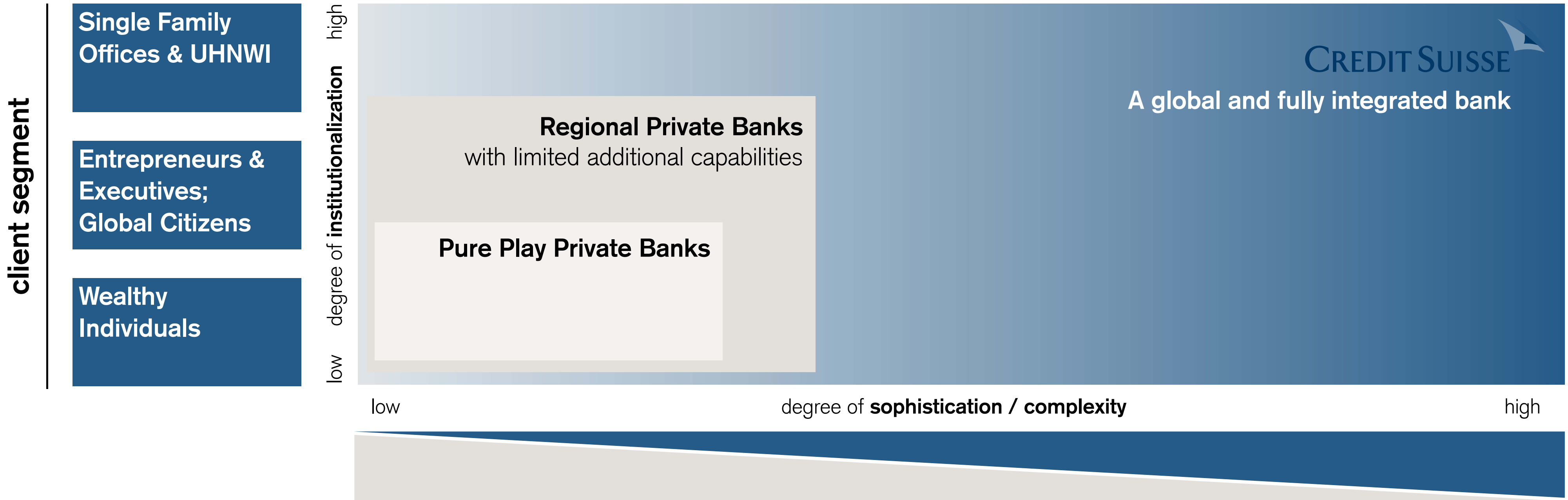
KPIs= Key Performance Indicators. UHNWI = Ultra High Net Worth Individuals.

# Results against Key Performance Indicators

| | KPIs[1] | Strategic 2012 | Strategic 2013 | Strategic 2014 | Total 2012 | Total 2013 | Total 2014 |
|---|---|---|---|---|---|---|---|
| Group[1] | Return on equity > 15% | n.a. | 13% | 12% | 4% | 6% | 4% |
| | Cost/income ratio < 70% | 75% | 72% | 72% | 91% | 85% | 87% |
| PB&WM | Cost/income ratio < 65% | 72% | 70% | 68% | 71% | 75% | 83% |
| | NNA growth (WMC) 3-4% through 2015 6% long-term | 2.9% | 2.5% | 3.5% | 2.9% | 2.5% | 3.5% |
| Investment Banking | Cost/income ratio < 70% | 74% | 70% | 71% | 84% | 86% | 85% |

PB&WM = Private Banking & Wealth Management. WMC = Wealth Management Clients. 1 All data for core results. KPIs measured on the basis of reported results.

# The power of the integrated bank




- Direct investments / brokerage
- Private mandates
- Custody services
- Standard Lombard lending

- Premium mandates
- Advisory mandates
- Investment consulting
- Enhanced client reporting
- Cash management

- Private label funds
- Direct trading access
- Global custody
- Lending against non-standard collateral
- Specialty financing
- Corporate finance advice (e.g. mergers & acquisitions, initial public offering)
- Hedge fund / private equity offering, club deals
- Multi-shore banking

**offering / solutions**

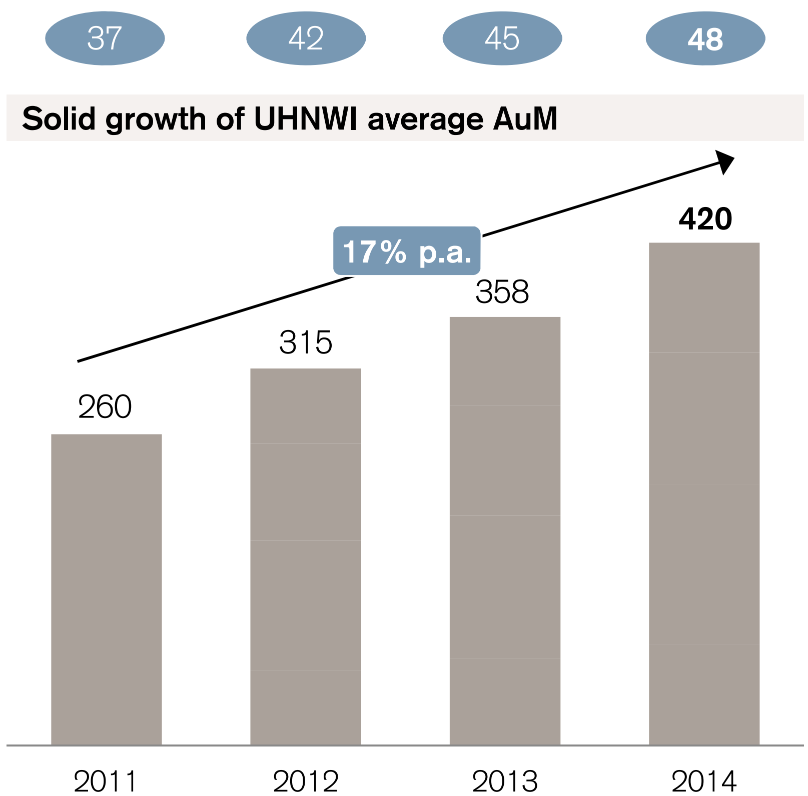
# We have successfully grown our UHNWI client franchise

**Our solid position**

- Contribution within Wealth Management Clients reached **48% of average Assets under Management (AuM)** by year-end 2014
- **Well balanced business globally,** with solid contribution from all regions; strongest growth rate in Asia Pacific
- With 51% of average AuM from **emerging markets,** our business **well-positioned to capture future growth**
- Despite industry-wide margin pressure, delivering **above market-average margins**[1]

**UHNWI average AuM as % of total** in CHF bn

**Solid growth of UHNWI average AuM**



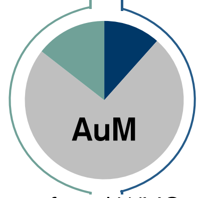

1 Intelligence of market average margin per McKinsey survey 2014

# Repositioning mature markets to optimize performance

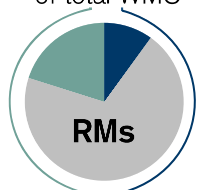
## Western Europe

**FOCUS**

- Transform **from restructuring to growth, regularization on track**
- **Re-focus** business **towards HNWI and UHNWI segments**
- Complete transition to **"hub-and-spoke" model** with three main booking locations (Switzerland, United Kingdom, Luxemburg.)




of total WMC




## United States onshore

**FOCUS**

- Increase **collaboration** across firm and enhance product capabilities in **managed investments and lending**
- Improve **front-to-back processes and platform**
- Attract, develop and retain **top RMs and staff**

**PROGRESS** (Western Europe)

- Nearly **doubled collaboration revenues** (SGC) and delivered solid revenue growth in the UHNWI segment
- Made **significant progress** with combined onshore locations becoming collectively profitable in 2014
- **Merged with EEMEA**, **scaled up with Morgan Stanley EMEA** integration and **divested loss-making/non-strategic businesses** (Germany onshore, local affluent and upper affluent business in Italy, JO Hambro)

**PROGRESS** (United States onshore)

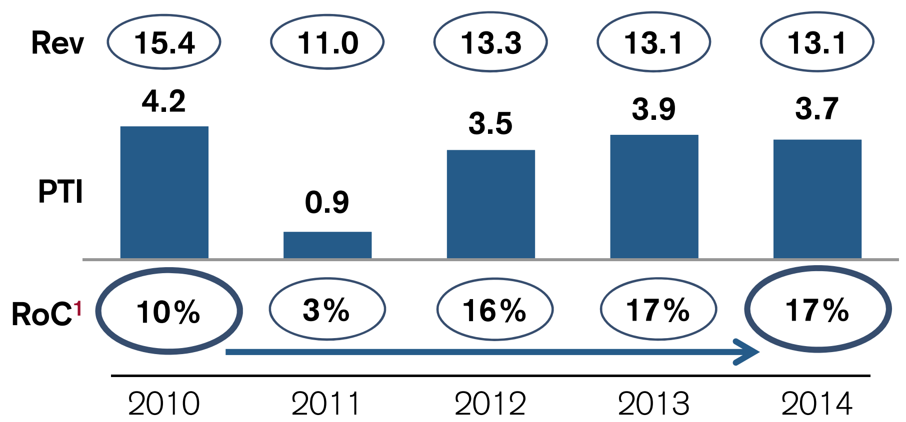
- Made progress on **pre-tax profitability** with higher revenues coupled with lower managed expenses
- **Increased collaboration revenues** (SGC) with Investment Banking
- Enhanced **client experience**, e.g. client reporting, launching client iPad application

SGC: Single Global Currency

# Investment Banking delivering consistent revenues and improved capital efficiency resulting in strong strategic returns

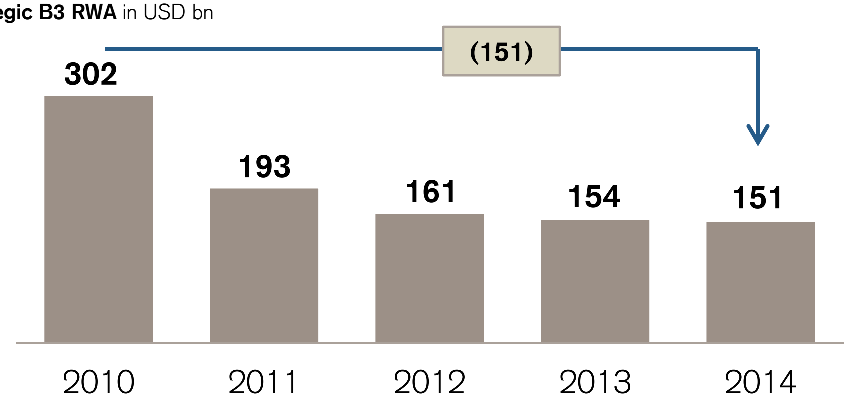
## Improved strategic franchise returns…

**Strategic results** in CHF bn



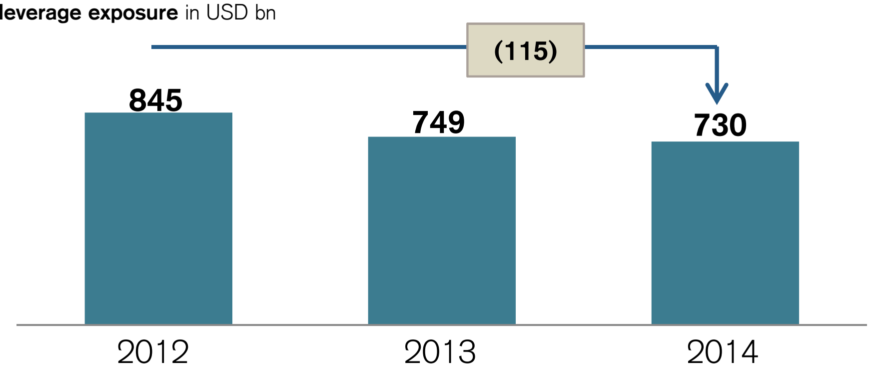

## …while optimizing RWA…

**Strategic B3 RWA** in USD bn




## …and reducing leverage exposure

**Strategic leverage exposure** in USD bn




- Diversified and market-leading strategic franchise driving strong and consistent returns
- Continue to refine business mix and align resources behind most efficient, highest returning opportunities
- Reduced RWA by 50% from peak 2010 levels and reduced leverage exposure by 14% from 2012

Note: Prior periods (2010-2012) have been adjusted to the current presentation of Strategic results. 1 Return on capital is based on after-tax income and assumes tax rates of 25% until 1Q13 and 30% thereafter and that capital is allocated at the average of 10% of average Basel 3 risk-weighted assets prior to 2013 and the average of 10% of average Basel 3 risk-weighted assets and 2.4% of average leverage exposure from 2013 onwards. Return on capital is different from externally disclosed Return on Equity. Investment Banking returns are based on USD denominated financials.

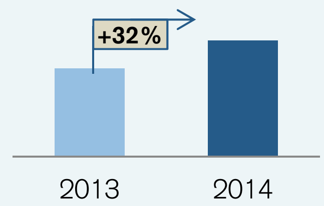
# Focused strategies to diversify yield businesses contributing to fixed income franchise growth

## Investment Banking (Strategic)

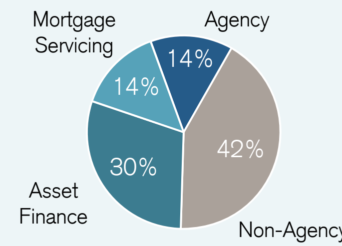
**Growth in trading and origination driving Securitized Products revenues**

- **Strong growth in diversified US Asset Finance** franchise resulting in high quality, stable and consistent revenue stream; #1 rank[2] in 2014 reflecting market share gains
- Continued **opportunities in Europe Asset Finance and Non-Agency** driven by renewed interest in the asset class
- Client distribution of block portfolio transactions demonstrates Securitized Products franchise strength

**Asset Finance revenue**
in USD mn[1]



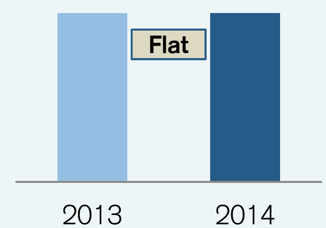

**2014 revenue mix**[1]



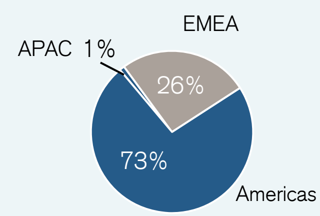

**Expanding strong US Credit Franchise to new opportunities in Europe**

- **Stable revenues** reflecting dynamic risk management and geographical diversification
- Further **growth opportunities** from continued expansion of strong Credit franchise **into EMEA**

**Global Credit revenue** in USD mn[1]



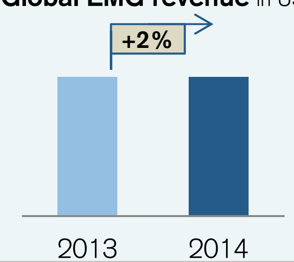

**2014 regional mix**[1]



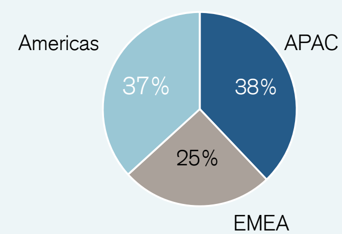

**Non-correlated Emerging Markets business**

- Stable revenues driven by **higher client financing activity** across regions
- **Well-balanced EMG franchise** with strengths in **Latin America, APAC** and **Emerging Europe**

**Global EMG revenue** in USD mn[1]



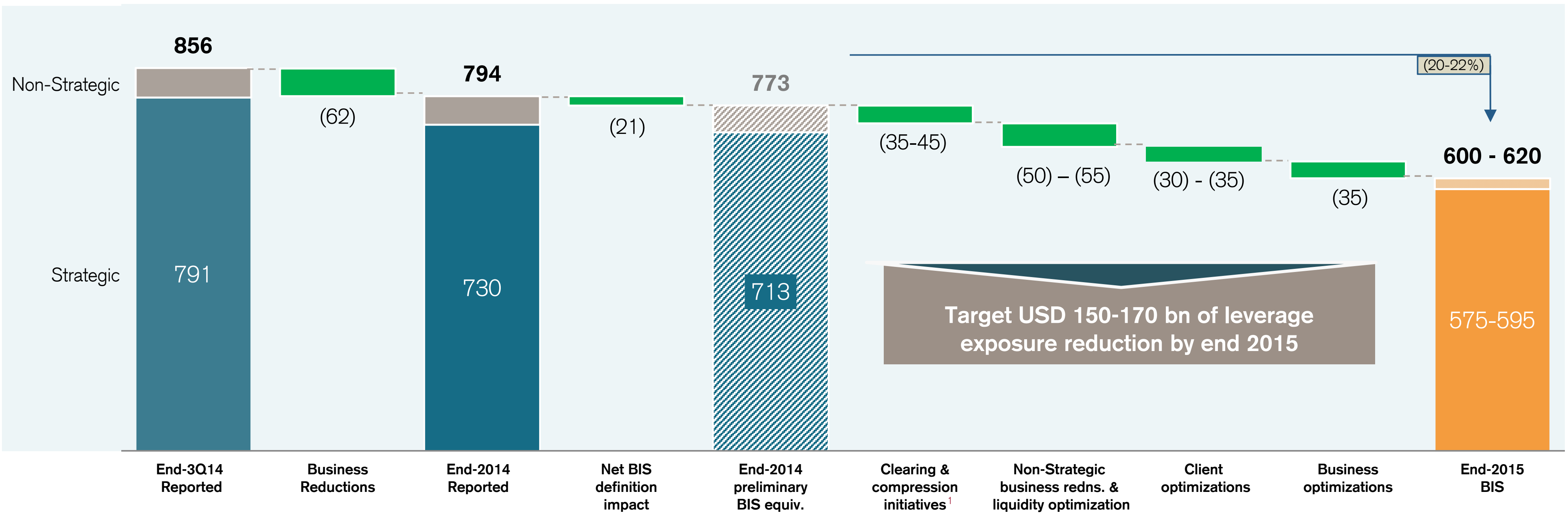

**2014 regional mix**[1]




1 Revenues based on internal structure, i.e. primary revenue split between IBD and Fixed Income. 2 Source: Thomson/IFR.

# Estimated BIS leverage exposure progression to end-2015

**Investment Banking Leverage Exposure** USD in billions




- Significant progress in reducing leverage exposure by USD 62 bn vs. 2014 mainly driven by business reductions in the strategic business

- USD 21 bn decrease from BIS definition impact, post-mitigation measures

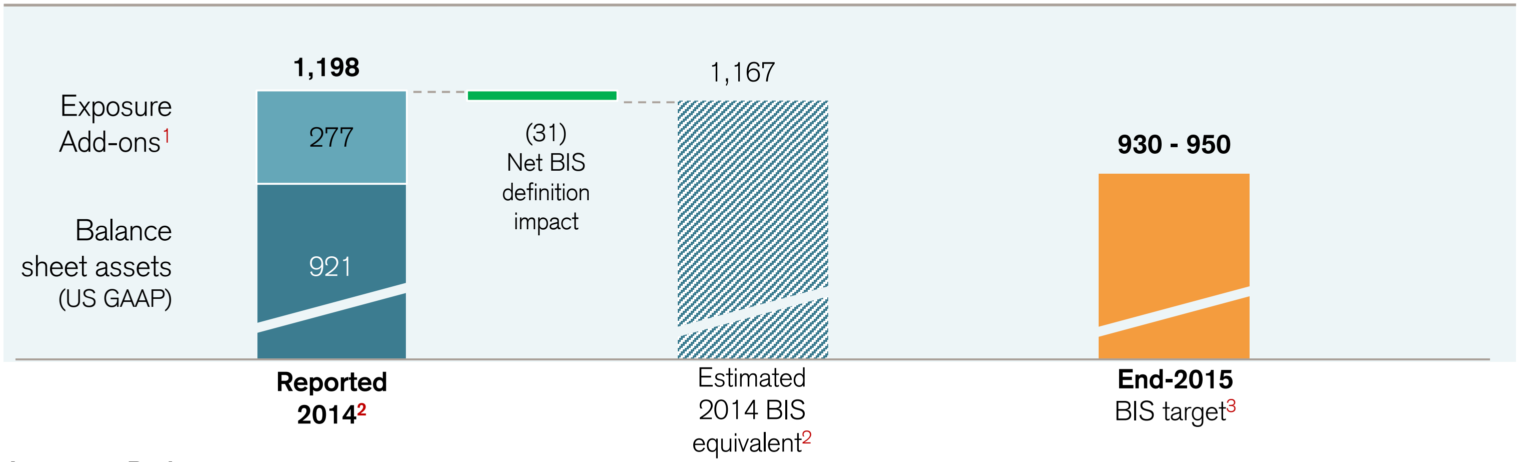
- We expect USD 150 bn – 170 bn in reductions through 2015 to be delivered relatively equally from:
  - Clearing-based initiatives and increased efficiencies from compression of trades
  - Planned reductions in the Non-Strategic unit and optimization of liquidity and funding requirements
  - Continued client optimizations across Investment Banking businesses
  - Further business optimizations including planned reductions in Macro

1 Excludes reductions in Non-Strategic

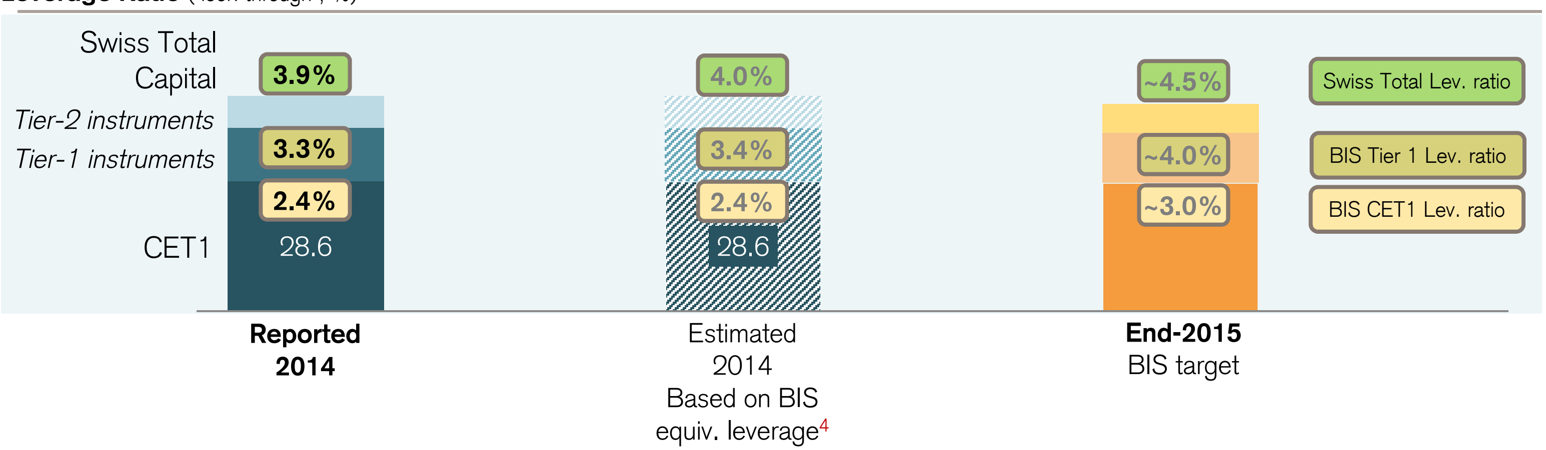

BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented by FINMA that are effective for 1Q15, and the application of those requirements on our 4Q14 results. Changes in these requirements or any of our interpretations, assumptions or estimates would result in different numbers from those shown here.

# Revised leverage targets reflect continued regulatory developments and impact from the SNB actions

**Group leverage exposure** (end period, CHF bn)




**Leverage Ratio** ("look-through", %)




## Comments

- **Targeting a "look-through"** BIS Tier-1 leverage ratio of 4%, of **which "look-through" CET1 leverage of 3%**
- Revised end-2015 BIS equivalent leverage target of CHF 930-950 bn denotes a further CHF 50-70 bn reduction from prior leverage target of CHF 1,050 bn (= CHF 1,000 bn adjusted to current FX[3])

CET1 = Common equity tier 1 BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented by FINMA that are effective for 1Q15, and the application of those requirements on our 2014 results. Changes in these requirements or any of our interpretations, assumptions or estimates would result in different numbers from those shown here.

1 Off-balance sheet exposures and regulatory adjustments 2 End-2014 FX rates of USD/CHF:0.99, EUR/CHF:1.20 3 Adjustments assume FX rates of USD/CHF:0.92 and EUR/CHF:1.04 (FX rate as of close-of-business Jan 30, 2015; source: Bloomberg) 4 Calculated based on end-2014 BIS equivalent

# Key messages

Execute on wind-down of Non-Strategic units and remainder of CHF > 4.5bn cost savings program

Leverage One Bank capabilities to drive growth in high returning PB&WM franchise while optimizing performance in mature markets and regularizing assets

Focus Investment Banking on high returning franchises: equities, fixed Income yield and underwriting & advisory

Targeting approximately CHF 230 bn of BIS leverage exposure reduction and 3% look-through BIS CET1 leverage ratio by year-end 2015

Going forward dividend distribution targeted at 50% of net income provided “look-through” CET1 capital ratio exceeds 10% and “look-through” CET1 leverage ratio exceeds 3%