

# Credit Suisse Investment Banking and Diversified Financials Conference

London

March 1, 2006

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# DISCLAIMER

## Cautionary statement regarding forward-looking information

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements 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" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2004 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 laws.

# Agenda

- Investment Banking strategy update
- Questions & Answers

# Creating a more focused and efficient franchise

## Expand platform to leverage key trends

- Emerging markets
- Prime services
- Electronic trading
- Leveraged finance
- CMBS / RMBS
- Commodities
- Proprietary trading

*Build on strengths*

*Close gaps*

## Improve focus, execution and efficiency

- Cost cutting and process improvements
- Resources directed to businesses and clients that matter most
- Disciplined client segmentation
- Increased accountability for coverage

### Goals for 2007

Net income  
> CHF 3 bn

Pre-tax margin  
> 20%

Return on capital  
> 20%

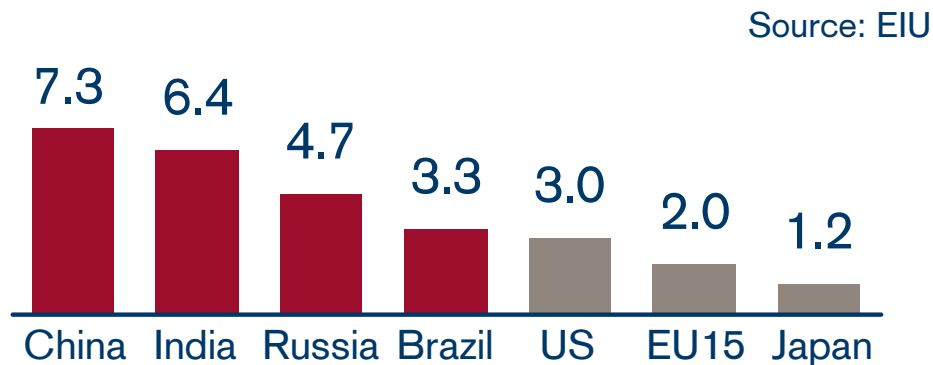
Note: Goals for 2007 are for combined Institutional Securities and Wealth & Asset Management as per 2005 reporting structure

Expand platform to leverage key trends

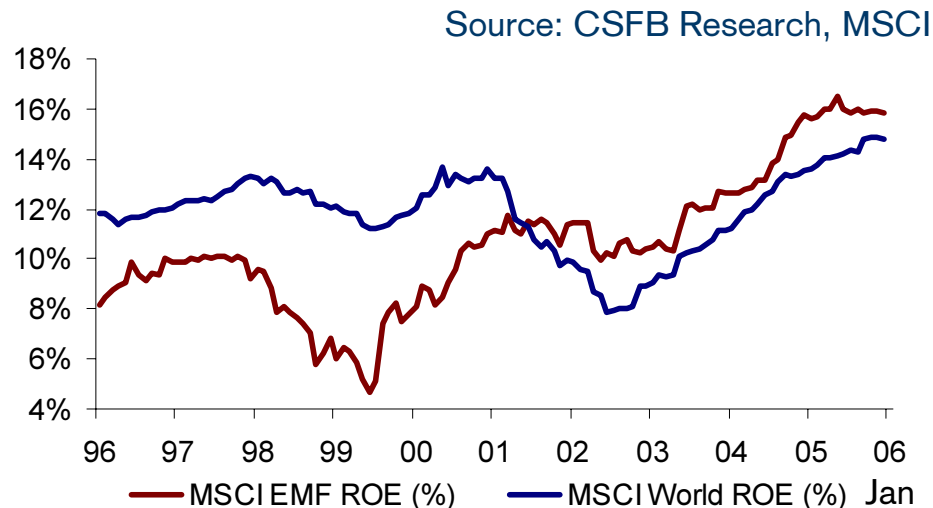
Improve focus, execution and efficiency

# Leader in emerging markets (“EM”)

## Real GDP growth over next 5 years in %



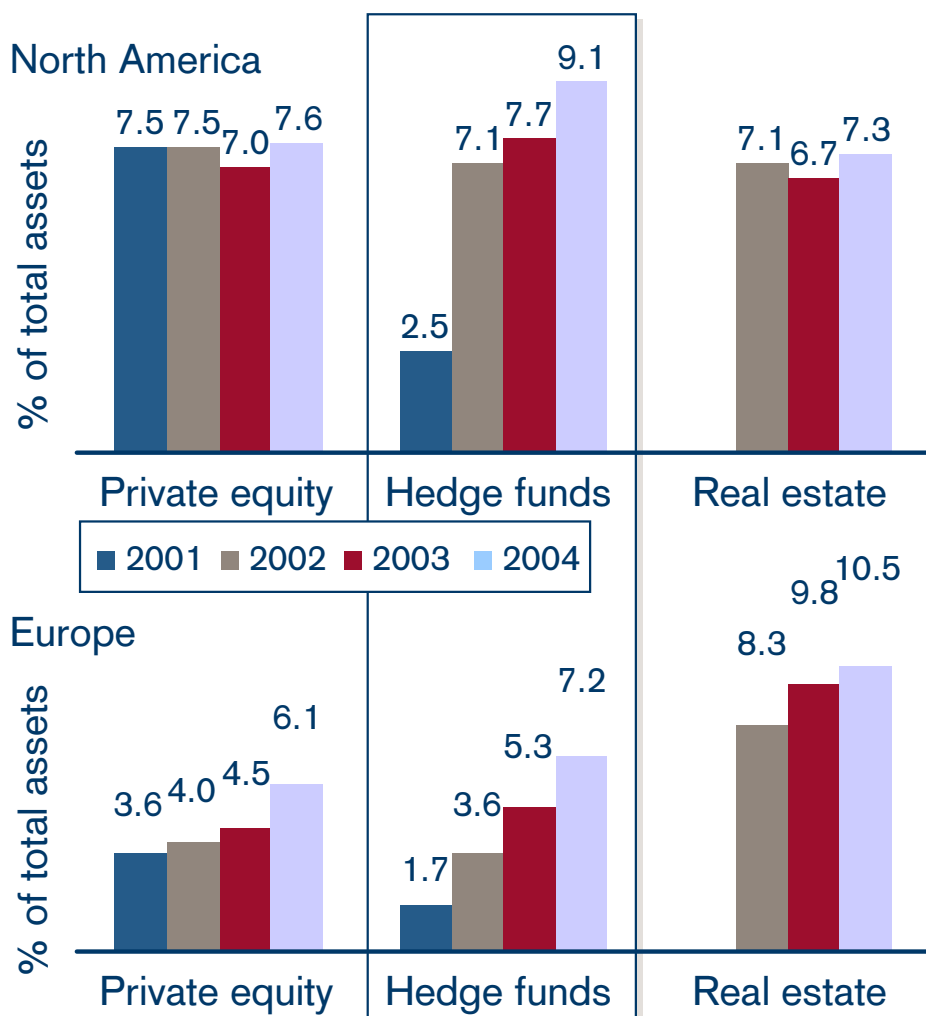
## Return on equity: EM vs. global



- Leader in most important markets
  - Russia, China, Mexico, Brazil
- External recognition
  - #1 emerging market debt house (Euromoney 2005)
  - #1 IPO franchise in China, Brazil, and Central and Eastern Europe (2005)
  - Best M&A House in Asia Pacific (The Banker 2005)
- Continue to build on industry-leading platform

# Prime services - outperforming in the hedge fund sector

## Allocation to alternative investments



Source: Russell Research

- CS now recognized as a top provider to hedge funds

- #2 prime broker (Global Custodian, 2005)
- #2 global prime broker (Institutional Investor, 2005)
- #1 "Best Lender" (International Securities Finance)

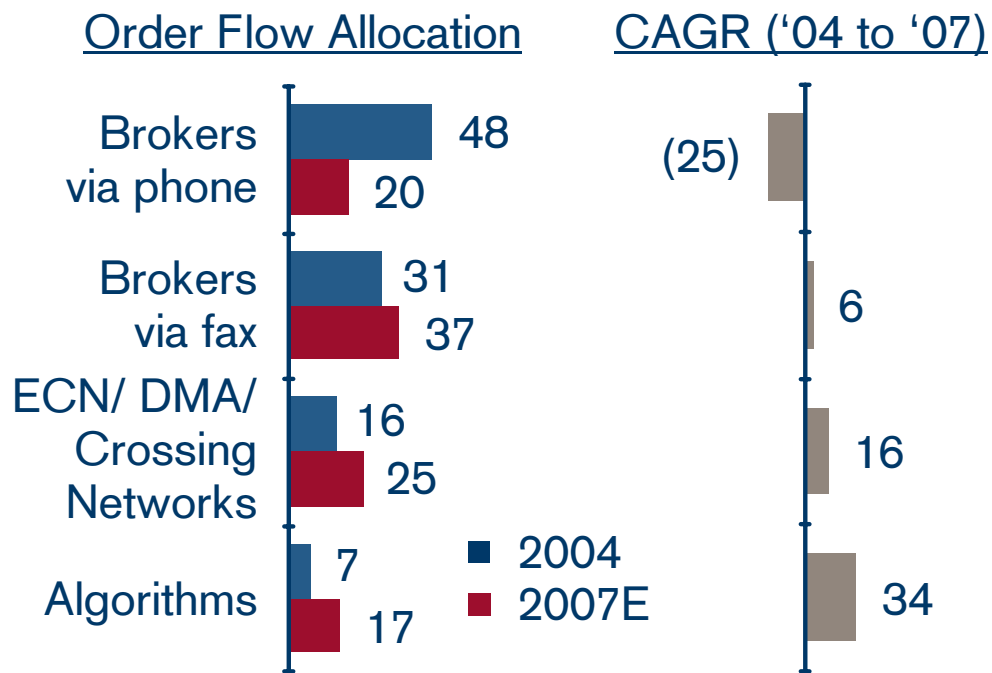
- We have strong momentum in this rapidly evolving area

- Prime Services FY05 revenues up 50%
- Hedge fund balances grew at three times market rate since 2003

# Market leader in electronic trading

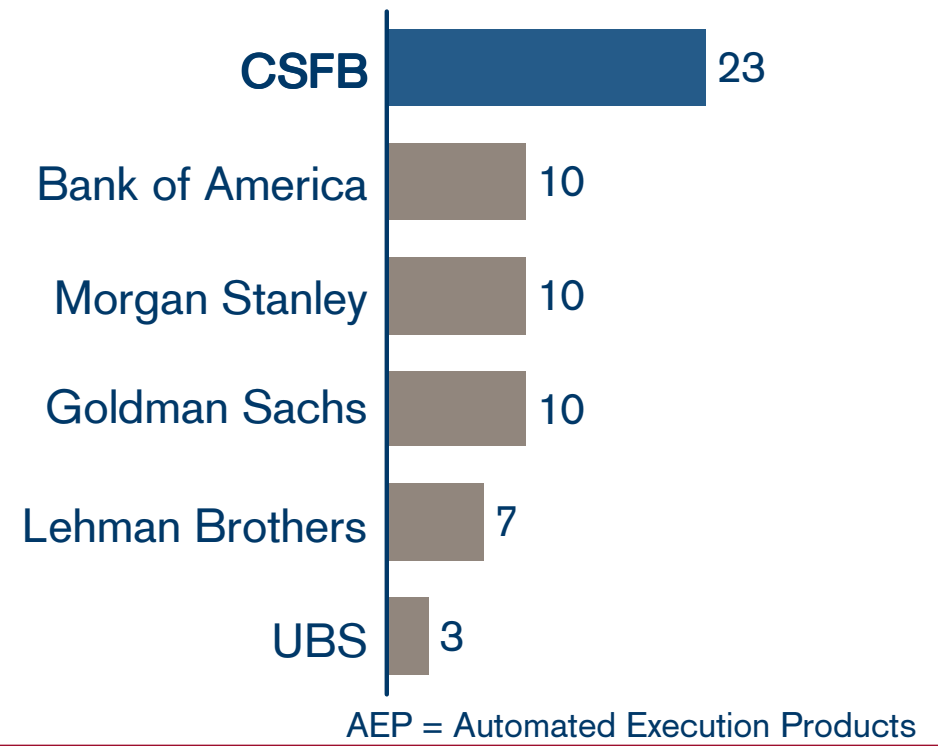
- Tremendous growth in revenue
- #1 Program / Portfolio trading technology (Institutional Investor, 2005)
- Continue to enhance AEP capabilities

Change in orders flow pattern in %



Source: TABB Group (2005)

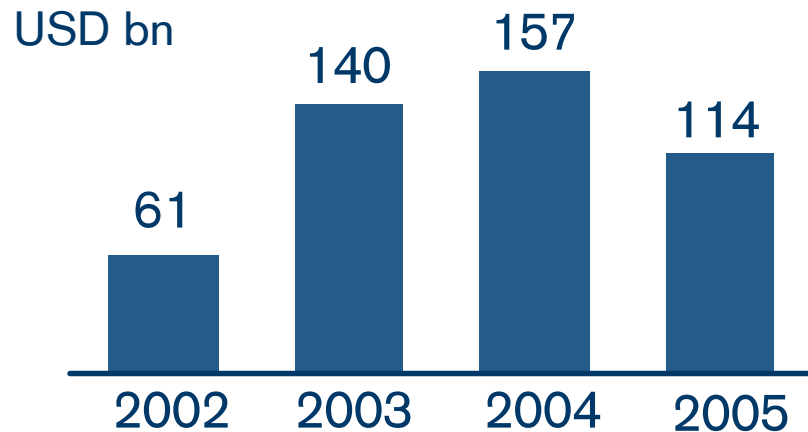
Algorithmic trading market share in %



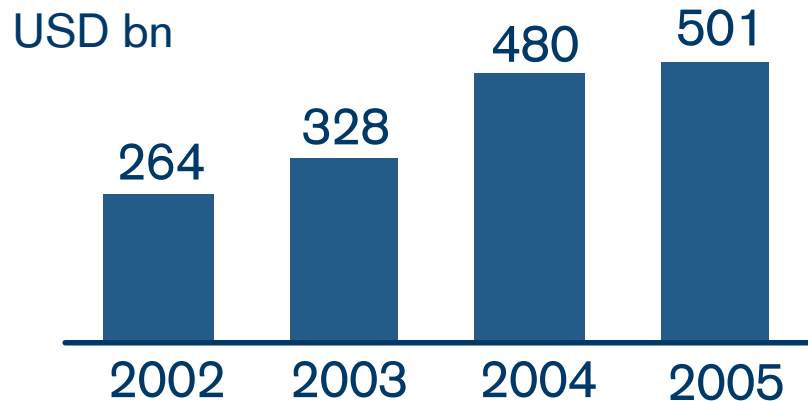


# Leveraged finance franchise continues to be an industry leader

## Global high yield new issuance



## US leveraged loan new issuance



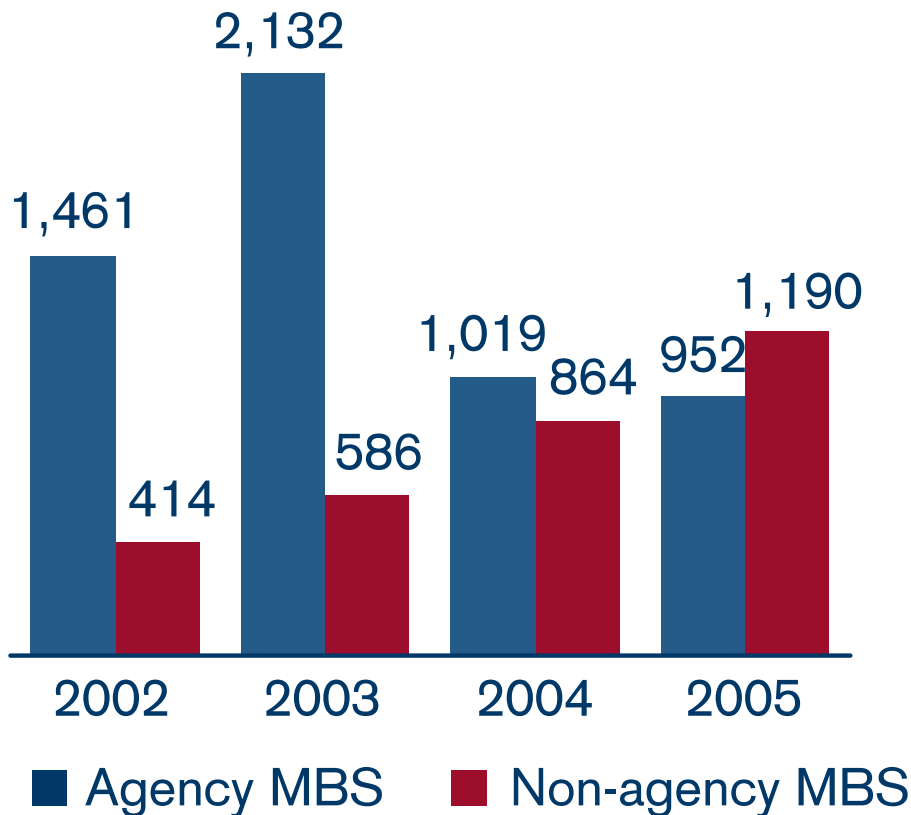
Source: CSFB Leveraged Finance Research

- Record revenues 2005, despite industry-wide decline in new high yield issuance
- Leading platform
  - Loan trading house of the year (IFR Magazine, 2005)
  - #1 High yield sales & trading (Greenwich Survey, 2005)
  - #1 Leveraged finance research (Institutional Investor, 2005)
- Several key growth initiatives
  - Expansion in Europe and Asia
  - Proprietary trading

# Residential mortgages have shown strong growth

## US MBS issuance

USD bn



- Despite short-term cyclical factors, trends support long-term growth of the residential mortgage market
- Strategic focus on higher growth non-agency market
- Significantly increased origination volumes in our RMBS group
- Acquisition of mortgage servicer SPS lowers operating costs and gives counter cyclical hedge

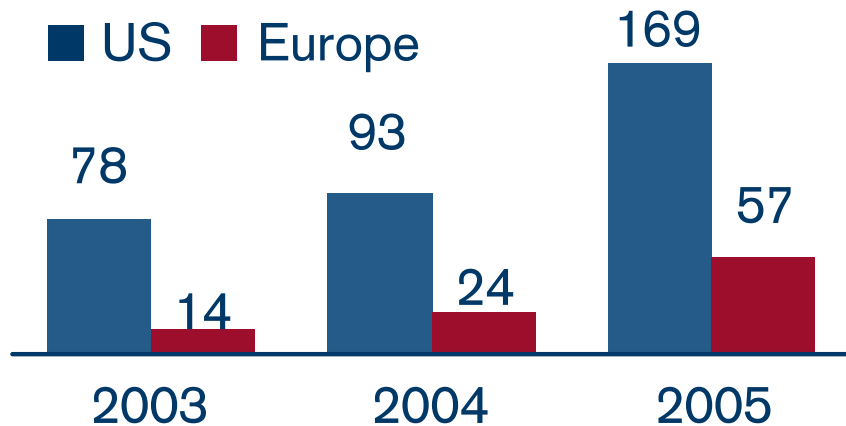
MBS = mortgage-backed securities

RMBS = residential MBS

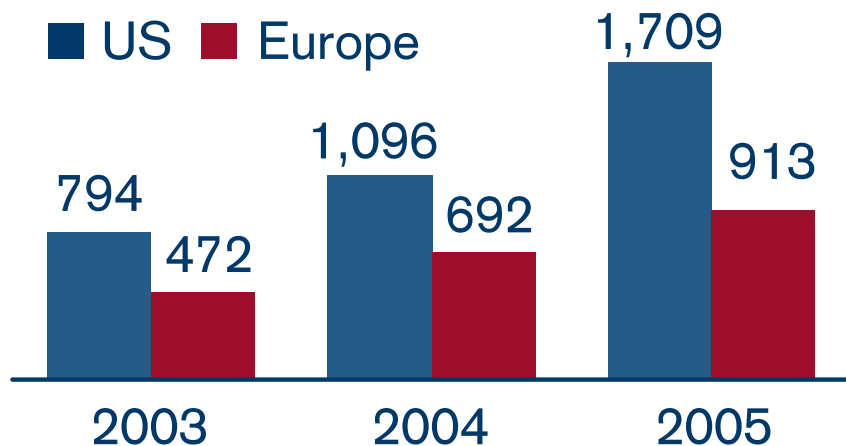
Source: Inside MBS and ABS

# Commercial mortgages have also grown rapidly

## CMBS new issuance in USD bn



## Average deal size in USD m



- Broadly diversified platform
- Strong expansion into Europe
- Innovative products in US
- Continued expansion in Asia

CMBS = commercial mortgage-backed securities  
Source: Commercial Mortgage Alert and CSFB

# Platform expansion action items: examples of good progress and clear improvement

## Initiative

## Progress

Residential mortgage-backed securities

- Increase origination
- Buy mortgage servicer
- Increase risk

- Monthly origination up 35% in '05
- Purchased SPS
- Allocated additional capital

Commercial mortgage-backed securities

- Expand European platform
- Continue to penetrate Asian markets
- Grow origination outlets

- Originations in Europe up 291%
- Active in China / Japan
- Leader in innovative transactions, e.g. condominium conversion loans

Global markets solutions group

- Form integrated financing group to leverage broad product capabilities
- Focus on high-margin products

- #1 in global IPOs
- Continued strength in leveraged finance
- Enhanced derivatives cross-sell

# Platform expansion action items: examples of good progress and results to come

## Initiative

## Progress

### Proprietary trading

- Form unified group across Fixed Income and Equity division
- Assume greater risk

- Increased headcount by 20%
- Building fixed income capability
- Increased Value-at-Risk

### Commodities

- Establish commodities trading business

- Made key hires
- Commenced trading
- Strategic alliance with Glencore International

# Platform expansion action items: example of more work to do

## Initiative

## Progress

### Derivatives

- Further expand and develop derivatives franchise
- Build out infrastructure and systems

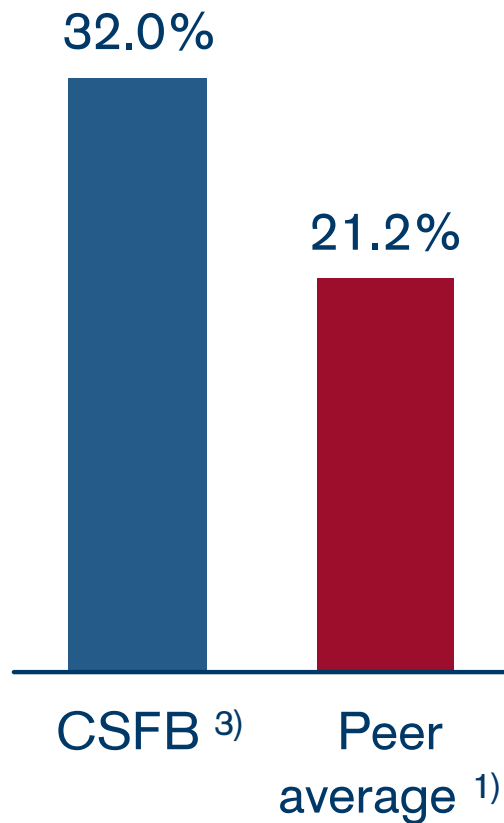
- Formed firm-wide structuring group
- Listed options on all major exchanges
- Expanded back book trading

Expand platform to leverage key trends

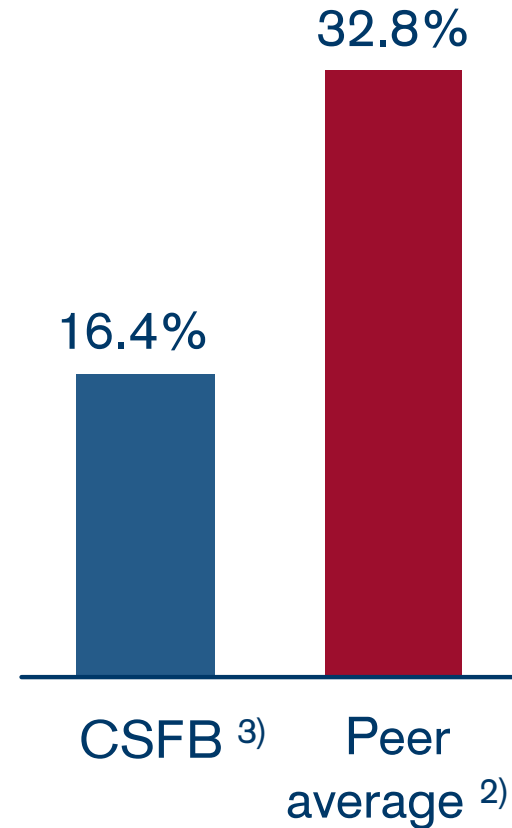
Improve focus, execution and efficiency

# Significant opportunity to reduce non-compensation expenses

2005 Non-comp / revenues



2005 Pre-tax margin



1) Peer Average comprises LEH, GS, JPM (data as reported for comparable businesses only)

2) Peer Average comprises LEH, GS, MS, JPM, MER, DB, UBS (data as reported for comparable businesses only)

3) Excluding the charge to increase the reserve for private litigation matters and excluding minority interests results due primarily to the FIN 46R consolidation



# Acceleration of non-compensation expense initiative

Goal: To achieve sustainable, long-term cost reductions

- Created Expense Management Board and completed diagnostic phase in 2005
- Hired Head of Expense Management in Feb'06
  - Proven change agent in expense management and productivity improvement

## Major categories of identified expense savings

Commissions

Premises / Office moves

Contractors / Temporary employees

IT Machinery & Equipment

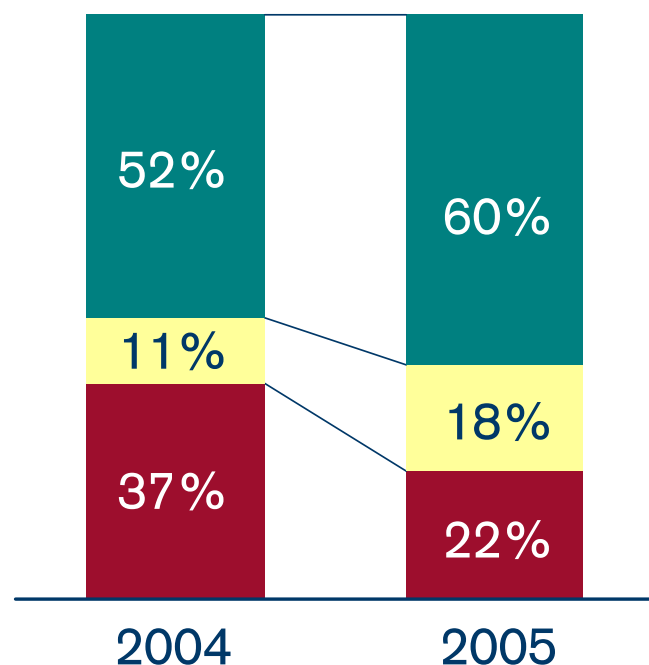
Consulting, business and tax services

Travel & Entertainment

# Shifting financial resources to higher margin businesses

- Improved RWA and ERC efficiency versus 2004
- Continued focus on resource allocation to maximize performance

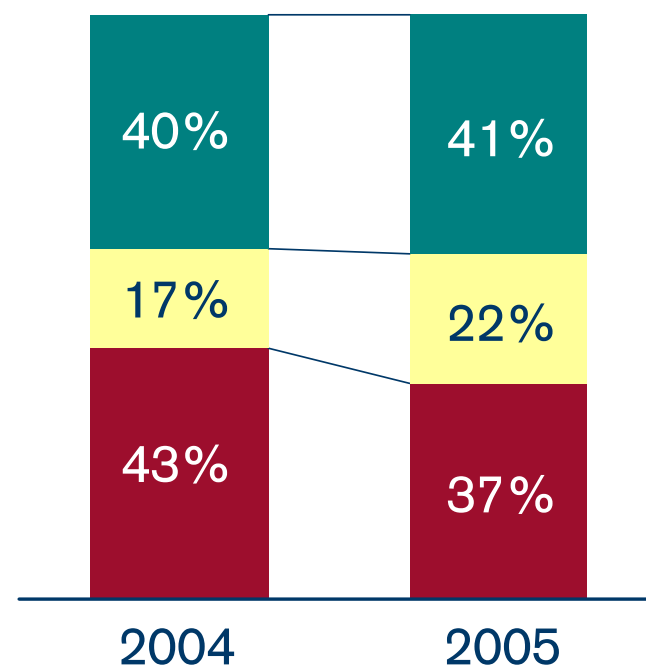
Risk weighted assets (RWA)\*



Product line  
pre-tax margin:

- Above 20 %
- Between 0 % and 20 %
- Negative

Economic risk capital (ERC)\*



CSFB RWA and ERC by product line pre-tax margin analyzed by 46 product lines

# Efficiency action items: examples of more work to do

## Initiative

## Progress

Improve cost efficiency

- Non-compensation expense initiative to achieve sustainable long-term cost reductions

- Completed diagnostic phase
- Hired Head of Expense Management

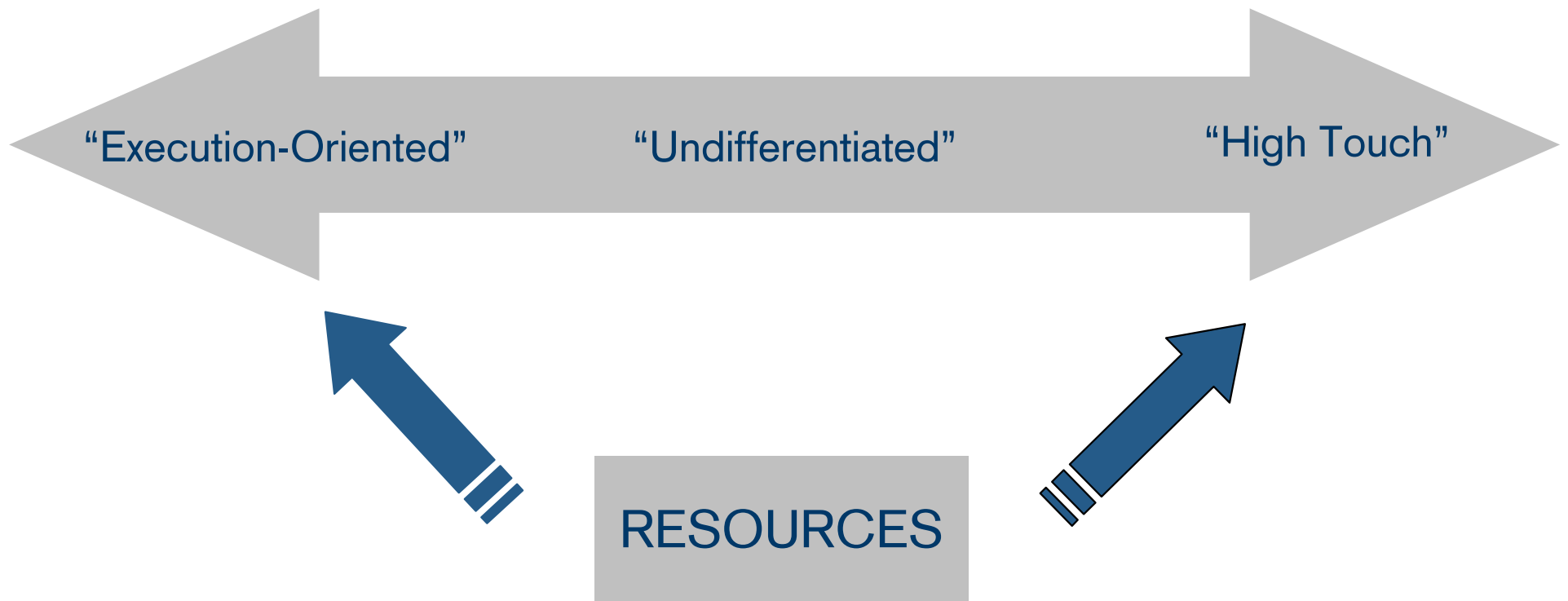
Resource allocation / greater capital efficiency

- Shift financial resources to higher performing businesses
- Financial performance growth to outpace growth in resources

- Improved RWA and ERC efficiency in 2005
- More changes to come to maximize performance

# Client segmentation to increase efficiency

Driving resources to the high touch and the execution-oriented ends of the client spectrum will increase profitability



# Client segmentation action items: examples of good progress

## Results to come

### Initiative

### Progress

Client segmentation in Equity division

- Provide services that clients value and are willing to pay for
- Disciplined management of client resources

- Re-aligned coverage / research
- Increased resources for “high-touch” clients
- Leverage AEP for execution

## More work to do

### Initiative

### Progress

Focus on top accounts in Fixed Income division




- Coordinated approach for largest opportunity clients
- Increase profitability through greater wallet share

- Defined priority clients
- Developed management information system
- Refining approach

AEP = Alternative Execution Products

# Strong franchise performance

- # 1 in global IPOs
- # 2 in global Prime Brokerage
- # 1 in Algorithmic Trading
- Best M&A House in Asia Pacific
- Best Global Emerging Markets Debt House
- Best Equity House in Central & Eastern Europe
- Best Debt House (Austria, Sweden, Switzerland)
- Best Equity House (Brazil, Poland, Switzerland)
- Best M&A House (Greece, Indonesia, Philippines, Singapore)
- Best Equity Deal (Google)

M&A	
 Pending	<b>USD 21,800,000,000</b> Sale to SBC Communications Inc. <b>Advisor</b>
 July 2005	<b>USD 18,100,000,000</b> Acquisition as part of Goal Acquisitions, of Allied Domecq <b>Advisor</b>
 March 2005	<b>USD 17,000,000,000</b> Acquisition of The May Department Stores Co. <b>Advisor</b>

Equities	
 October 2005	<b>USD 9,200,000,000</b> IPO <b>Joint Bookrunner and Joint Lead Manager</b>
 August 2005	<b>USD 4,353,983,175</b> Follow-On Offering <b>Joint Bookrunner</b>
 February 2005	<b>USD 1,600,000,000</b> IPO <b>Joint Bookrunner</b>

Fixed income	
 July 2005	<b>USD 4,508,000,000</b> Par-for-Par Brady Exchange <b>Joint Dealer Manager</b>
 August 2005	<b>USD 2,500,000,000</b> Senior Notes Offering <b>Joint Bookrunning Manager</b>
 September 2005	<b>USD 2,500,000,000</b> Three-tranched Notes <b>Joint Bookrunner</b>

# Summary

Expand platform to  
leverage key trends

Improve focus, execution  
and efficiency

Net income  
> CHF 3 bn

Pre-tax margin  
> 20%

Return on capital  
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# Questions & Answers