

Credit Suisse Investor Day 2017

Efficiency & Productivity

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Statement regarding non-GAAP financial measures

This presentation also contains non-GAAP financial measures, including adjusted results. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under US GAAP can be found in the Appendix of the CEO and CFO Investor Day presentations, published on November 30, 2017. All Investor Day presentations are available on our website at www.credit-suisse.com.

Statement regarding capital, liquidity and leverage

As of January 1, 2013, Basel III 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 III 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. 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.

Sources

Certain material in this presentation has been prepared by Credit Suisse on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

Key messages

Key priorities

- Deliver operating cost base* of <CHF 17 bn by end-2018
- Maintain strong cost discipline and drive the right behaviors to ensure continued cost savings and productivity gains beyond 2018

Progress since last Investor Day

- CHF 1.3 bn net cost* savings estimated to be delivered in 2017¹ bringing total net cost savings achieved since Year-end 2015 to CHF 3.2 bn across all cost types in all Divisions and Corporate Functions
- On track to deliver more than CHF 4.2 bn cumulative net cost* savings since 2015 to end-2018
- Disciplined execution of business exits, wind-downs and rationalizations continuing to be key in delivering on our cost target, while increasing focus on optimization and transformation activities

Way forward

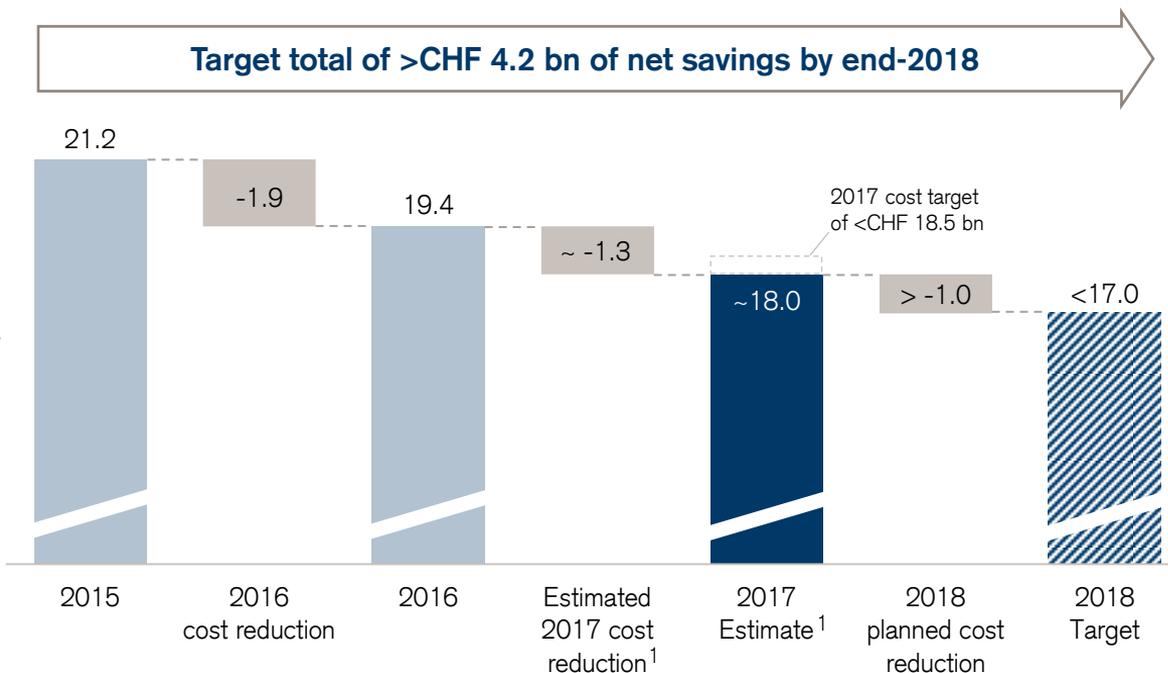
- Drive towards 2018 cost target, including roll-off of Legal Entity Program and wind-down of Strategic Resolution Unit
- Continue investment in technology and digitalization to promote ongoing productivity gains
- Apply front-to-back process optimization to increase both effectiveness and efficiency across the Bank

* See Appendix

¹ 2017 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates

Reducing 2017 costs to ~CHF 18.0 bn from <CHF 18.5 bn; cost base to reduce further to below CHF 17.0 bn in 2018

2015 – 2018 cost reduction program*
in CHF bn



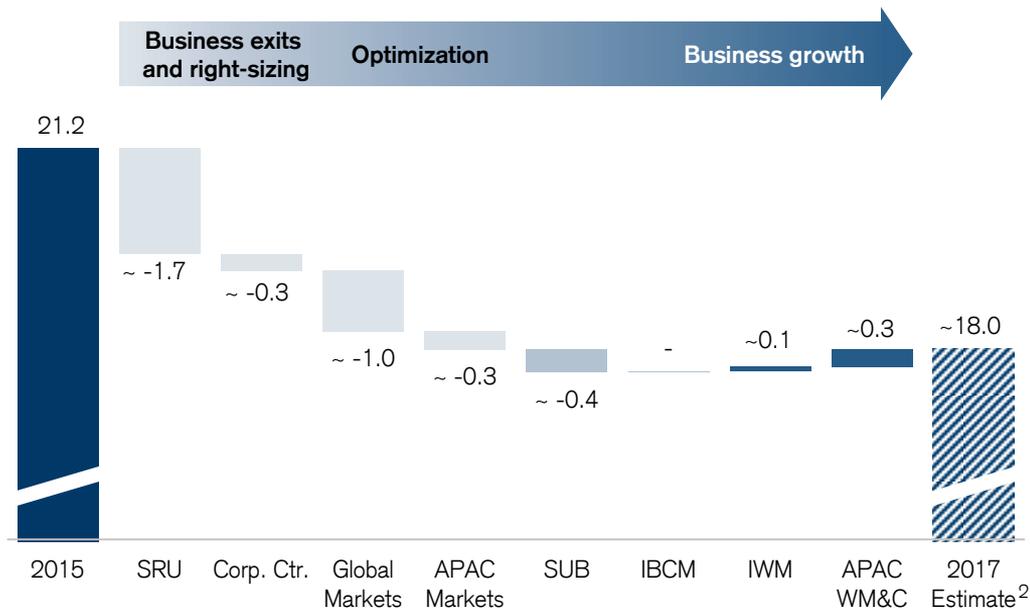
2019-2020 Adjusted operating expenses: CHF 16.5-17.0 bn²

Note: Illustrative path. Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix 1 2017 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates 2 Operating within the range, subject to market conditions and investment opportunities

* See Appendix

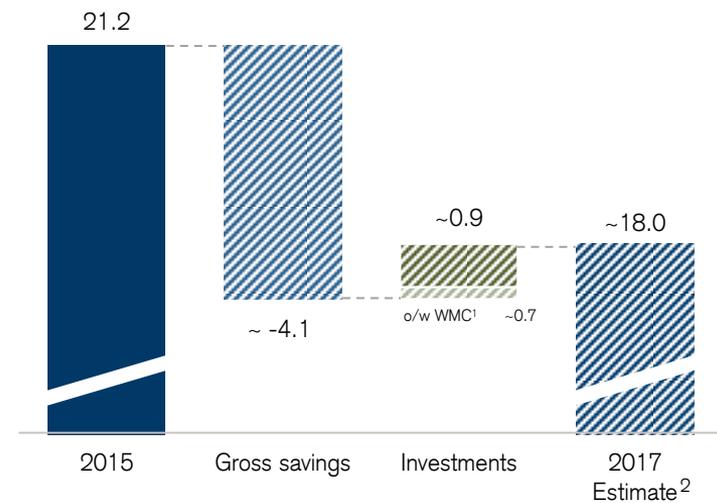
2015 to 2017 – Estimated net savings of ~CHF 3.2 bn after ~CHF 0.9 bn of investments, predominantly in Wealth Management and connected businesses

Adjusted operating expenses at constant FX rates* in CHF bn



Estimated gross savings and investments in CHF bn

Adjusted operating expenses at constant FX rates*



Note: Illustrative path. Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

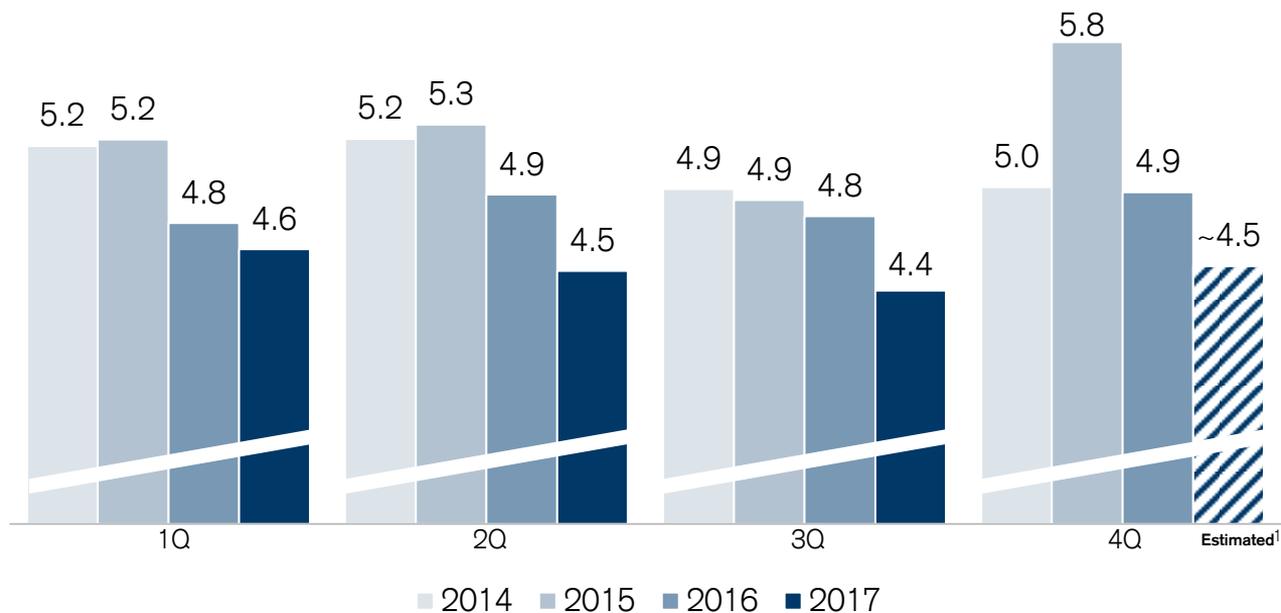
¹ Reflects Wealth Management and connected businesses and includes SUB, IWM, APAC WM&C and IBCM

² 2017 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates

* See Appendix

We proactively manage our cost base down

Group adjusted operating expenses* in CHF bn



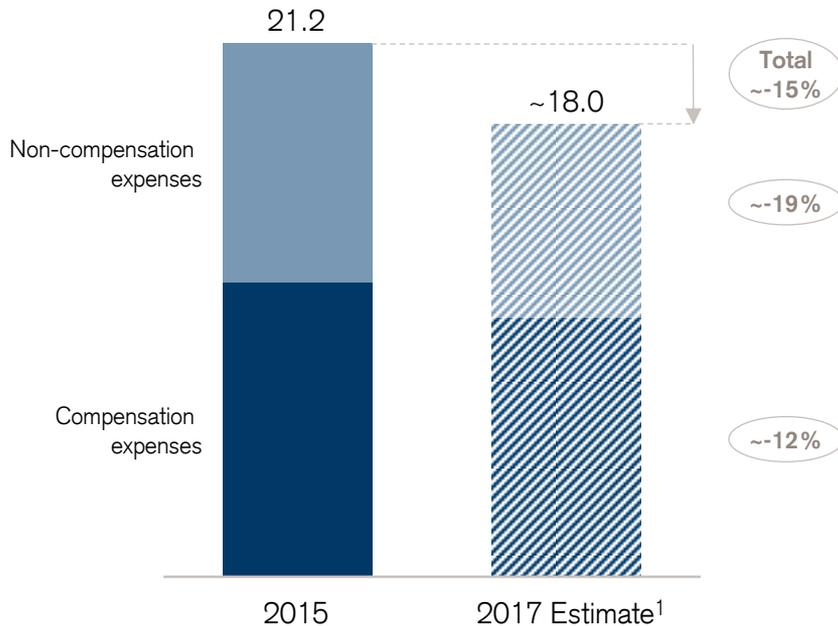
Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

1 4Q17 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates

* Measured at constant FX rates, see Appendix

Savings have been achieved across all cost types

Adjusted operating expenses at constant FX rates* in CHF bn



Examples

Non-compensation expenses:

- Contingent workers reduced by ~7,400
- Demand Management:
 - Consulting and legal spend reduced by 35%
 - Contractors services lowered by ~30%
 - Market Data optimized by 5% in 2017
- Supplier contracts consolidation by ~50% and vendor panel optimization by ~15%
- Reduction in buildings by 10% of building (14% in square meters)

Compensation expenses:

- Permanent employee footprint reduction of ~1,300
- High cost location reduction of ~2,800
- Increase in Business Delivery Centers by ~1,500

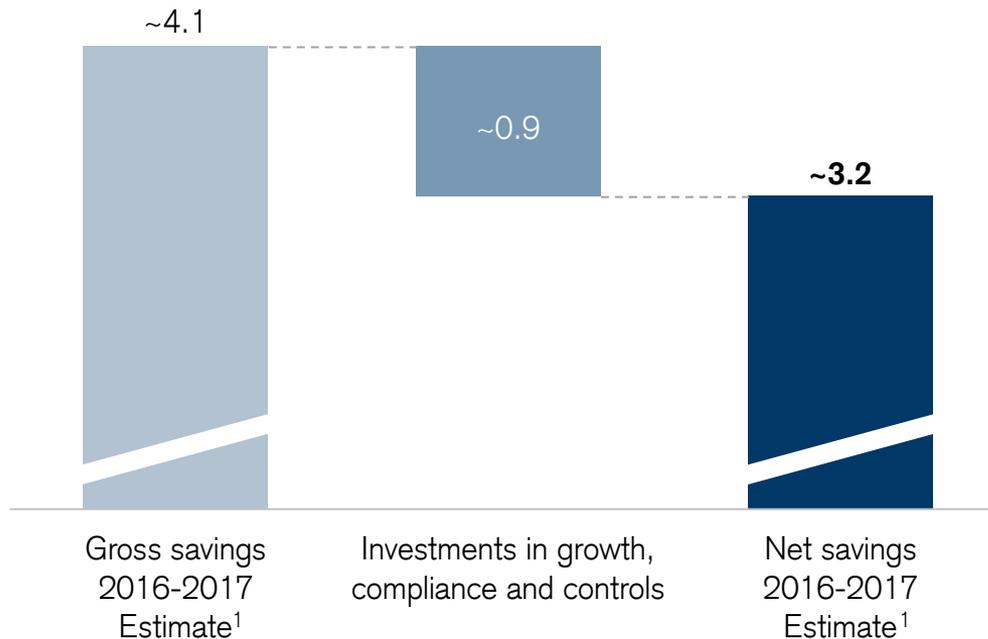
Note: Adjusted results are non-GAAP financial measures. A reconciliation to reported results is included in the Appendix

* See Appendix 1 2017 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates

While reducing costs, we have increased our spend in growth, compliance and controls

Group adjusted operating expense savings at constant FX rates*

in CHF bn



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* See Appendix

Our focus is to achieve sustainable cost reduction

Effectiveness to drive efficiency

- Executing with discipline the agreed strategic decisions
- Improving processes/services as way to generate efficiencies across the Group while maintaining a strong risk discipline
- Limiting optionality and focusing on prioritization and quality of execution

Transparency to drive accountability

- Enhanced Management Information aligned with identified cost drivers to support decision-making
- Adopting a front-to-back view on costs
- Rigorous tracking of cost savings, financial and non-financial benefits

Collaborative approach

- Overall joint partnership on costs across Divisions and Corporate Functions
- Active Demand and Supply management
- Driving consistent front-to-back approach to optimization of processes and services

Aligned to Group strategy and operating model

- Top-down approach (with regular cost reviews at Executive Board level) combined with bottom-up accountability
- Divisions and Corporate Functions empowered to drive cost agenda according to their specific requirements
- Program execution embedded in the Group's financial governance and business processes
- Institutionalize infrastructure and processes to continuously improve cost discipline

Key internal levers to achieve sustainable cost reduction

Key internal levers

Discontinue

redundant processes, activities and applications

Optimize

and standardize organizational structures and underlying business processes

Transform

operating model in line with the Group's overarching strategy

Areas of focus

Business exits

- Sale of Private Banking US onshore business, Monaco, Gibraltar
- Roll-off of Legal Entity Program

Business rationalization

- Global Markets Accelerated Restructuring and APAC Markets Restructuring
- SUB operating model simplification
- London rightsizing

Cost discipline

- Institutionalize Demand Management processes
- Maintain discipline of Change the Bank spend notably through prioritization of programs at Division and Group level
- Calibrate quarterly and annual financials to synthesize cost achievements across Divisions and Corporate Functions

Drive Operating Model effectiveness

- Execute front-to-back operating and cost model rightsizing
- Continue footprint optimization
- Enhance effectiveness in delivering change

Leverage Technology and Innovation

- Drive front-to-back process automation and infuse innovative technology (AI, Deep Learning, Distributed ledger, Smart Contracts)
- Simplify our technology estate whilst moving towards Cloud-based IT infrastructure

We have a disciplined and strategic approach to our workforce and global footprint

Employee categories	Workforce strategy philosophy	Achievements 2016 / 2017	Workforce strategy plans
<div style="display: flex; align-items: center;"> <div style="background-color: #e0e0e0; padding: 10px; margin-right: 10px;">68%</div> <div style="background-color: #003366; color: white; padding: 10px; flex-grow: 1;">Permanent employees</div> </div>	<ul style="list-style-type: none"> ■ Balanced global senior footprint ■ Continued investment in our talent base 	<ul style="list-style-type: none"> ■ Employee footprint reduced with a focus on high cost locations (e.g. London and New York) ■ Strengthened Business Delivery Centers footprint in Pune and Raleigh ■ Opened a new site in Warsaw 	<ul style="list-style-type: none"> ■ Continued rebalancing of permanent employees for knowledge retention and cost efficiency, with further optimization
<div style="display: flex; align-items: center;"> <div style="background-color: #e0e0e0; padding: 10px; margin-right: 10px;">32%</div> <div style="background-color: #003366; color: white; padding: 10px; flex-grow: 1;">Contractors¹</div> </div>	<ul style="list-style-type: none"> ■ Temporary high skilled staff augmentation 	<ul style="list-style-type: none"> ■ Aligned contractor resources ■ Strategic conversion of over 1,000 contractors to permanent employees 	<ul style="list-style-type: none"> ■ Maintain contractor levels for specialist skills
<div style="display: flex; align-items: center;"> <div style="background-color: #e0e0e0; padding: 10px; margin-right: 10px;">32%</div> <div style="background-color: #6699cc; color: white; padding: 10px; flex-grow: 1;">Outsourced²</div> </div>	<ul style="list-style-type: none"> ■ Leverage commodity services across the Industry ■ Share delivery responsibility with 3rd party vendors 	<ul style="list-style-type: none"> ■ Rightsized Managed Capacity contracts ■ Consolidated contracts 	<ul style="list-style-type: none"> ■ Continue to identify opportunities to transition from Managed Capacity to Managed Services
<div style="display: flex; align-items: center;"> <div style="background-color: #e0e0e0; padding: 10px; margin-right: 10px;"></div> <div style="background-color: #99c0e0; padding: 10px; flex-grow: 1;">Consultants³</div> </div>	<ul style="list-style-type: none"> ■ Strategic advisory services on short term basis 	<ul style="list-style-type: none"> ■ Consulting spend reduced by 35% 	<ul style="list-style-type: none"> ■ Rationalize Consulting vendor tail

1 Third party person selected and managed by Credit Suisse 2 Credit Suisse to reserve capacity and define required skill-set, but staff selection, management and accountability for timely delivery remain under full control and discretion of third party 3 Credit Suisse to select senior partner, but 3rd party firm selects and manages support staff

Continue to reduce costs and drive effectiveness in a sustainable manner through increased focus on Optimize and Transform initiatives



Front-to-back Operating Model Review

Strategic and interactive approach to defining and implementing a front-to-back mindset across Divisions and Corporate Functions



Effectiveness in Delivering Change

Increase productivity while continuing to invest with the objective of 10–15% efficiency gains in software development activities over the next two years



Automation of Processes

Front-to-back process reengineering applying advanced technologies such as Intelligent Workflow, Robotics, Analytics, Machine Learning and Artificial Intelligence



Rationalization of Technology Estate

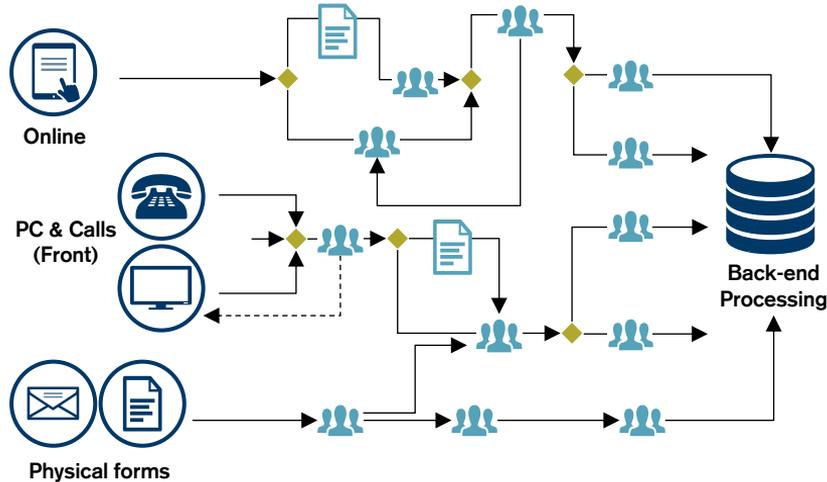
Drive efficiencies in a sustainable manner through the use of advanced technologies and continue application simplification and decommissioning



Systematically adopt front-to-back approach when reviewing processes

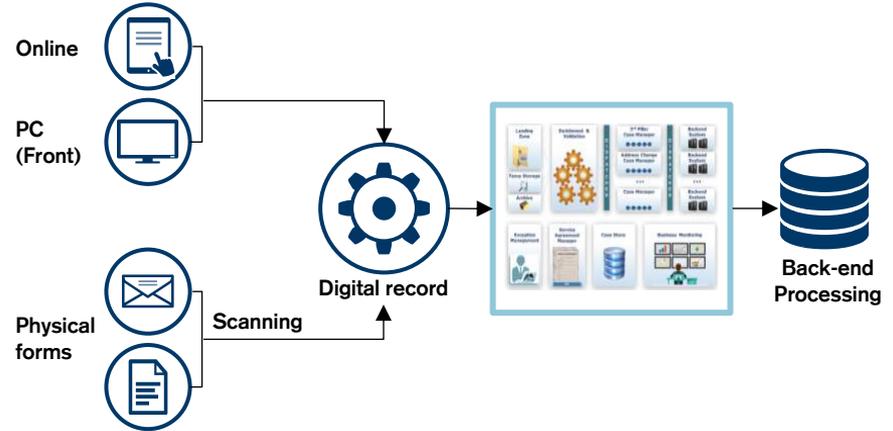


Example SUB Digitalization – Legacy state



- High manual work load with media breaks in processing
- Multi channel operations processing
- Process handoffs between front and back process units

Example SUB Digitalization – End state



- Digitalize more than 200 operational processes from front-to-back
- Develop new highly scalable digitization and scanning infrastructure
- Eliminate paper flows and track process effectiveness
- Improve digital client experience

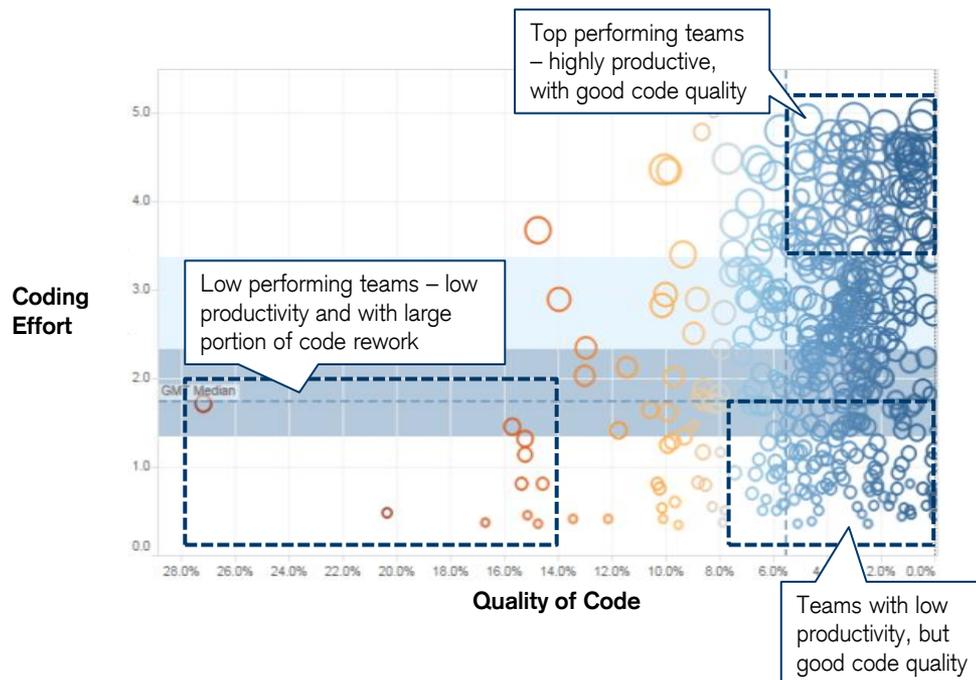
Measuring and managing developers' productivity by introducing software development telemetry



Productivity Analytics Platform

- Established fully integrated development platform which serves as repository to capture key artifacts while developing software
- Added a reporting suite to analyze software development effectiveness based in change in the code base
- Evaluate coding effort depending upon language, volume of code and complexity
- Assess coding quality through identification of code rework and maintainability
- Identify the characteristics of high performing teams (quantity and quality) to replicate across wider organizations

Example – Coding Effort vs. Quality of Code



We automate re-engineered processes using state-of-the-art technology



Example – Pre-matching settlement

Re-engineered Manual Process



Robot handles interaction (2017)



Expect to enhance with AI (2018+)



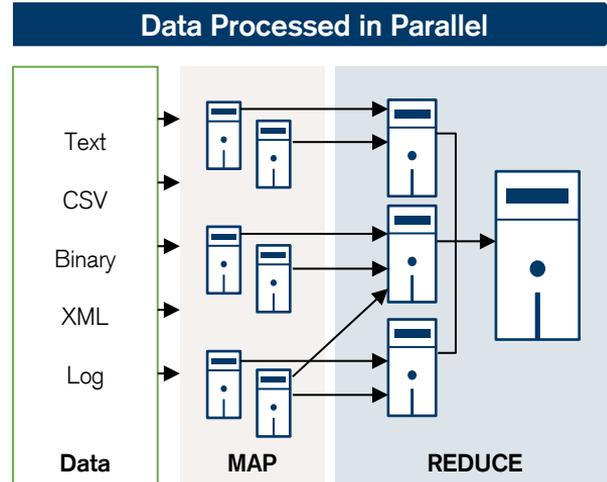
Applying “Big Data” in Group Financial Accounting



Challenge

- Millions of trade records daily applying up to 50,000 rules on more than 200 servers supporting development test and production of infrastructure
- Increased complexity, operations and change cost of calculations framework
- Considerable growth of data storage costs of legacy infrastructure

Example – Big Data Capital Calculation Infrastructure



In-memory calculation engine using “Big Data” based on open source software, with separate rules engine logic

- Faster processing and aggregation reducing calculation time¹:
 - Americas from 90 to 18 minutes
 - EMEA from 120 to 27 minutes
 - APAC from 20 to 12 minutes
- Greater scalability, simplicity, flexibility and re-usability to meet future regulatory demands
- Data storage compression tools reducing storage costs by 90%
- Reduced Total Cost of Ownership

¹ As of implementation in January 2017

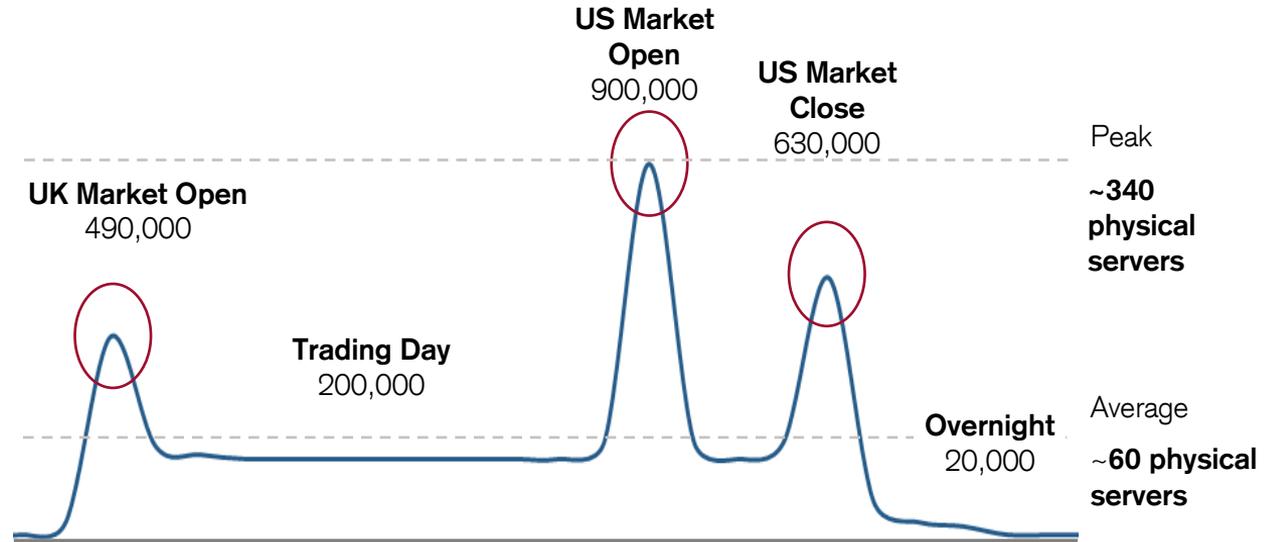
Cloud as solution to limit need to Build for Peak



Cloud as a solution

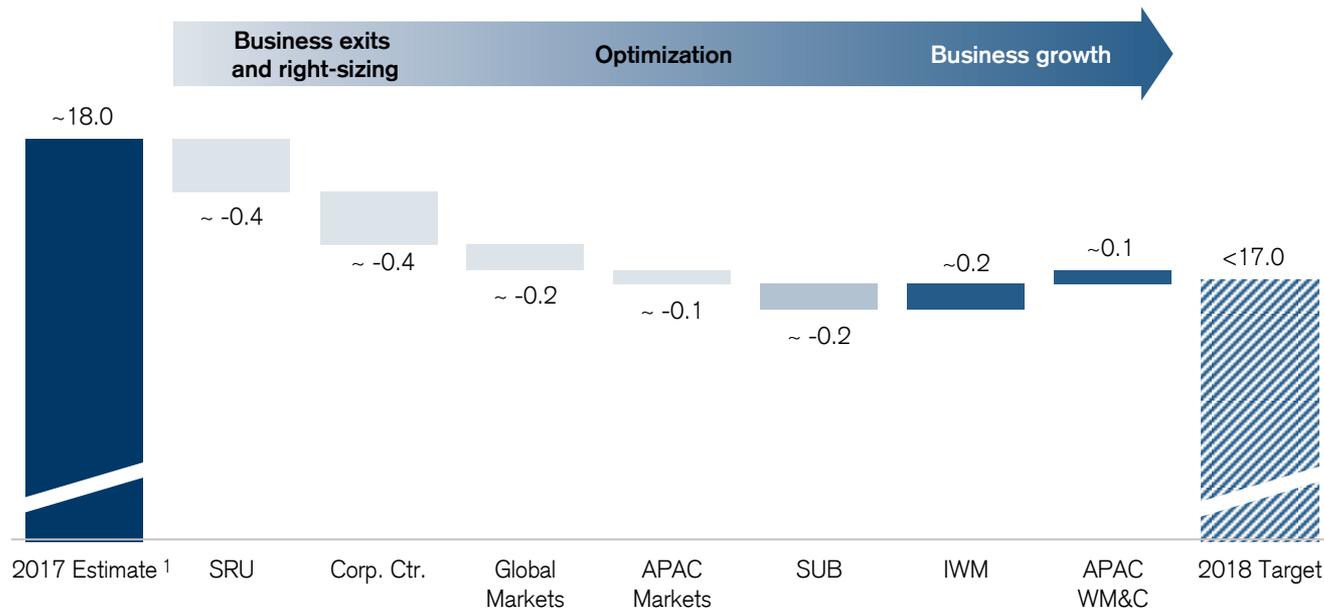
- Cloud management platform with highly automated solution set for infrastructure and application management
- Using the Cloud to reduce costs through consumption-based charging for average data volume
- Dealing with peak capacity more effectively both from a cost and risk perspective

Example – CS Intraday Market Data Infrastructure – Price updates per second



2017 to 2018 – On track to achieve cost target of <CHF 17.0 bn after growth investments

Adjusted operating expenses at constant FX rates* in CHF bn



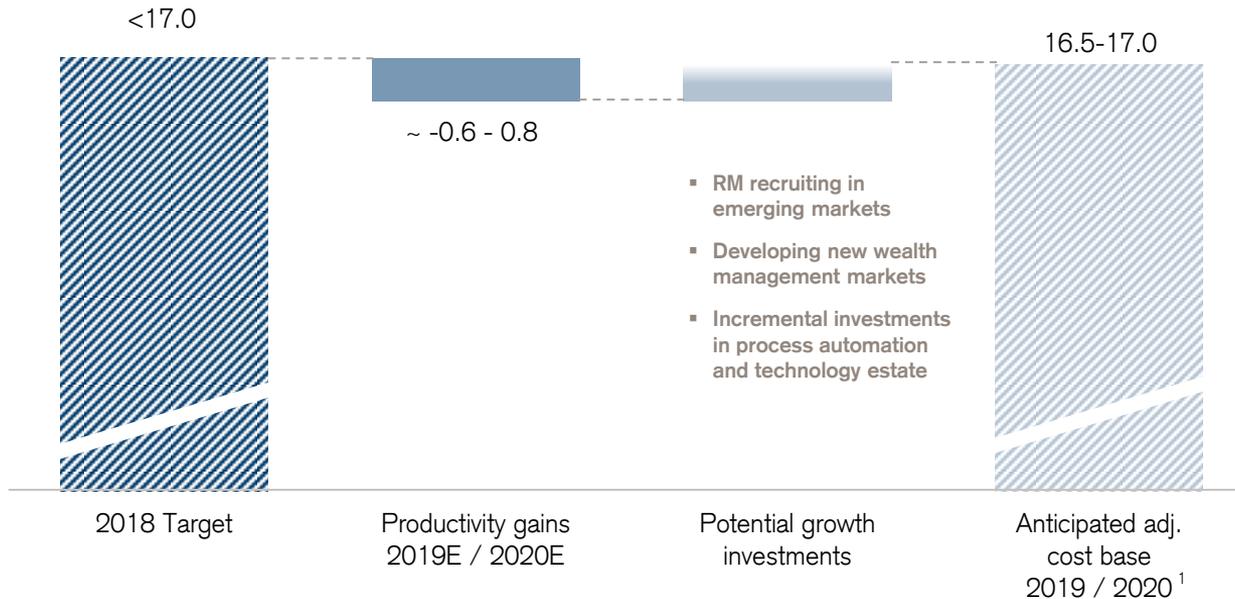
Note: Illustrative path. Adjusted results are non-GAAP financial measures

1 2017 estimate based on currently available information and beliefs, expectations and opinions of management as of the date hereof. Actual results for 2017 may differ from any estimates

* See Appendix

2019 to 2020 – Continued productivity gains expected; Group aims to operate at a cost base of CHF 16.5 – 17.0 bn, subject to market conditions

Adjusted operating expenses at constant FX rates*
in CHF bn



**2019-2020
Adjusted operating expenses:
CHF 16.5-17.0 bn¹**

Note: Illustrative path. Adjusted results are non-GAAP financial measures

* See Appendix 1 Operating within the range, subject to market conditions and investment opportunities

Embedding sustainable cost discipline – some perspectives

Rebalance our **outsourcing towards Managed Outcome and Managed Service** where up to 50% savings can be achieved

Through the advent of Agile, Dev Ops, Demand Management, we will strive for 10-15% **efficiency in IT Change** by end 2018

In order to drive further efficiencies and **reduce client maintenance costs**, we plan to off-board more than 70,000 low return client accounts during 2018

We continue to embrace **advancements in communications** and simplify our associated costs, e.g. transition to softphone based solution for ~80% of the overall voice estate by 2019, retire 60,000 phones

We continue to **build out our Cloud infrastructure** capabilities by migrating 60% of our Operating System instances to the Cloud by 2020

In order to simplify our IT estate and reduce CTB on non-strategic applications, we expect further **decommissioning of 400 IT applications** in the next 3 years

Continue to focus and **re-engineer our manual processes** and overlay RPA as a strategic imperative, with the objective of 350-400 Robots in active use by end 2019

We intend to further **leverage Big Data** across Risk and Finance Functions. For example in Finance IT to reduce batch processing time by ~60%

Address our **consulting tail** where 80% of consulting firms represent 20% of spend

Appendix

Notes (1/2)

General notes

- For reconciliation of **adjusted to reported results**, refer to the Appendix of either the CEO or CFO Investor Day 2017 presentation. Throughout the presentation rounding differences may occur
- Unless otherwise noted, all **CET1 ratio, Tier 1 leverage ratio, risk-weighted assets** and **leverage exposure** figures shown in this presentation are as of the end of the respective period and on a "look-through" basis
- **Gross and net margins** are shown in basis points
Gross margin = adj. net revenues annualized / average AuM; net margin = adj. pre-tax income annualized / average AuM
- **Mandates penetration** reflects advisory and discretionary mandates as percentage of total AuM

Specific notes

* Our cost savings program is measured using adjusted operating expenses at constant FX rates. "Adjusted operating expenses at constant FX rates" and "adjusted non-compensation operating expenses at constant FX rates" include adjustments as made in all our disclosures for restructuring expenses, major litigation expenses and a goodwill impairment taken in 4Q15 as well as adjustments for certain accounting changes (which had not been in place at the launch of the cost savings program), debit valuation adjustments (DVA) related volatility and for FX, applying the following main currency exchange rates for

1Q15: USD/CHF 0.9465, EUR/CHF 1.0482, GBP/CHF 1.4296, 2Q15: USD/CHF 0.9383, EUR/CHF 1.0418, GBP/CHF 1.4497,
3Q15: USD/CHF 0.9684, EUR/CHF 1.0787, GBP/CHF 1.4891, 4Q15: USD/CHF 1.0010, EUR/CHF 1.0851, GBP/CHF 1.5123,
1Q16: USD/CHF 0.9928, EUR/CHF 1.0941, GBP/CHF 1.4060, 2Q16: USD/CHF 0.9756, EUR/CHF 1.0956, GBP/CHF 1.3845,
3Q16: USD/CHF 0.9728, EUR/CHF 1.0882, GBP/CHF 1.2764, 4Q16: USD/CHF 1.0101, EUR/CHF 1.0798, GBP/CHF 1.2451,
1Q17: USD/CHF 0.9963, EUR/CHF 1.0670, GBP/CHF 1.2464, 2Q17: USD/CHF 0.9736, EUR/CHF 1.0881, GBP/CHF 1.2603,
3Q17: USD/CHF 0.9645, EUR/CHF 1.1413, GBP/CHF 1.2695.

These currency exchange rates are unweighted, i.e. a straight line average of monthly rates. We apply this calculation consistently for the periods under review. Adjusted non-compensation expenses are adjusted operating expenses excluding compensation and benefits. To calculate adjusted non-compensation expenses at constant FX rates, we subtract compensation and benefits (adjusted at constant FX rates in the manner described above) from adjusted operating expenses at constant FX rates.

† Regulatory capital is calculated as the worst of 10% of RWA and 3.5% of leverage exposure. Return on regulatory capital is calculated using (adjusted) income after tax and assumes a tax rate of 30% and capital allocated based on the worst of 10% of average RWA and 3.5% of average leverage exposure. For the Markets business within the APAC division and for the Global Markets and Investment Banking & Capital Markets divisions, return on regulatory capital is based on US dollar denominated numbers. Adjusted return on regulatory capital is calculated using adjusted results, applying the same methodology to calculate return on regulatory capital.

Notes (2/2)

Abbreviations

Adj. = Adjusted; AI = Artificial Intelligence; AM = Asset Management; AML = Anti-Money Laundering; APAC = Asia Pacific; AT1 = Additional Tier 1; AuM = Assets under Management; BCBS = Basel Committee on Banking Supervision; BIS = Bank for International Settlements; bps = basis points; CAGR = Compound Annual Growth Rate; CCRO = Chief Compliance and Regulatory Affairs Officer; CET1 = Common Equity Tier 1; CIC = Corporate & Institutional Clients; CIF = Customer/Client Information File; Corp. Ctr. = Corporate Center; CVA = Credit Valuation Adjustment; DCM = Debt Capital Markets; EAM = External Asset Manager; ECM = Equity Capital Markets; EM = Emerging Markets; EMEA = Europe, Middle East & Africa; EPS = Earnings Per Share; EQ = Equities; EU = European Union; FICC = Fixed Income, Currencies & Commodities; FINMA = Swiss Financial Market Supervisory Authority; FLP = Fund Linked Products; FRTB = Fundamental Review of the Trading Book; FX = Foreign Exchange; G10 = Group of Ten; GDP = Gross Domestic Product; GM = Global Markets; IBCM = Investment Banking & Capital Markets; IBD = Investment Banking Department; IC = Investment Consultant; IMF = International Monetary Fund; IP = Investor Products; IPO = Initial Public Offering; IRB = Internal Ratings Based; IT = Information Technology; ITS = International Trading Solutions; IWM = International Wealth Management; JV = Joint Venture; LSC = Large Swiss Corporates; M&A = Mergers & Acquisitions; MI = Management Information; Mkts = Markets; NNA = Net new assets; Op Risk = Operational Risk; PB = Private Banking; PC = Private Clients; PEP = Politically Exposed Person; pp = percentage points; PTI = Pre-tax income; PPMC = Private & Wealth Management Clients; RM = Relationship Manager(s); RoRC = Return on Regulatory Capital; RoTE = Return on Tangible Equity; RPA = Robotic Process Automation; RWA = Risk-weighted assets; SA-CCR = Standardized Approach to Counterparty Credit Risk; SME = Small and Medium-Sized Enterprises; SMG = Systematic Market-Making Group; SoW = Share of Wallet; SRU = Strategic Resolution Unit; SUB = Swiss Universal Bank; TBTF = Too Big To Fail; TBVS = Tangible Book Value per Share; (U)HNW(l) = (Ultra) High Net Worth (Individuals); VaR = Value-at-Risk; VIX = Volatility Index; WM = Wealth Management; WM&C = Wealth Management & Connected; YoY = Year over year; YTD = Year to Date

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