



# Credit Suisse Strategy

## Swiss Universal Bank

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## ***The 3Q15 financial information is subject to further review***

We have not finalized our 3Q15 Financial Report and our independent registered public accounting firm has not completed its review of the condensed consolidated financial statements (unaudited) for the period. Accordingly, the 3Q15 financial information contained in this presentation is subject to completion of quarter-end procedures, which may result in changes to that information. Certain reclassifications have been made to prior periods to conform to the current presentation.

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As of January 1, 2013, Basel 3 was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder (in each case, subject to certain phase-in periods). As of January 1, 2015, the Bank for International Settlements (BIS) leverage ratio framework, as issued by the Basel Committee on Banking Supervision (BCBS), was implemented in Switzerland by FINMA. Our related disclosures are in accordance with our interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions 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 exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments. Leverage amounts for 4Q14, which are presented in order to show meaningful comparative information, are based on estimates which are calculated as if the BIS leverage ratio framework had been implemented in Switzerland at such time. Beginning in 2015, the Swiss leverage ratio is calculated as Swiss total capital, divided by period-end leverage exposure. The look-through BIS tier 1 leverage ratio and CET1 leverage ratio are calculated as look-through BIS tier 1 capital and CET1 capital, respectively, divided by end-period leverage exposure.

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# Swiss Universal Bank – Key messages

## Switzerland: Core to the Credit Suisse strategy

- Switzerland, our home market offers attractive growth opportunities
- We can build on strong market positions across key businesses
- In 2014, the business in scope of the Swiss Universal Bank as a whole contributed 24%<sup>1</sup> of Group Core PTI

## Four strategic priorities

- **Focus to simplify:** Concentrate on Swiss-domiciled clients
- **Empower to grow:** Clearly defined initiatives across portfolio to achieve growth ambitions
- **Drive efficiency agenda:** End-to-end accountability and increased automation to boost efficiency
- **Invest in brand:** Further strengthening of brand and reputation in Switzerland

## Planning a minority IPO (20 to 30%, by end 2017)<sup>2</sup>

- Planning a partial 20-30% IPO of the Legal Entity Credit Suisse (Schweiz) AG by the end of 2017, market conditions permitting<sup>2</sup>
- Enhanced independence and accountability while remaining core part of a global bank
- Acquisition currency for Swiss consolidation opportunities
- Expected positive group capital impact of roughly CHF 2 to 4 bn including other management actions

## Attractive returns and clear financial ambition

- Despite significant RWA increase due to regulatory changes...
- ... we aim for a 17% post-tax return on regulatory capital<sup>3</sup> by 2018, and ...
- ... a 10% earnings growth resulting in a PTI ambition of CHF 2.3 bn by 2018

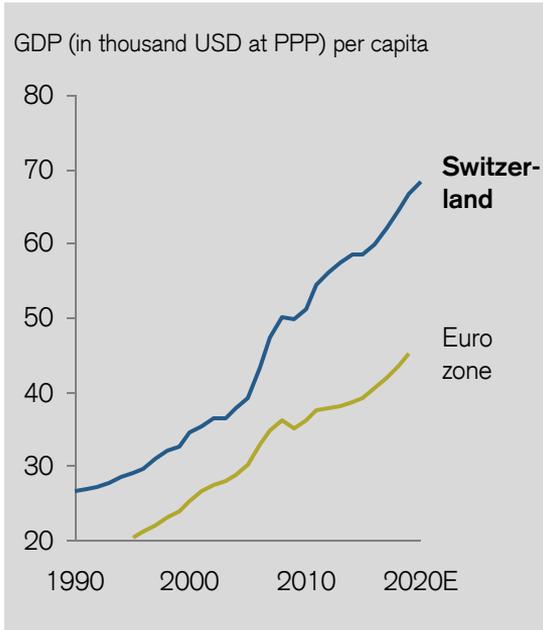
1. Please refer to p. 7 for calculation basis 2. IPO of Legal entity Credit Suisse (Schweiz) AG. Any such IPO would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG. 3. Post-tax return on regulatory capital calculated using income after tax in CHF, assuming tax rate of 30%, and capital allocated on the highest of 10% of end 2014 Basel 3 risk-weighted assets and 3.5% of end 2014 leverage exposure

# Agenda

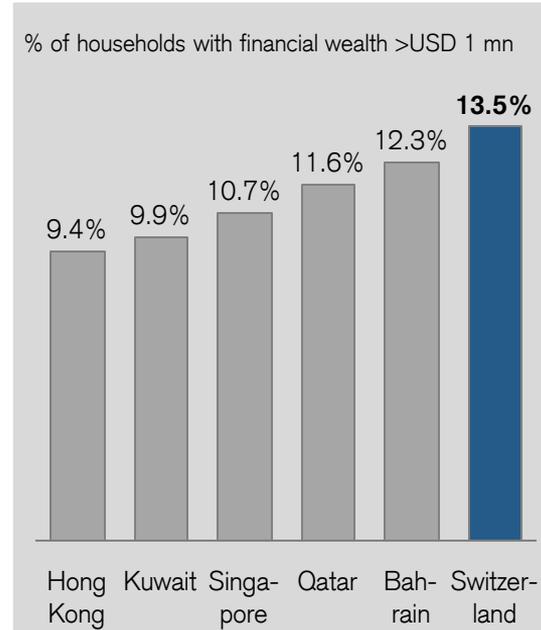
- 1 The Swiss Universal Bank**
- 2 Winning at home: Four strategic priorities**
- 3 Our financial ambition and conclusion**

# Switzerland offers attractive opportunities for Credit Suisse

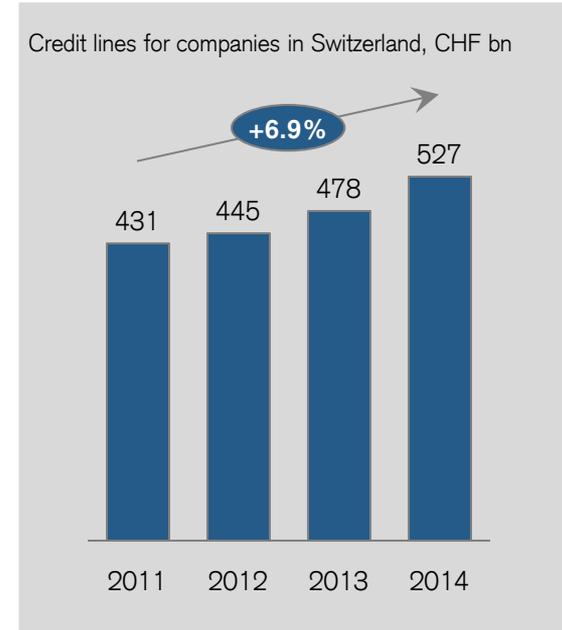
## Swiss Economy: Expected to maintain its steady growth



## Private Banking: Highest millionaire density globally



## Corporate Banking: Lending continuously growing

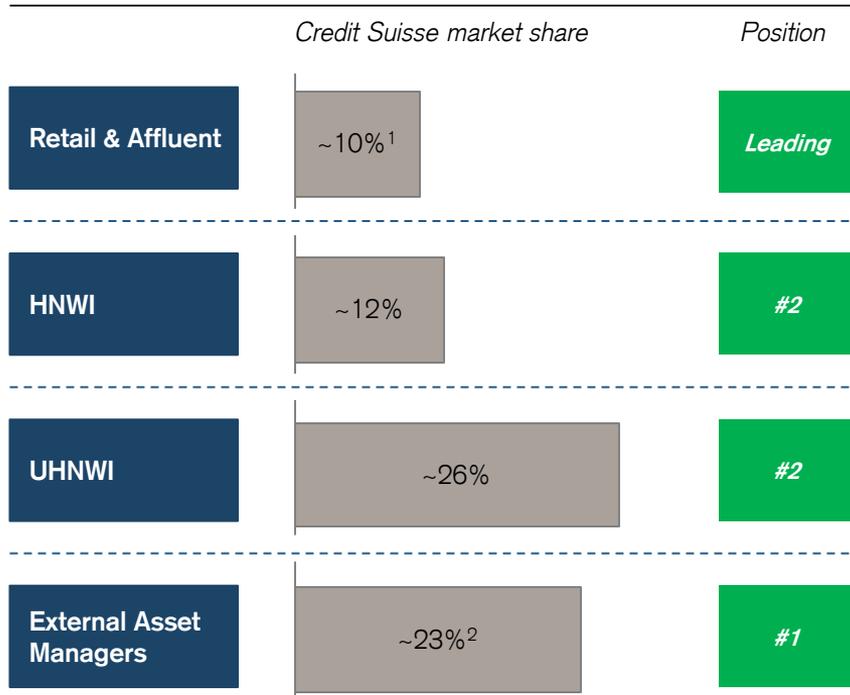


Note: PPP refers to purchasing power parity

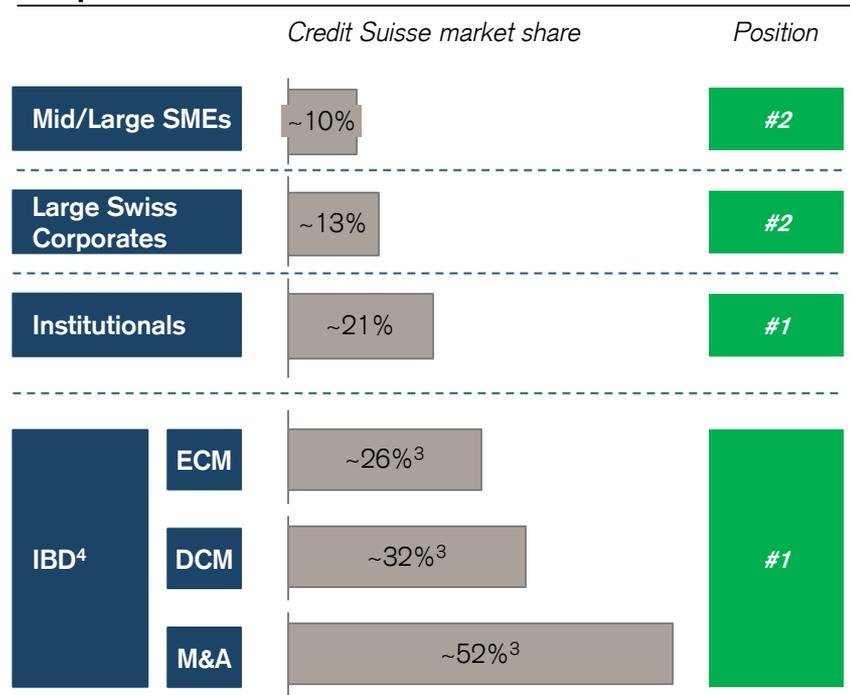
Source: The Economist Intelligence Unit, Annual Time Series Data (retrieved October 2015), The Boston Consulting Group: Global Wealth Report 2015, Swiss National Bank

# We have strong domestic market positions on which to build

## Private clients



## Corporate & Institutional clients

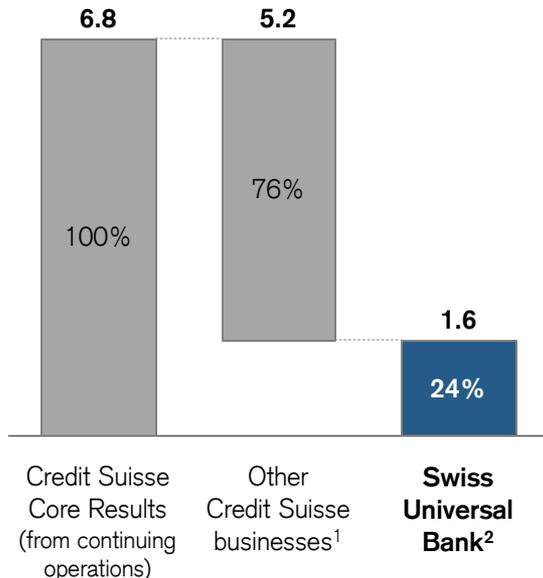


1. Including Affiliates (Bank-now, Neue Aargauer Bank and Swisscard) 2. Including External Asset Managers Switzerland & International 3. Data based on January, 1st 2011 to October, 7th 2015 4. Previously part of Investment Banking Note: SME refers to Small and Medium Enterprises Source: The Boston Consulting Group, Thomson Securities, SDC Platinum, Dealogic, IFR, Morningstar

# The Swiss Universal Bank is the backbone for Credit Suisse building on a diversified portfolio

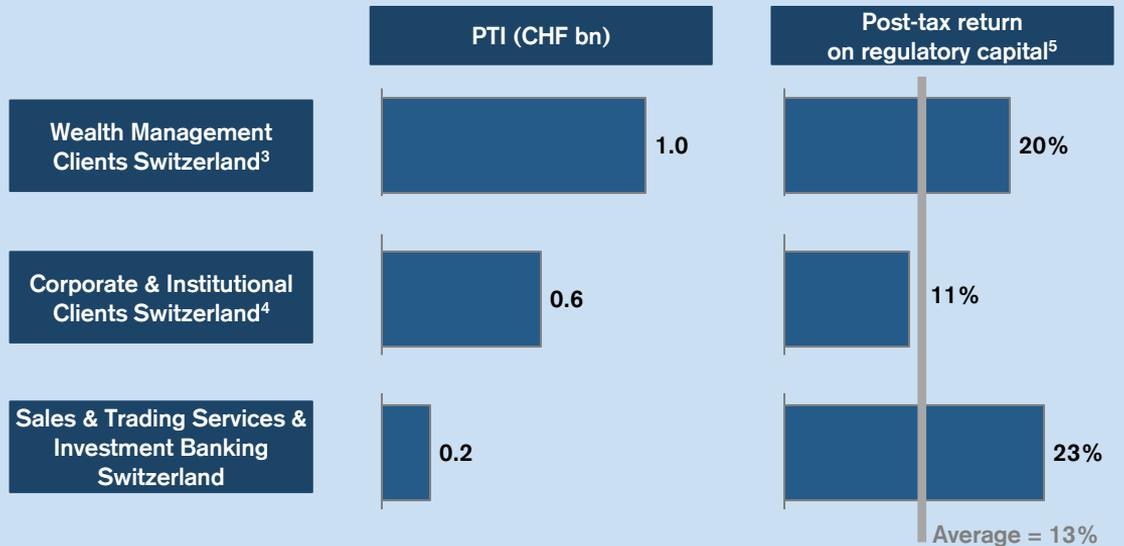
## Generated 24% of Group PTI

PTI (CHF bn), 2014



## Diversified portfolio of businesses

PTI, Swiss Universal Bank, 2014



CHF -0.1 bn in PTI not allocated (previously reported in Corporate Center incl. Swisscard and project-related expenses).

1. Main components: Investment Banking outside Switzerland, Asset Management, Private Banking Americas, Private Banking Europe, Middle East & Africa, Private Banking Asia Pacific 2. Sum of components shown on the right 3. Includes Private & Wealth Management Clients Switzerland (includes Retail segment), Private Clients Switzerland & External Asset Managers Switzerland, Neue Aargauer Bank, Swisscard and Bank-now; excluding Sales and Trading Services Switzerland 4. Includes Small and Medium Enterprises (SME), Large Corporates, Institutional Clients & Asset Servicing, Financial Institutions, Commodity Trade Finance and Export Finance; excludes Aviation & Ship Finance (part of International Wealth Management) 5. Post-tax return on regulatory capital calculated using income after tax in CHF, assuming tax rate of 30%, and capital allocated on the highest of 10% of end 2014 Basel 3 risk-weighted assets and 3.5% of end 2014 leverage exposure Note: Numbers may not add up due to rounding

# Agenda

- 1 The Swiss Universal Bank
- 2 Winning at home: Four strategic priorities
- 3 Our financial ambition and conclusion

# Four strategic priorities defined to win in our home market

## Focus to simplify

Significantly **simplify** set-up to **focus on Swiss client needs**

Build on existing **strong market positions** and ensure **seamless transition** of client coverage

## Empower to grow

**Optimize portfolio** towards segments with attractive return on capital and high franchise value

Empower organization to focus on **HNWI** and capture synergies with mid/large SMEs by becoming the '**Bank for Entrepreneurs**'; exploit growth opportunities in **UHNWI**

## Drive efficiency agenda

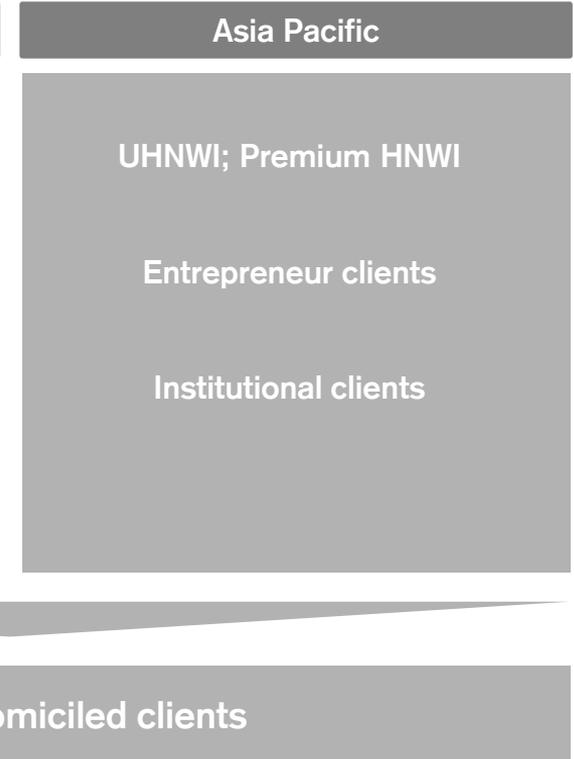
Increased **cost efficiency** through optimized footprint, automation and operational leverage

**End-to-end accountability and responsibility** over Swiss costs and investments

## Invest in brand

Further strengthening of **brand and reputation** in Switzerland

# Swiss Universal Bank plans to focus on Swiss-domiciled clients



Note: UHNWI = CHF > 50 mn AuM or total wealth; Premium HNWI > CHF 5 mn AuM; Entry HNWI > 1 M AuM

# We are optimizing our portfolio and see significant opportunities in HNWI ...

Client segments	Growth ambition	Selected initiatives to achieve ambition
HNWI	Aggressive	<ul style="list-style-type: none"> <li>■ Hire <b>~80 RMs</b> focused on HNWI and foster <b>sales effectiveness/culture</b></li> <li>■ Increase <b>cross-selling</b> through 'Bank for Entrepreneurs'</li> <li>■ Promote sales through <b>Credit Suisse Invest</b> and <b>Mandates re-launch</b></li> </ul>
Mid/large SMEs	Above market	<ul style="list-style-type: none"> <li>■ Serve mid/large SMEs more holistically as part of '<b>Bank for Entrepreneurs</b>'</li> </ul>
UHNWI	Above market	<ul style="list-style-type: none"> <li>■ Launch <b>UHNWI-specific Credit Suisse Invest</b> and increase <b>mandates penetration</b></li> <li>■ Further strengthen <b>collaboration with coverage units for mid/large SMEs, large Swiss corporates and multinationals</b></li> <li>■ Double lending book, <b>+30% UHNWI RMs</b>, gain market share in <b>French-/Italian-speaking Switzerland</b></li> </ul>
IBD	Above market	<ul style="list-style-type: none"> <li>■ <b>Swiss Universal Bank-led IBD coverage</b> and offering of a '<b>one-stop</b>' shop</li> </ul>
External Asset Managers	Above market	<ul style="list-style-type: none"> <li>■ Leverage strong market position and platform to capture <b>growth opportunities</b></li> </ul>

Note: SME refers to Small and Medium Enterprises

# ... as well as improvement potential in Real Estate and Commodity Trade Finance

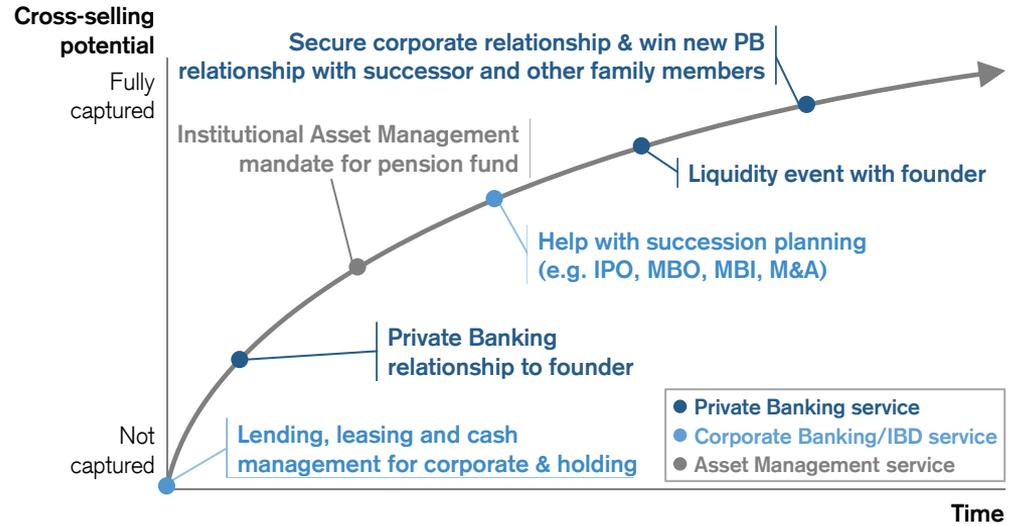
Client segments	Growth ambition	Selected initiatives to achieve ambition
Retail	At market	<ul style="list-style-type: none"> <li>Strengthen <b>digital capabilities</b> to enhance client self-service and free up RM capacity</li> <li><b>Optimize footprint</b> by converting ~45 branches into advisory branches without teller</li> <li>Streamline offering to <b>low advice segments</b> and provide <b>bundled services</b></li> </ul>
Affluent		
Institutionals (e.g. Pension Funds)	At market	<ul style="list-style-type: none"> <li>Continue to comprehensively serve Institutionals building on '<b>One Bank</b>' approach</li> </ul>
Large Swiss Corporates	At market	<ul style="list-style-type: none"> <li>Focus on increasing <b>share of wallet</b> (e.g. Corporate Finance)</li> </ul>
Income-Producing Real Estate	Optimize	<ul style="list-style-type: none"> <li>Explore <b>leverage ratio exposure reduction measures</b></li> <li>Focus new business to <b>franchise clients</b> with significant cross-selling potential</li> </ul>
Commodity Trade Finance		

# Focus on becoming the 'Bank for Entrepreneurs'

- **Significant number** of **corporate and SME** relationships **without link** to private wealth:
  - especially in **mid/large SME and HNWI**
  - also in **Large Swiss Corporates and UHNWI**
  
- **Targeting double penetration of Credit Suisse entrepreneur base**
  
- **Initiatives to address opportunity**
  - **Co-coverage of HNWI and SME**
  - **Value proposition** catered to Entrepreneurs
  - Simplified collaboration through **co-location**
  - **Joint acquisition** of clients by cross-teams
  - **Co-branding** of client events as 'one' team

## How to capture cross-selling potential – Client example

**Background:** Swiss Corporate partially owned by family members; run by a long-term CEO with close links to family



Note: SME refers to Small and Medium Enterprises

# Two client examples to illustrate the 'Bank for Entrepreneurs'

## M&A sales support for Chemicals company

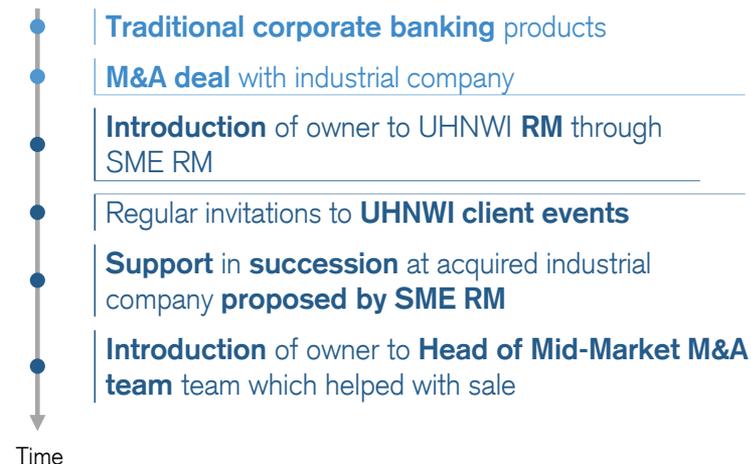
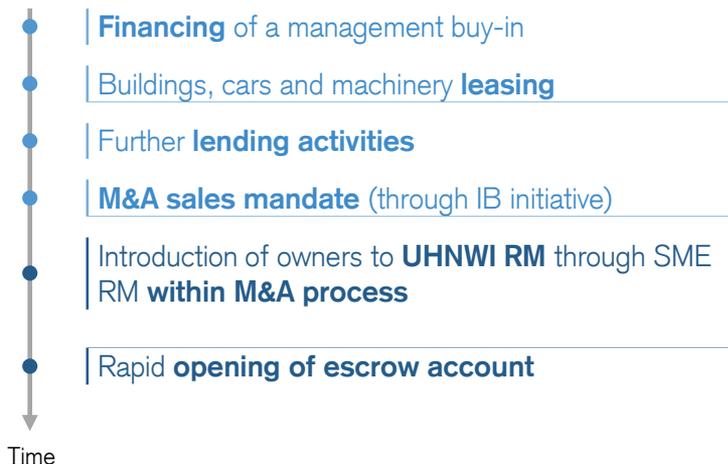
## Succession planning for Real Estate firm

### Client context

*Long-term chemicals client served by SME*

*Inherited real estate family business*

### Relationship development



### Impact

**NNA >CHF 75 mn**

**NNA >CHF 100 mn**

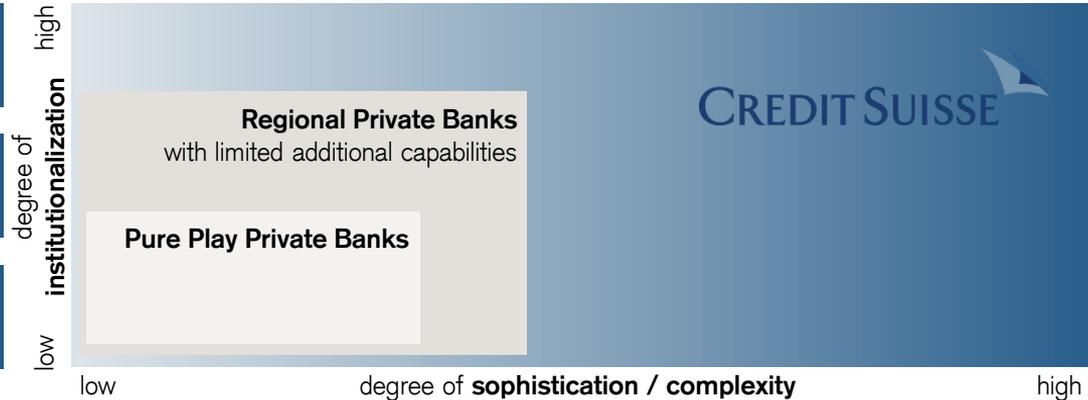
Note: SME refers to Small and Medium Enterprises

# UHNWI: Increasing share of wallet in leading franchise

Single Family  
Offices & UHNWI

Entrepreneurs &  
Executives;  
Global Citizens

Wealthy  
Individuals



## Traditional wealth management services

- 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 non-standard collateral
- Specialty financing
- Corporate finance advice
- Hedge fund / private equity
- Multi-shore banking
- Philanthropy

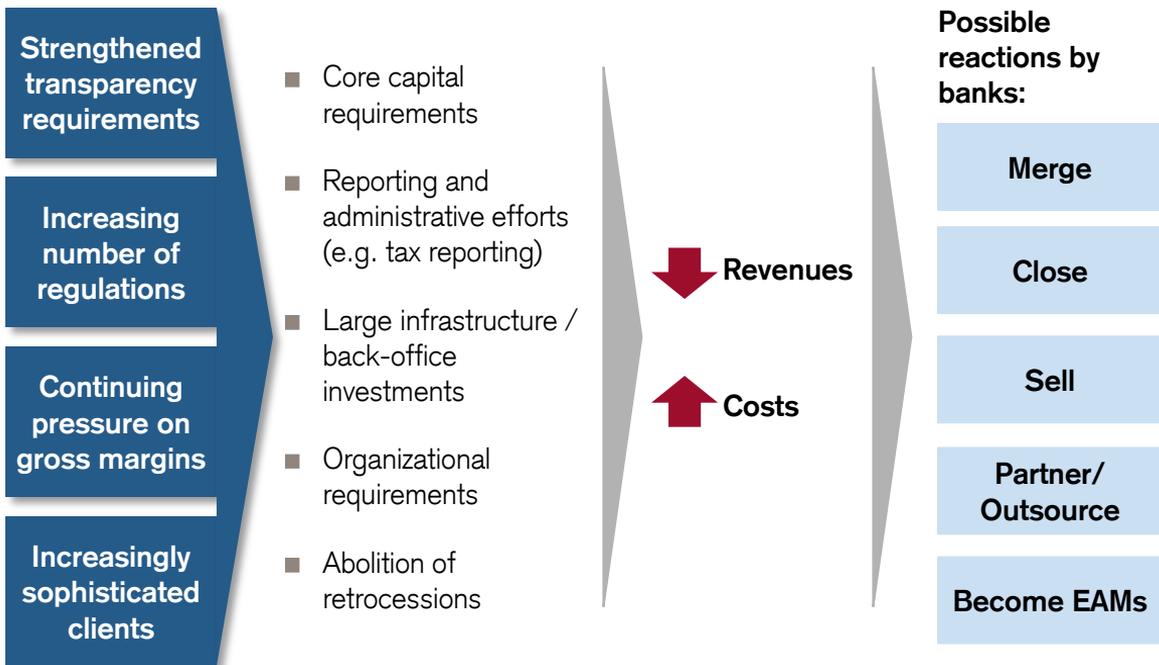
## Sophisticated solutions

## Ambition

- **Increase footprint**
  - +30% RMs
  - Deeper penetration of Swiss-based Single Family Offices (SFOs)
- **Increase mandate penetration**
- **Double lending book & deal related revenues**
  - Closer collaboration between RMs and Corporate Banking/IB
- **Strict implementation of target operating model**
  - Team approach with clear separation of duties

# External Asset Managers: Credit Suisse well positioned to exploit consolidation opportunities ...

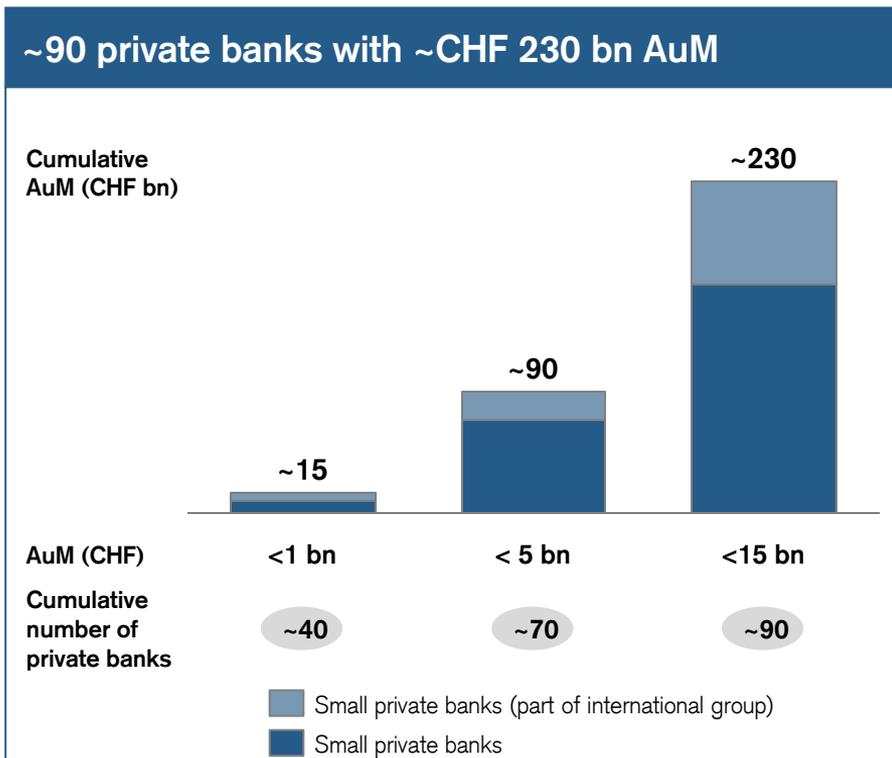
**Market opportunity:**  
**Small banks under pressure – Increasingly becoming EAMs**



**Credit Suisse well positioned to capture opportunity**

- ✓ An industry-leading Credit Suisse External Asset Manager (EAM) franchise
- ✓ Distinguishing dual coverage model with focus on investment advice
- ✓ Complete EAM service offering supported by full service global wealth manager & investment bank
- ✓ Cutting edge IT platform, acknowledged in the market place

# ... by addressing the needs of small private banks in Switzerland



## Significant opportunity

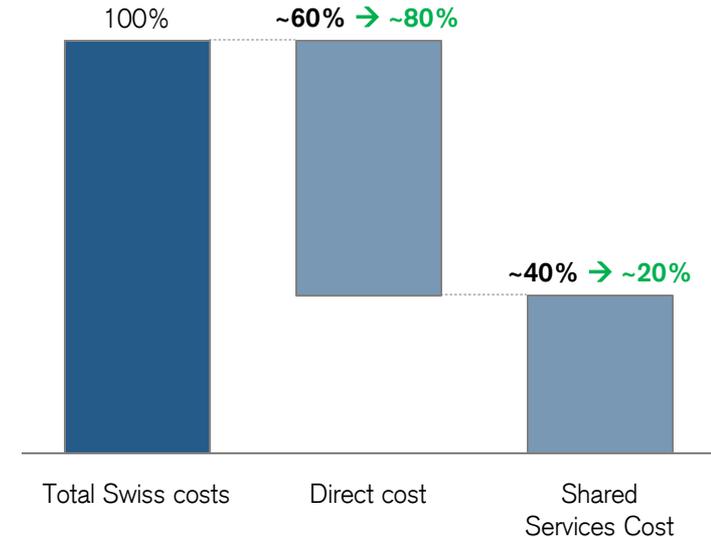
- There are ~90 small private banks with less than CHF 15 bn of AuM
- The ~90 small private banks have a cumulative ~CHF 230 bn of AuM
- Significant opportunity for Credit Suisse:
  - Provide external asset manager-related services
  - Actively participate in consolidation

# End-to-end accountability for Swiss costs and investments ...

- Today, **significant costs** are allocated from **Shared Services**
- Going forward, **end-to-end accountability and responsibility** over costs incurred and investments made in Switzerland:
  - Move Swiss-specific (or Swiss platform-related) Shared Services functions to Swiss Universal Bank
  - Own budget, demand and prioritization for allocated Shared Services
- Allows **faster decision making and priority setting**

## Moving towards more direct cost accountability

Illustrative: Total costs Switzerland, 2014



# ... strengthened by digital initiatives boosting efficiency ...

## Digital foundation laid in Switzerland

### Online Mobile & Tablet Banking



- Launched innovative app with new features
- Received strong user ratings (4.2/5) and 20% uptick in downloads

### RM productivity tools



- Supports RM in client discussions – esp. with portfolio quality checks
- Supplied 1'500 RMs in Switzerland with iPads

## Snapshot of digital roadmap going forward

- **Enhancing self-service capabilities for clients**
  - Sign-up for products online, e.g. Lombard loans
  - Manage profile, preferences and confirmations online
- **Improving productivity of front employees**
  - RM Ecosystem: Planning center and workflow dashboard
  - Digital advisory process to tailor portfolios
- **Automating front-to-back processes**
  - Digitized application and approval process for mortgages
  - Reducing forms and digitizing onboarding processes
- **Increasing client engagement**
  - Personalized offers, activation and alerts
  - Direct access to RM and experts through video calls

# ... and complemented by measures to optimize our footprint

- **Sustaining client proximity** – Network essential to ensure superior advisory service/client experience and to generate business
  - 30,000 client contacts at the counter a day
  - 200,000 client advisory meetings over the year
  - 85% of NNA generated by clients living within a 10-minute distance from a Credit Suisse branch
  
- **Maintaining focus on cost efficiency** – Lean network with 151 Credit Suisse branches in Switzerland
  - 20% reduction of number of Credit Suisse branches since 2011; additional conversion of ~45 branches into Credit Suisse advisory branches planned
  - New advisory branch format without teller to optimize cost base and further sharpen advisory focus
  
- **Reflecting changing client expectations and digital banking** – Shifting from transaction & basic banking to a sophisticated advisory-focused branch network

## Example: Credit Suisse advisory branches

*Example Advisory Branches*



*Digital information devices  
& advisory tool*

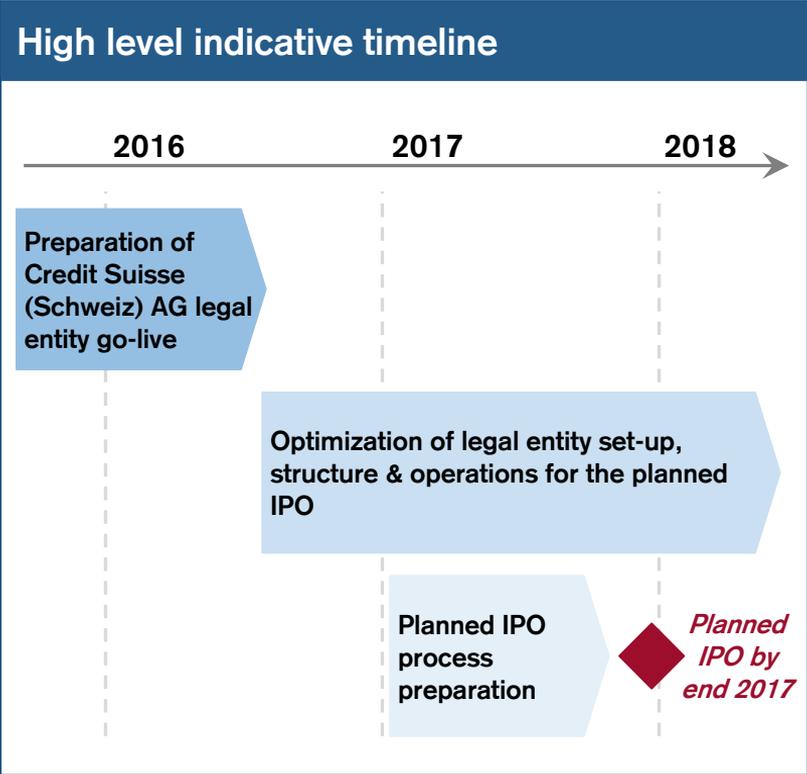
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# Planning a partial 20-30% IPO of the legal entity Credit Suisse (Schweiz) AG by end of 2017

## Illustrative

<b>Scope of Business</b>	<ul style="list-style-type: none"> <li>Legal entity Credit Suisse (Schweiz) AG</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>By end 2017, market conditions permitting</li> </ul>
<b>Size / Free float</b>	<ul style="list-style-type: none"> <li>20 to 30%</li> </ul>
<b>Listing</b>	<ul style="list-style-type: none"> <li>SIX Swiss Exchange</li> </ul>
<b>Key transaction benefits/ considerations</b>	<ul style="list-style-type: none"> <li>Enhanced independence and accountability while remaining core part of a global bank</li> <li>Acquisition currency for Swiss consolidation opportunities</li> <li>Positive group capital impact of roughly CHF 2 to 4 bn including other management actions</li> </ul>

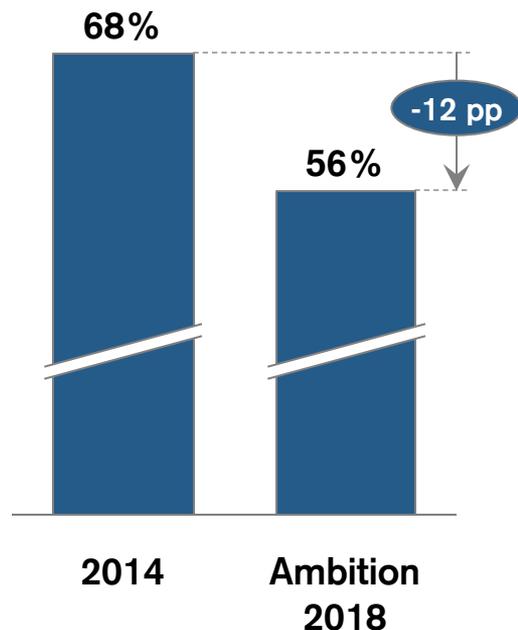


Note: IPO of Legal entity Credit Suisse (Schweiz) AG. Any such IPO would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG

# The Swiss Universal Bank is an operational leverage play ...

## Expected 12pp decrease in C/I ratio...

Cost/Income-Ratio, in %



## ... driven by operational leverage

Illustrative

2014 – Ambition 2018

**Expected increase in Revenues**

**+ CHF 0.4 bn (+2% p.a.)**

**Expected decrease in Operating Expense**

**– CHF 0.4 bn (–3% p.a.)**

of which running costs

– CHF 0.2 bn

of which non-recurring costs

– CHF 0.2 bn

**Expected increase in PTI**

**+ CHF 0.7 bn (+10% p.a.)**

Note: Increase in PTI considers credit provisions (CHF 0.1 B)

# ... expected to deliver 10% annual PTI growth until 2018



Note: CAGRs referring to 2014-2018 period

1. Post-tax return on regulatory capital calculated using income after tax in CHF, assuming tax rate of 30%, and capital allocated on the highest of 10% of end 2014 Basel 3 risk-weighted assets and 3.5% of end 2014 leverage exposure

CREDIT SUISSE

