

# Credit Suisse

## Third Quarter 2021 Results

### Analyst and Investor Call



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David Mathers, Chief Financial Officer

November 4, 2021

CREDIT SUISSE 

# Disclaimer (1/2)

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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, targets, goals, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2021, in "Credit Suisse – Risk factor" in our 1Q21 Financial Report published on May 6, 2021 and in the "Cautionary statement regarding forward-looking information" in our 3Q21 Financial Report published on November 4, 2021 and 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.

In particular, the terms "Estimate", "Illustrative", "Expectation", "Ambition", "Objective", "Outlook", "Goal", "Commitment" and "Aspiration" are not intended to be viewed as targets or projections, nor are they considered to be Key Performance Indicators. All such estimates, illustrations, expectations, ambitions, objectives, outlooks, goals, commitments and aspirations are subject to a large number of inherent risks, assumptions and uncertainties, many of which are completely outside of our control. These risks, assumptions and uncertainties include, but are not limited to, general market conditions, market volatility, increased inflation, interest rate volatility and levels, global and regional economic conditions, challenges and uncertainties resulting from the COVID-19 pandemic, political uncertainty, changes in tax policies, regulatory changes, changes in levels of client activity as a result of any of the foregoing and other factors. Accordingly, this information should not be relied on for any purpose. We do not intend to update these estimates, illustrations, expectations, ambitions, objectives, outlooks, goals, commitments or aspirations.

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# Disclaimer (2/2)

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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. The tier 1 leverage ratio and CET1 leverage ratio are calculated as BIS tier 1 capital and CET1 capital, respectively, divided by period-end leverage exposure. Unless otherwise noted, for periods in 2020, leverage exposure excludes cash held at central banks, after adjusting for the dividend paid in 2020.

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# Key highlights of 3Q21



## FINANCIAL PERFORMANCE

- **Reported pre-tax income** of CHF 1.0 bn, up 26% YoY, including gains of CHF 0.2 bn and CHF 0.1 bn relating to the future recoverability of Archegos receivables and our Allfunds stake, respectively, as well as an impairment of CHF 0.1 bn on our York interest and major litigation charges of CHF 0.6 bn<sup>1</sup>
- **Adjusted pre-tax income excluding significant items and Archegos** of CHF 1.4 bn, up 25% YoY:
  - Record<sup>2</sup> third-quarter performance in **SUB** with PTI up 24% YoY driven by higher net revenues up 5% YoY
  - **IWM** PTI down 25% YoY with higher recurring commissions and fees more than offset by lower net interest income and increased operating expenses
  - Resilient **APAC** PTI up 5%<sup>3</sup> YoY with higher recurring commissions and fees partially offset by increased investment costs
  - Strong **Investment Bank** PTI up 25%<sup>3</sup> YoY and RoRC<sup>+</sup> of 14%<sup>3</sup>, driven by revenues up 9% despite 10% decline in capital usage<sup>4</sup>
  - Solid performance in **Asset Management** with PTI up 259% YoY from growth across all revenue lines
- Robust **Wealth Management**<sup>5</sup> NNA of CHF 6.2 bn (3% annualized growth) across all businesses



## CAPITAL

- **CET1 ratio** of 14.4%, up QoQ benefitting from strong income generation and disciplined capital management
- **Tier 1 leverage ratio** at 6.1%, **CET1 leverage ratio** at 4.3%



## LITIGATION & OTHER UPDATES

- **Settlement with US, UK and Swiss regulators of legacy matters** related to loan financing for Mozambique state enterprises and related securities transactions that took place between 2013 and 2016
- **Concluded enforcement proceeding with Swiss regulator** related to past observation activities
- Continued **progress on remediation work** on the supply chain finance funds matter; 5<sup>th</sup> cash payment made and first recovery in focus area

Note: Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information

† RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information

1 Includes major litigation provisions and CHF (69) mn of net revenues in connection with a valuation adjustment on a legacy exposure related to the Mozambique matter 2 Since restated quarters commencing 1Q18

3 Based on US dollar denominated numbers 4 Refers to regulatory capital, calculated as the average of 13.5% of average RWA and 4.25% of average leverage exposure 5 Refers to SUB PC, IWM and APAC

# Update on supply chain finance funds

## Selected highlights



### CASH PAYMENT

- **5<sup>th</sup> cash payment made at the end of September** with total cash paid out and current cash & cash equivalents at approx. 70% of NAV as of February 25



### NON-FOCUS AREAS

- **Non-focus areas:** Continue to make good progress, reduced outstanding exposure of notes by 86% of February 25 exposure



### FOCUS AREAS

- **Focus Areas:** Continue to pursue all available recovery avenues
- **GFG Australia<sup>2</sup>:** Pursuant to the achieved restructuring transaction in early-October, an initial payment of ~USD 96 mn received, with agreement to repay remaining principal of ~USD 178 mn incl. interest by mid-2023 latest



### INSURANCE

- **Continue to file insurance claims** through the filing process with Greensill Bank. Further claims are being prepared

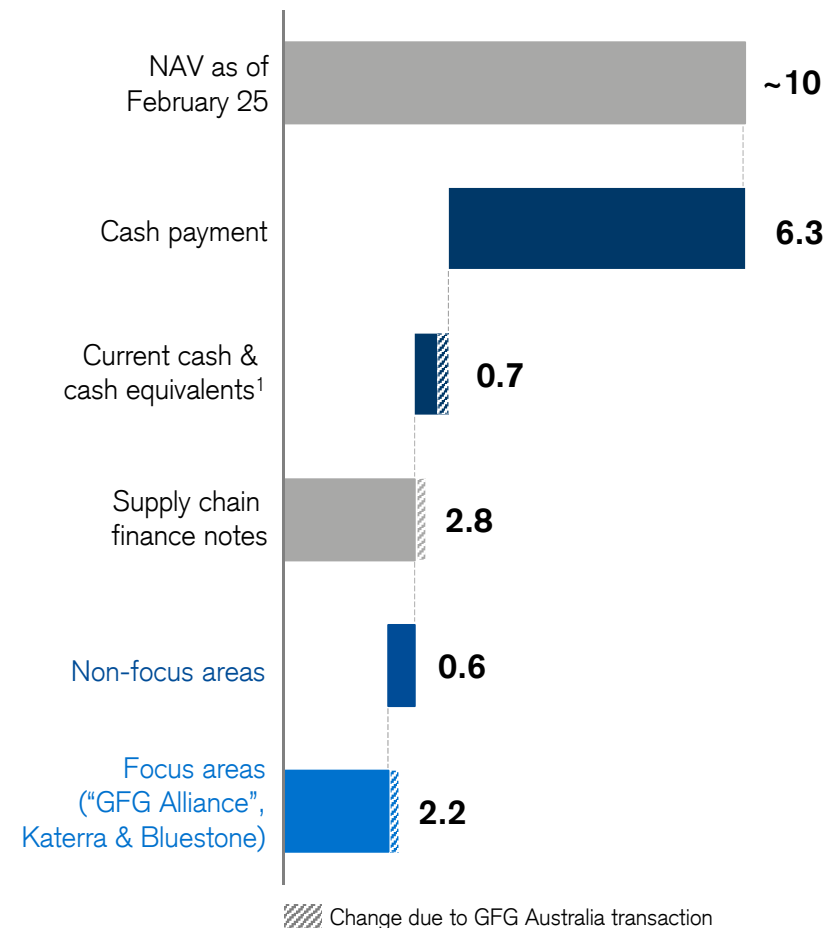


### CLIENT GOODWILL PROGRAM

- **Active engagement** with clients of the bank to waive certain fees on the bank's services

### Fund volume break-down as of September 30, 2021

Illustrative view incl. October GFG Australia payment  
in USD bn



Note: Data as of September 30, 2021; Data Source: CS AM Portfolio Management for all information pertaining to Fund Notional Value after cash payout. The NAV is published through the Fund Administrator. Differences (e.g. different data sources, cut-off times, FX rates, etc.) may occur 1 Includes FX effects and recovery costs accrual 2 AUD / USD exchange rate of 0.7416 used for GFG Australian amounts

# Continued strong performance in 3Q21, albeit affected by litigation provisions and significant items

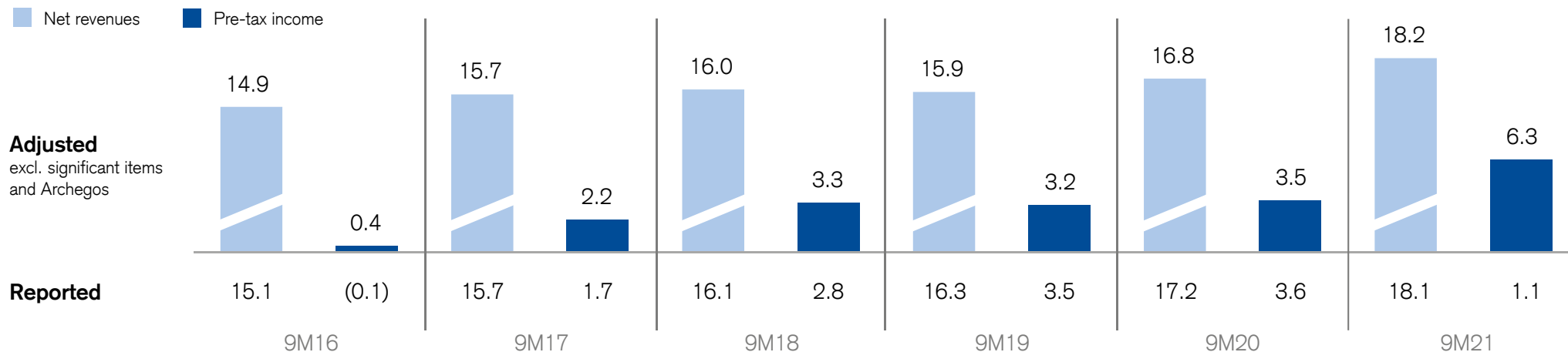
## Group quarterly pre-tax income

in CHF bn



## Group nine-monthly net revenues and pre-tax income

in CHF bn



Note: Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information



# Detailed Financials



# Group Overview

<b>Credit Suisse Group</b> in CHF mn unless otherwise specified	<b>3Q21</b>	2Q21	3Q20	Δ 3Q20	<b>9M21</b>	9M20	Δ 9M20
<b>Net revenues</b>	<b>5,437</b>	<b>5,103</b>	<b>5,198</b>	<b>5%</b>	<b>18,114</b>	<b>17,168</b>	<b>6%</b>
o/w Wealth Management-related <sup>1</sup>	3,270	3,609	3,164	3%	10,761	10,478	3%
o/w Investment Bank in USD mn	2,465	1,761	2,245	10%	8,114	7,381	10%
<b>Provision for credit losses</b>	<b>(144)</b>	<b>(25)</b>	<b>94</b>		<b>4,225</b>	<b>958</b>	
o/w Archegos	(188)	70	-		4,312	-	
o/w CECL-related	20	(168)	(55)		(207)	380	
<b>Total operating expenses</b>	<b>4,573</b>	<b>4,315</b>	<b>4,301</b>	<b>6%</b>	<b>12,825</b>	<b>12,655</b>	<b>1%</b>
<b>Pre-tax income</b>	<b>1,008</b>	<b>813</b>	<b>803</b>	<b>26%</b>	<b>1,064</b>	<b>3,555</b>	<b>(70)%</b>
Income tax expense	570	566	258		610	539	
Effective tax rate	57%	70%	32%		57%	15%	
<b>Net income attributable to shareholders</b>	<b>434</b>	<b>253</b>	<b>546</b>	<b>(21)%</b>	<b>435</b>	<b>3,022</b>	<b>(86)%</b>
Return on tangible equity <sup>‡</sup>	4.5%	2.6%	5.4%		1.5%	9.8%	
Cost/income ratio	84%	85%	83%		71%	74%	
Diluted earnings per share in CHF	0.16	0.10	0.22	(27)%	0.17	1.20	(86)%
<b>Adjusted excluding significant items and Archegos</b> in CHF mn							
Net revenues	5,504	5,226	5,198	6%	18,160	16,766	8%
o/w Wealth Management-related <sup>1</sup>	3,290	3,239	3,164	4%	10,267	10,076	2%
Pre-tax income	1,362	1,313	1,087	25%	6,271	3,514	78%

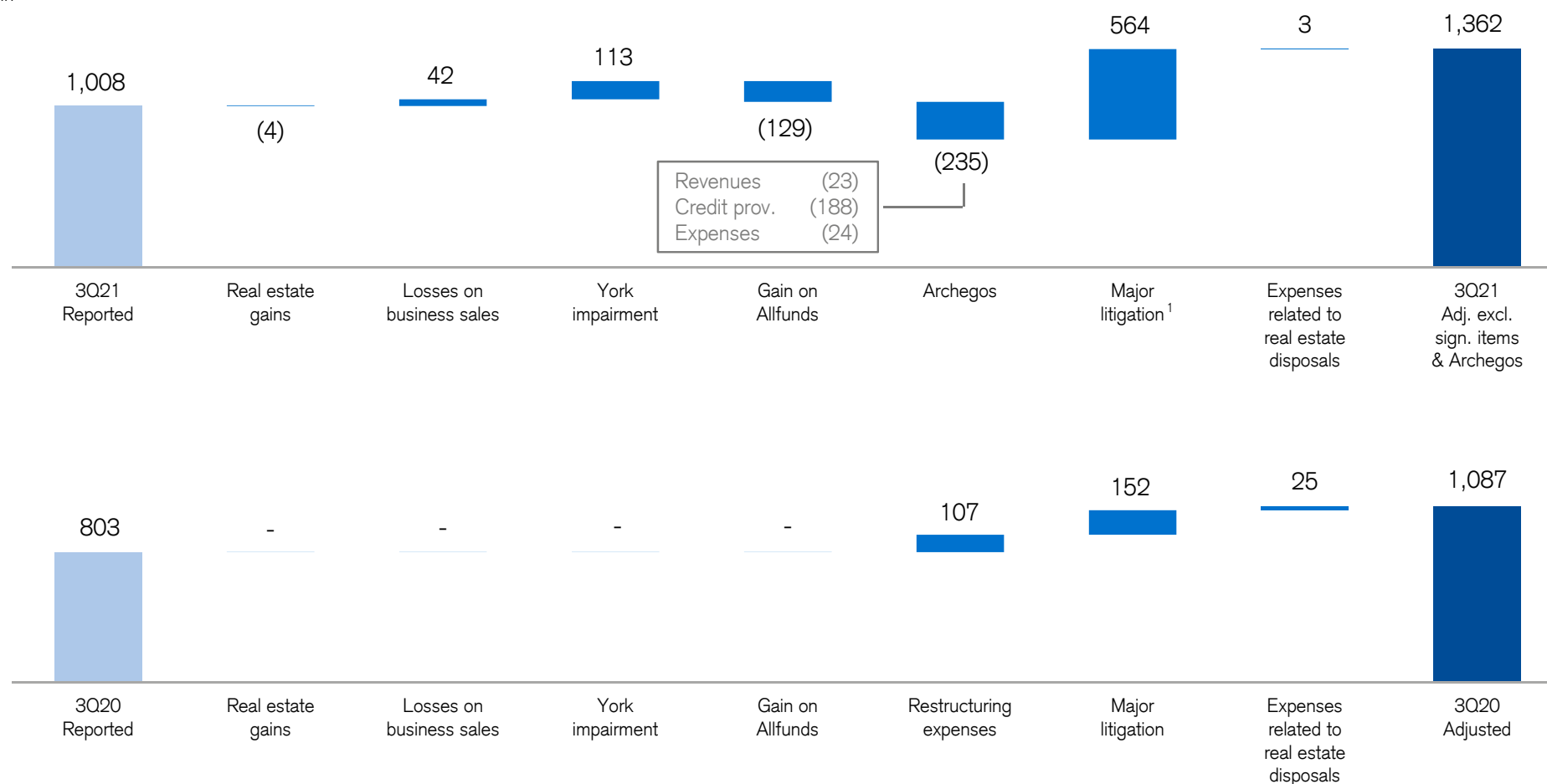
Note: Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. 9M21 reported results include a gain related to the equity investment in Allfunds Group, a loss related to Archegos and an impairment related to York. 9M20 reported results include a gain related to the completed transfer of the InvestLab fund platform to Allfunds Group and Pfandbriefbank ‡ RoTE is a non-GAAP financial measure, see 3Q21 Supplemental Information 1 Includes SUB, IWM, APAC and AM



# Adjusted pre-tax income excluding significant items and Archegos of CHF 1.4 bn, up 25% YoY

## Group pre-tax income

in CHF mn

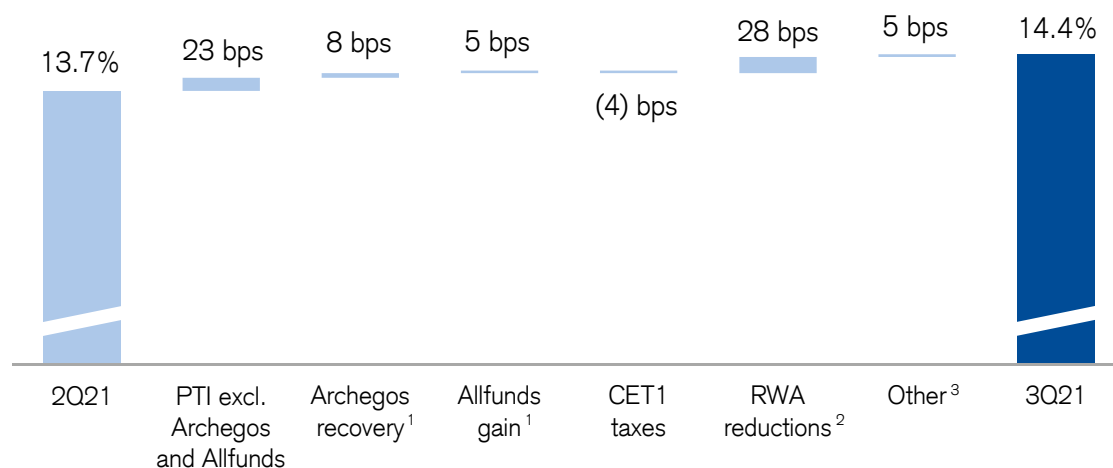


Note: Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information

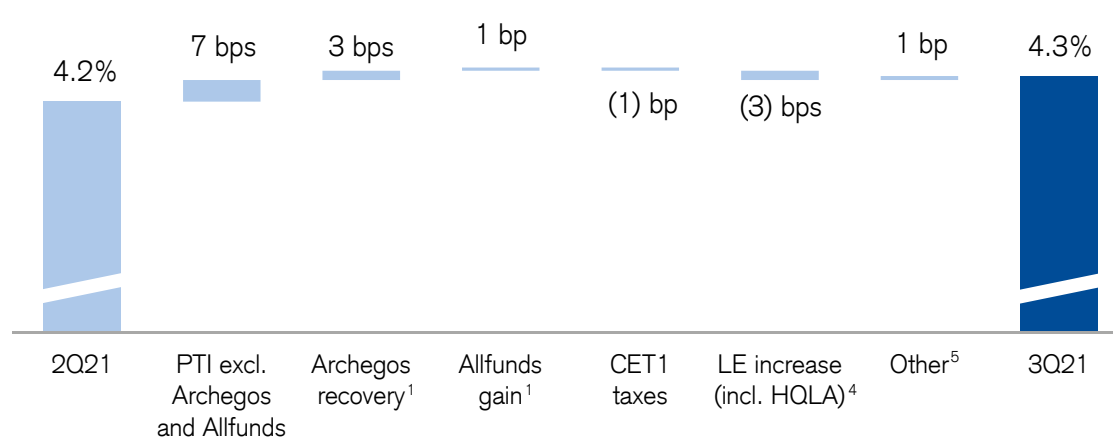
<sup>1</sup> Includes major litigation provisions and CHF (69) mn of net revenues in connection with a valuation adjustment on a legacy exposure related to the Mozambique matter

# CET1 ratio increased to 14.4%; CET1 leverage ratio at 4.3%

## CET1 ratio development



## CET1 leverage ratio development



## Key messages

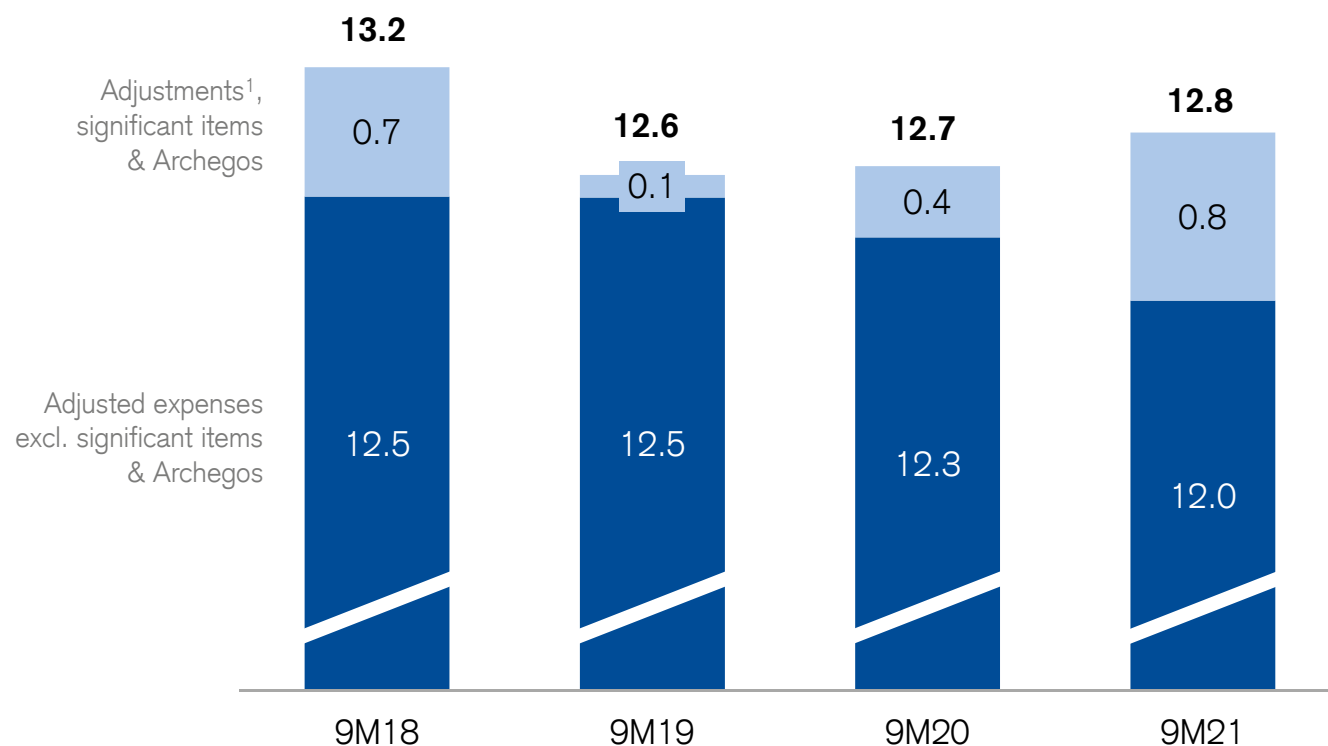
- CET1 ratio at 14.4%, up from 13.7% in 2Q21, benefitting from both strong income generation and risk reduction across businesses
- CET1 leverage ratio of 4.3%, up from 4.2% at the end of 2Q21; Tier 1 leverage ratio increased by 10 bps to 6.1%
- Continued disciplined capital management
  - Investment Bank RWA and leverage exposure include further reductions in Prime Services
  - RWA in the Wealth Management-related<sup>6</sup> divisions include reductions from active de-risking measures
- Leverage exposure increased by CHF 6 bn in 3Q21, including an increase in HQLA of CHF 8 bn mainly driven by increased funding and higher customer deposits in Wealth Management<sup>7</sup>

1 Pre-tax income impact 2 Includes RWA FX impact of (6) bps and impacts from internal and external model and parameter updates 3 Includes CET1 capital FX impact of 6 bps (offsetting the respective RWA FX impact), quarterly dividend accrual and impacts from other regulatory CET1 adjustments 4 Includes leverage exposure FX impact 5 Includes CET1 capital FX impact, quarterly dividend accrual and impacts from other regulatory CET1 adjustments 6 Includes SUB, IWM, APAC and AM 7 Includes SUB PC, IWM and APAC

# Continued cost discipline notwithstanding investments in the franchise

## Group operating expenses

in CHF bn



## Cost development

- Ongoing cost discipline resulted in a YoY decrease of 3% on an adjusted basis excluding significant items and Archegos
- Lower compensation expenses were partially offset by investments in strategic initiatives, including hiring of relationship managers in APAC, as well as in risk and controls

Note: Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information

<sup>1</sup> Adjustments include major litigation provisions, restructuring expenses, expenses related to real estate disposals and expenses related to business sales

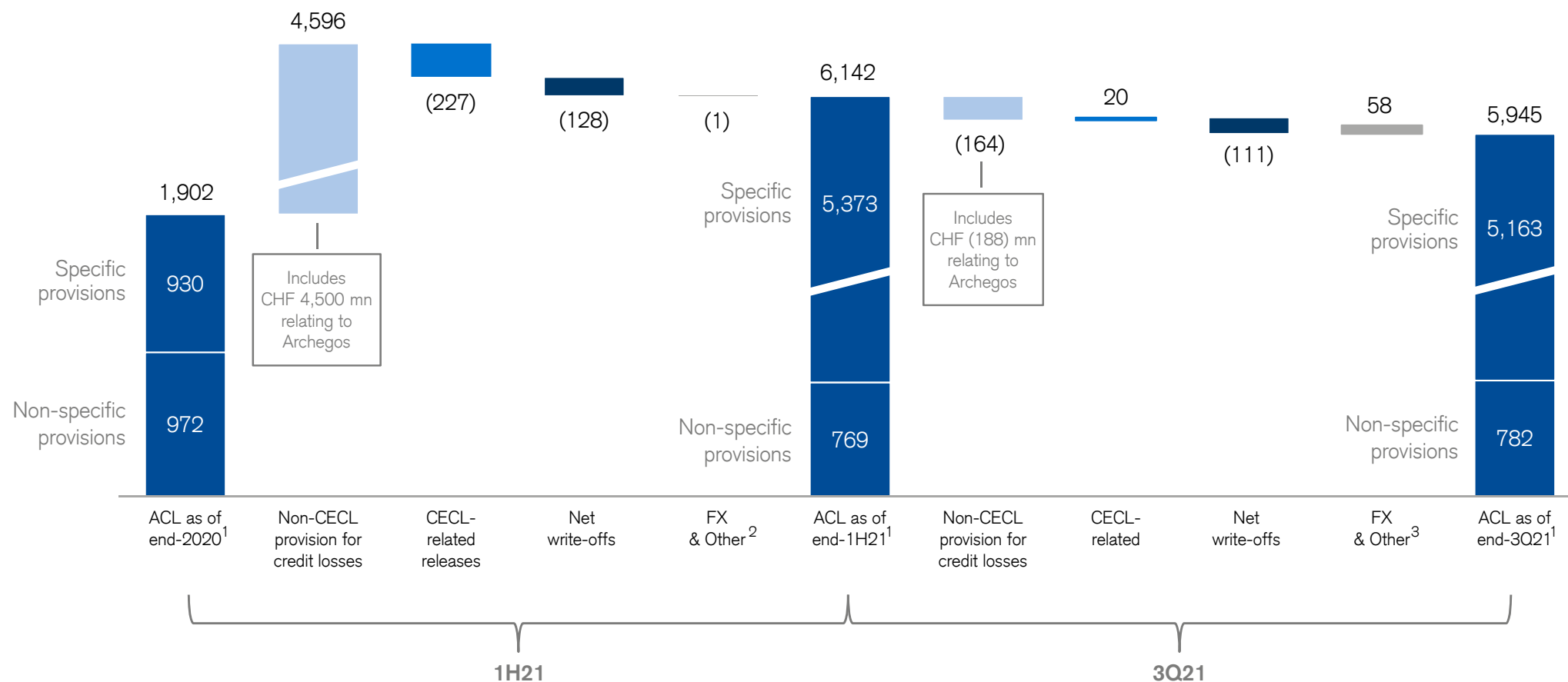
# CECL provisions broadly stable; specific provisions benefit from partial Archegos release

## Allowance for credit losses (ACL)<sup>1</sup>

in CHF mn

■ Provision for credit losses – Non-CECL

■ Provision for credit losses – CECL-related



<sup>1</sup> Includes the allowance for credit losses on financial assets held at amortized cost and provisions for off-balance sheet credit exposures

<sup>2</sup> Includes FX translation impact and other adjustment items of CHF (17) mn, including CECL impact of CHF 27 mn, and provision for interest of CHF 16 mn

<sup>3</sup> Includes FX translation impact and other adjustment items of CHF 44 mn, including CECL impact of CHF (6) mn, and provision for interest of CHF 14 mn

# Swiss Universal Bank

## Record<sup>1</sup> third quarter performance driven by higher net revenues

### Adjusted key financials excl. significant items

in CHF mn	3Q21	2Q21	3Q20	Δ 3Q20
Net revenues	1,354	1,329	1,294	5%
Provision for credit losses	4	(21)	52	
o/w CECL-related	(6)	(47)	(36)	
Total operating expenses	764	758	771	(1)%
<b>Adj. pre-tax income excl. sign. items</b>	<b>586</b>	<b>592</b>	<b>471</b>	<b>24%</b>
<b>Reported pre-tax income</b>	<b>623</b>	<b>725</b>	<b>430</b>	<b>45%</b>
<b>Adj. cost/income ratio excl. sign. items</b>	<b>56%</b>	<b>57%</b>	<b>60%</b>	
<b>Adj. RoRC<sup>†</sup> excl. sign. items</b>	<b>15%</b>	<b>15%</b>	<b>12%</b>	
<b>Reported return on regulatory capital<sup>†</sup></b>	<b>16%</b>	<b>18%</b>	<b>11%</b>	

### Key metrics

in CHF bn	3Q21	2Q21	3Q20	Δ 3Q20	
PC	Net margin in bps <sup>2</sup>	50	49	46	4
	Client Business Volume <sup>2</sup>	400	401	373	7%
	Net loans <sup>2</sup>	114	113	118	(4)%
	Net new assets	1.9	(0.9)	2.0	
	Risk-weighted assets	82	83	82	-
	Leverage exposure	305	304	295	3%

### Key messages

- Record<sup>1</sup> first nine months adjusted PTI excluding significant items of CHF 1,809 mn
- Reported PTI of CHF 623 mn included a total gain of CHF 39 mn related to the equity investment in Allfunds Group; 3Q20 included restructuring expenses of CHF 41 mn, mainly relating to the integration of Neue Aargauer Bank
- Adjusted PTI excluding significant items up 24% with higher net revenues and stable operating expenses; RoRC<sup>†</sup> at 15%
- Net revenues up 5% with increases across all major revenue categories, including an increase of 11% in recurring commissions and fees supported by record<sup>1</sup> AuM levels and higher revenues from improved performance in our investment in Swisscard
- Operating expenses stable with continued investments in our digital offering and sustainability campaigns, offset by ongoing cost discipline; cost/income ratio of 56% down 4 pp.
- Solid Private Clients NNA of CHF 1.9 bn with contributions from all businesses
- Client business volume for the SUB division up 12% compared to 3Q20

Note: Unless otherwise stated, all financial numbers presented and discussed are adjusted and exclude significant items. Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. All percentage changes and comparative descriptions refer to YoY measurements unless otherwise specified

<sup>†</sup> RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information <sup>1</sup> Since restated quarters commencing 1Q18

<sup>2</sup> 2021 figures include declines from the transfer of volumes from Private Clients to Corporate & Institutional Clients following the integration of NAB (net loans CHF 6 bn, AuM CHF 4 bn, custody assets CHF 3 bn)



# International Wealth Management

Lower PTI as recurring fee growth is offset by increased costs; return to positive NNA

## Adjusted key financials excl. significant items

in CHF mn	3Q21	2Q21	3Q20	Δ 3Q20
Net interest income	264	269	302	(13)%
Recurring commissions & fees	306	318	272	13%
Transaction-based	241	216	259	(7)%
Net revenues <sup>1</sup>	812	803	836	(3)%
Provision for credit losses	12	(25)	8	
o/w CECL-related	10	(50)	2	
Total operating expenses	624	603	592	5%
<b>Adj. pre-tax income excl. sign. items</b>	<b>176</b>	<b>225</b>	<b>236</b>	<b>(25)%</b>
<b>Reported pre-tax income</b>	<b>193</b>	<b>340</b>	<b>197</b>	<b>(2)%</b>
<b>Adj. cost/income ratio excl. sign. items</b>	<b>77%</b>	<b>75%</b>	<b>71%</b>	
<b>Adj. RoRC<sup>†</sup> excl. sign. items</b>	<b>11%</b>	<b>15%</b>	<b>16%</b>	
<b>Reported return on regulatory capital<sup>†</sup></b>	<b>13%</b>	<b>22%</b>	<b>13%</b>	

## Key metrics

in CHF bn	3Q21	2Q21	3Q20	Δ 3Q20
Net margin in bps	18	23	27	(9)
Client Business Volume	558	571	494	13%
Net loans	55	55	53	4%
Net new assets	1.4	(0.3)	6.9	
Risk-weighted assets	34	34	34	(1)%
Leverage exposure	109	108	102	7%

## Key messages

- Reported PTI of CHF 193 mn included a total gain of CHF 52 mn related to the equity investment in Allfunds Group and a loss on a business sale of CHF 35 mn
- Adjusted PTI excluding significant items of CHF 176 mn reflecting lower revenues and higher operating expenses
- Net revenues were down 3%:
  - Net interest income stabilizing vs. 2Q21, but lower vs. 3Q20 due to adverse impact on deposit income from lower interest rates, partially offset by income from higher loan volumes
  - Continued growth in recurring commission and fees from 13% higher client business volume at stable margins
  - Transaction-based revenues were down due to lower client activity and GTS revenues in less volatile markets; 3Q20 included a revaluation gain on an investment of CHF 23 mn
- Operating expenses were up 5% as lower compensation expenses were more than offset by higher costs relating to IT infrastructure and sustainability initiatives; 9M21 total operating expenses were down 4% vs. 9M20
- Return to positive NNA of CHF 1.4 bn
- Client business volume up 13% YoY, but down 2% QoQ largely driven by lower custody assets due to market impact and outflows

Note: Unless otherwise stated, all financial numbers presented and discussed are adjusted and exclude significant items. Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. All percentage changes and comparative descriptions refer to YoY measurements unless otherwise specified

<sup>†</sup> RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information

<sup>1</sup> Includes other revenues of CHF 1 mn in 3Q21 and CHF 3 mn in 3Q20

# Asia Pacific

## Resilient PTI despite volatility in Greater China markets and higher investment costs

### Adjusted key financials excl. significant items

in USD mn	3Q21	2Q21	3Q20	Δ 3Q20
Net interest income	242	276	281	(14)%
Recurring commissions & fees	111	115	93	19%
Transaction-based	443	378	425	4%
Net revenues <sup>1</sup>	795	770	800	(1)%
Provision for credit losses	7	6	49	
o/w CECL-related	-	(19)	10	
Total operating expenses	582	586	554	5%
<b>Adj. pre-tax income excl. sign. items</b>	<b>206</b>	<b>178</b>	<b>197</b>	<b>5%</b>
<b>Reported pre-tax income</b>	<b>247</b>	<b>273</b>	<b>194</b>	<b>27%</b>
<b>Adj. cost/income ratio excl. sign. items</b>	<b>73%</b>	<b>76%</b>	<b>69%</b>	
<b>Adj. RoRC<sup>†</sup> excl. sign. items</b>	<b>16%</b>	<b>14%</b>	<b>16%</b>	
<b>Reported return on regulatory capital<sup>†</sup></b>	<b>19%</b>	<b>21%</b>	<b>16%</b>	

### Key metrics

in USD bn	3Q21	2Q21	3Q20	Δ 3Q20
Net margin in bps	33	28	33	-
Client Business Volume	380	414	361	5%
Net loans	41	44	42	(1)%
Net new assets	3.2	(6.7)	2.3	
Risk-weighted assets	29	31	29	(2)%
Leverage exposure	85	85	80	7%

### Key messages

- Reported PTI of USD 247 mn included a total gain of USD 41 mn related to the equity investment in Allfunds Group
- Adjusted PTI excluding significant items of USD 206 mn, up 5%
- Net revenues largely stable YoY
  - NII down 14% YoY and 12% QoQ reflecting a reduction in risk appetite and deleveraging by clients and lower loan and deposit margins; net loans decreased 6% sequentially
  - Recurring commissions and fees up 19% reflecting strong mandate and fund volumes; continued growth in mandates penetration rate of 15% in 3Q21, up 3 pp. since 3Q20
  - Transaction-based revenues up 4%<sup>2</sup> with higher fees from increased M&A activity, partly offset by weaker private client activity and lower revenues from GTS
- Provision for credit losses significantly decreased, reflecting lower specific provisions; no impairments in China real estate
- Operating expenses increased mainly due to RM growth and other investments including China, risk and controls and sustainability initiatives; 3Q21 RMs at 670, up 70 from the beginning of the year
- 3Q21 NNA of USD 3.2 bn achieved notwithstanding significant deleveraging and market-driven client outflows
- RWA declined QoQ mainly driven by business reductions; leverage exposure increased 7% YoY mainly due to higher HQLA and higher business usage

Note: Unless otherwise stated, all financial numbers presented and discussed are adjusted and exclude significant items. Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. All percentage changes and comparative descriptions refer to YoY measurements unless otherwise specified

<sup>†</sup> RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information <sup>1</sup> Includes other revenues of USD (1) mn in 3Q21, USD 1 mn in 2Q21 and USD 1 mn in 3Q20 <sup>2</sup> 3Q21 includes mark-to-market losses of USD 15 mn (net of USD (8) mn of hedges). 3Q20 included mark-to-market losses of USD 40 mn (net of hedges of USD (11) mn)

# Investment Bank

## Strong profitability driving 14% RoRC despite Prime Services resizing

### Adjusted key financials excl. Archegos

in USD mn	3Q21	2Q21	3Q20	Δ 3Q20
Fixed income S&T	801	890	921	(13)%
Equity S&T	533	514	588	(9)%
Capital markets	807	874	708	14%
Advisory and other fees	330	123	117	182%
Other <sup>1</sup>	(30)	(98)	(89)	
Net revenues	2,441	2,303	2,245	9%
Provision for credit losses	20	(61)	(16)	
o/w CECL-related	15	(58)	(37)	
Total operating expenses	1,839	1,763	1,797	2%
<b>Adj. pre-tax income excl. Archegos</b>	<b>582</b>	<b>601</b>	<b>464</b>	<b>25%</b>
Archegos <sup>2</sup>	(252)	653	-	
Other adjustments <sup>3</sup>	2	34	59	
<b>Reported pre-tax income</b>	<b>832</b>	<b>(86)</b>	<b>405</b>	<b>105%</b>
<b>Adj. cost/income ratio excl. Archegos</b>	<b>75%</b>	<b>77%</b>	<b>80%</b>	
<b>Adj. RoRC<sup>†</sup> excl. Archegos</b>	<b>14%</b>	<b>13%</b>	<b>10%</b>	
<b>Reported return on regulatory capital<sup>†</sup></b>	<b>20%</b>	<b>(2)%</b>	<b>9%</b>	

### Key metrics

in USD bn	3Q21	2Q21	3Q20	Δ 3Q20
Risk-weighted assets	78	78	90	(13)%
Leverage exposure	327	329	365	(10)%

### Key messages

- Adjusted PTI excluding Archegos of USD 582 mn increased 25%, reflecting strength of client franchise, constructive market conditions and disciplined risk management
- Net revenues increased 9% vs. strong 3Q20 results and despite a 10% decline in allocated capital usage:
  - Continued strength in Capital Markets and Advisory, up 38%, driven by record M&A activity, robust ECM performance and a rebound in activity in our #4 ranked<sup>4</sup> Leveraged Finance franchise; significantly higher M&A and ECM pipelines expected to sustain momentum
  - Fixed Income sales & trading revenues declined as outperformance in Securitized Products, particularly in #1 ranked Asset Finance franchise<sup>5</sup> and Non-Agency, was offset by normalization in Emerging Markets, Macro and Global Credit Products activity vs. elevated 3Q20 levels
  - Equity sales and trading revenues declined due to continued de-risking in Prime Services; excluding Prime Services, revenues increased substantially driven by robust Equity Derivatives performance and higher Cash Equities results
- Reported provision for credit losses decreased driven by a release of USD 202 mn pertaining to an assessment of the future recoverability of receivables related to Archegos
- Operating expenses up 2% primarily due to higher general and administrative costs
- Continued disciplined capital management with RWA down USD 12 bn or 13% due to reductions in the Corporate Bank and Prime Services and leverage exposure down USD 38 bn or 10% primarily due to reductions in Prime Services

Note: Unless otherwise stated, all financial numbers presented and discussed are adjusted and exclude the loss related to Archegos. Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. All percentage changes and comparative descriptions refer to YoY measurements unless otherwise specified

† RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information 1 Other revenues include treasury funding costs and changes in the carrying value of certain investments 2 3Q21 includes USD 24 mn in revenues, USD 202 mn release of provisions and USD 26 mn in expense recovery. 2Q21 includes USD 542 mn in revenues losses, USD 77 mn in provisions and USD 34 mn in expenses 3 Includes restructuring, real estate disposals and major litigation 4 Dealogic as of September 30, 2021 5 Thomson Reuters as of September 30, 2021

# Asset Management

## Steady improvement in core revenues

### Adjusted key financials excl. significant items

in CHF mn	3Q21	2Q21	3Q20	Δ 3Q20
Management fees	290	285	261	11%
Performance & placement rev.	59	66	40	48%
Investment & partnership income	43	53	5	>500%
Net revenues	392	404	306	28%
Provision for credit losses	1	1	4	
Total operating expenses	276	297	270	2%
<b>Adj. pre-tax income</b>	<b>115</b>	<b>106</b>	<b>32</b>	<b>259%</b>
<b>Reported pre-tax income</b>	<b>2</b>	<b>104</b>	<b>18</b>	<b>(89)%</b>
<b>Adj. cost/income ratio</b>	<b>70%</b>	<b>74%</b>	<b>88%</b>	
<b>Adjusted return on regulatory capital<sup>†</sup></b>	<b>52%</b>	<b>45%</b>	<b>12%</b>	
<b>Reported return on regulatory capital<sup>†</sup></b>	<b>1%</b>	<b>44%</b>	<b>7%</b>	

### Key metrics

in CHF bn	3Q21	2Q21	3Q20	Δ 3Q20
Assets under management	475	471	439	8%
Net new assets	(1.7)	1.3	5.0	
Risk-weighted assets	8	10	11	(24)%
Leverage exposure	3	3	3	(24)%

### Key messages

- Reported PTI included a further impairment of CHF 113 mn related to the valuation of our non-controlling interest in York Capital Management
- Adjusted pre-tax income excluding significant items of CHF 115 mn, substantial YoY improvement benefitting from increases in all revenue lines
- Net revenues up 28% reflecting higher investment & partnership income, growth in recurring management fees reflecting higher AuM and increased performance & placement revenues
- Operating expenses increased 2% driven by expenses related to the SCFF matter, partially offset by lower variable compensation
- Net asset outflows of CHF 1.7 bn driven by outflows from Index, Credit, Insurance-linked Strategies and Fixed Income; delays related to mandates and fund closings impacting 3Q21
- RWA and leverage exposure largely decreased as a result of exiting non-core holdings in investments and partnerships

Note: Unless otherwise stated, all financial numbers presented and discussed are adjusted and exclude significant items. Results excluding certain items included in our reported results are non-GAAP financial measures. For further details and reconciliation information, see 3Q21 Supplemental Information. All percentage changes and comparative descriptions refer to YoY measurements unless otherwise specified

<sup>†</sup> RoRC is a non-GAAP financial measure and was updated in 3Q21 to align with Group capital and leverage ratios, see 3Q21 Supplemental Information

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