

# Credit Suisse 14<sup>th</sup> Annual Financial Services Forum

Miami, Florida

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February 14, 2013

# Disclaimer

## **Cautionary statement regarding forward-looking statements**

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, 2011 and in "Cautionary statement regarding forward-looking information" in our fourth quarter report 2012 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.

## **Statement regarding non-GAAP financial measures**

This presentation also contains non-GAAP financial measures. Information needed to reconcile such non-GAAP financial measures to the most directly comparable measures under GAAP can be found in this presentation and in our fourth quarter report 2012.

## **Statement regarding Basel 3 disclosures**

As of January 1, 2013, Basel 3 was implemented in Switzerland through the Swiss "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. In addition, we have calculated our Basel 3 net stable funding ratio (NSFR) based on the current FINMA framework. Changes in the final implementation of the Basel 3 framework in Switzerland or any of our assumptions or estimates could result in different numbers from those in this presentation.

Solid 4Q12 with underlying pre-tax income of CHF 1.2 bn and after-tax RoE of 9%  
Consistent 2012 with underlying pre-tax income CHF 5.0 bn and after-tax RoE of 10%

Achieved expense savings of CHF 2 bn;  
increased 2013 target to CHF 3.2 bn, rising to CHF 4.4 bn in 2015

Capital program on track with pro forma "look-through" Swiss core capital ratio of 9.4% and the ratio targeted to exceed 10% in mid-2013

Overall balance sheet reduced by CHF 99 bn to CHF 924 bn;  
substantially ahead in progress towards target level of below CHF 900 bn

Strong year-end performance in Private Banking & Wealth Management with pre-tax income of CHF 0.9 bn compared to CHF 0.5 bn in 4Q11

Substantially increased the actual and prospective returns in Investment Banking by reducing costs & capital while increasing market share and revenues

Underlying results are non-GAAP financial measures. Pro forma capital ratio assumes successful completion of the capital actions announced in July 2012 and constant foreign exchange rates. Actual results may differ. All expense reduction targets are measured at constant FX rates against 6M11 annualized total expenses, excluding realignment and other significant expense items and variable compensation expenses. End 2013 goal for balance sheet total assumes constant FX rates

# Full year 2012 Investment Banking results demonstrate continued improvements in operating and capital efficiencies

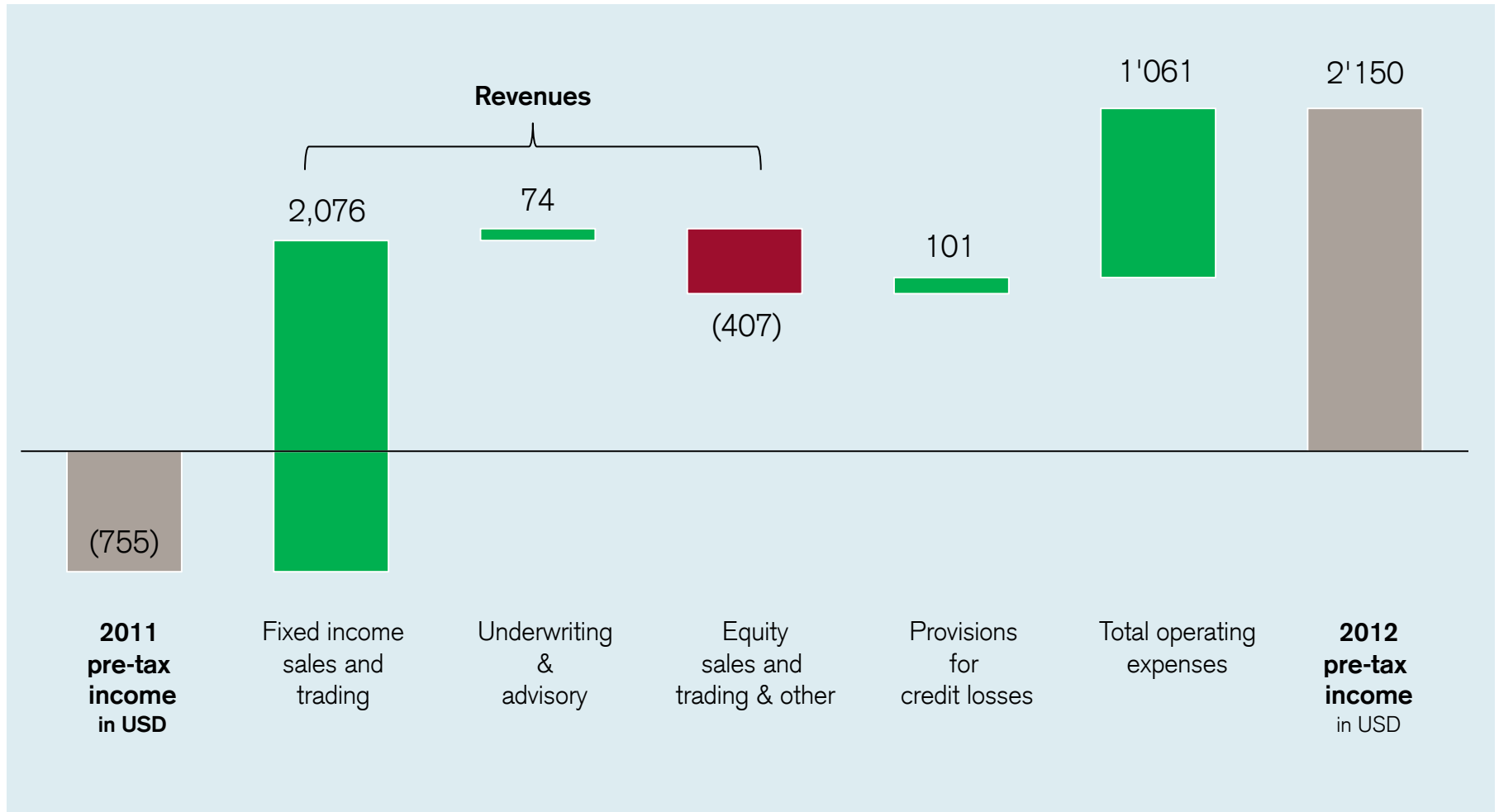
in CHF mn	4Q12	3Q12	2012	2011
<b>Net revenues</b>	<b>2,664</b>	<b>3,184</b>	<b>12,558</b>	<b>10,460</b>
Provision for credit losses	2	6	(12)	76
Compensation and benefits	1,172	1,477	6,070	6,471
Other operating expenses	1,192	1,218 <sup>1</sup>	4,498 <sup>1</sup>	4,506
Total operating expenses	2,364	2,695	10,568	10,977
<b>Pre-tax income</b>	<b>298</b>	<b>483</b>	<b>2,002</b>	<b>(593)</b>
Cost/income ratio	89%	85%	84%	105%
Basel 3 RWA in USD bn	187	200	187	242
Return on Basel 3 capital <sup>2</sup>	4%	9%	9%	–
Return on Basel 3 capital <sup>2</sup> (ex wind-down)	8%	11%	14%	–
Total assets in USD bn	616	670	616	682

<sup>1</sup> Includes certain litigation provisions totaling CHF 136 mn.

<sup>2</sup> Normalized returns are non-GAAP financial measures.

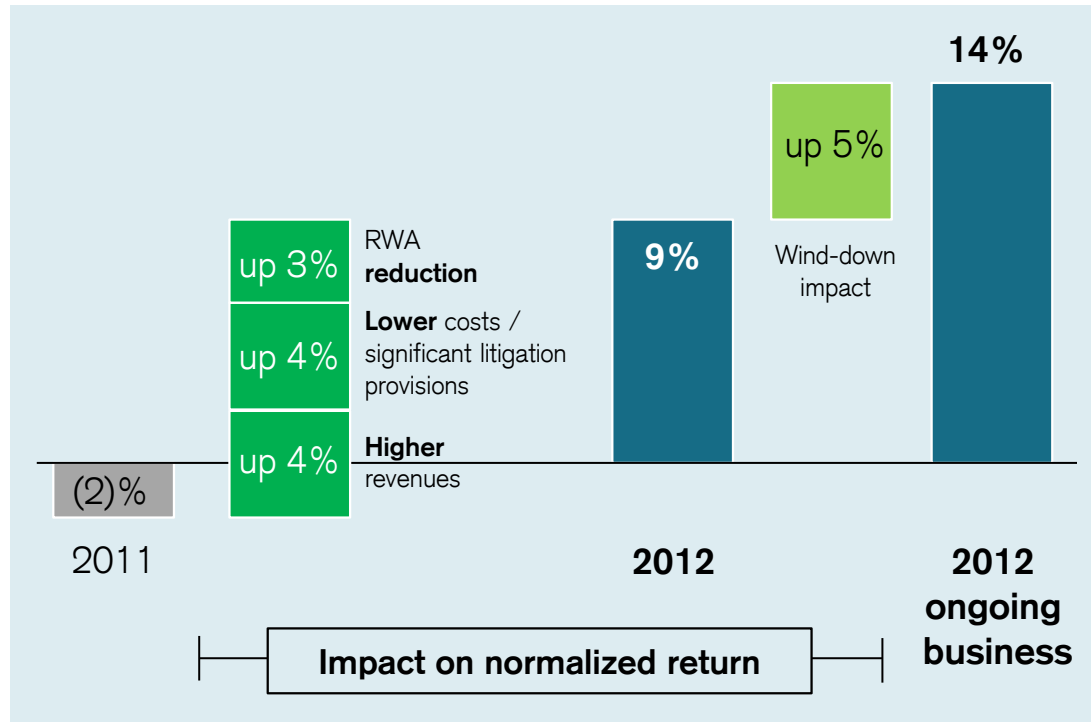
# Stronger Fixed Income revenues and expense reductions across all businesses driving increased pre-tax income in 2012

Investment Banking pre-tax income progression (in USD mn)



# Continued improvement in normalized return driven by increased capital and operating efficiency

## Investment Banking normalized after-tax return on Basel 3 allocated capital<sup>1</sup>



- Improvement in normalized after-tax return on Basel 3 allocated capital to 14% for ongoing businesses in 2012
- 2012 results include pre-tax loss of USD 852 mn from wind-down areas
- Anticipate further improvement in 2013 due to:
  - Planned cost savings
  - Lower drag from wind-down portfolio
  - Further risk-weighted assets reduction

242

187

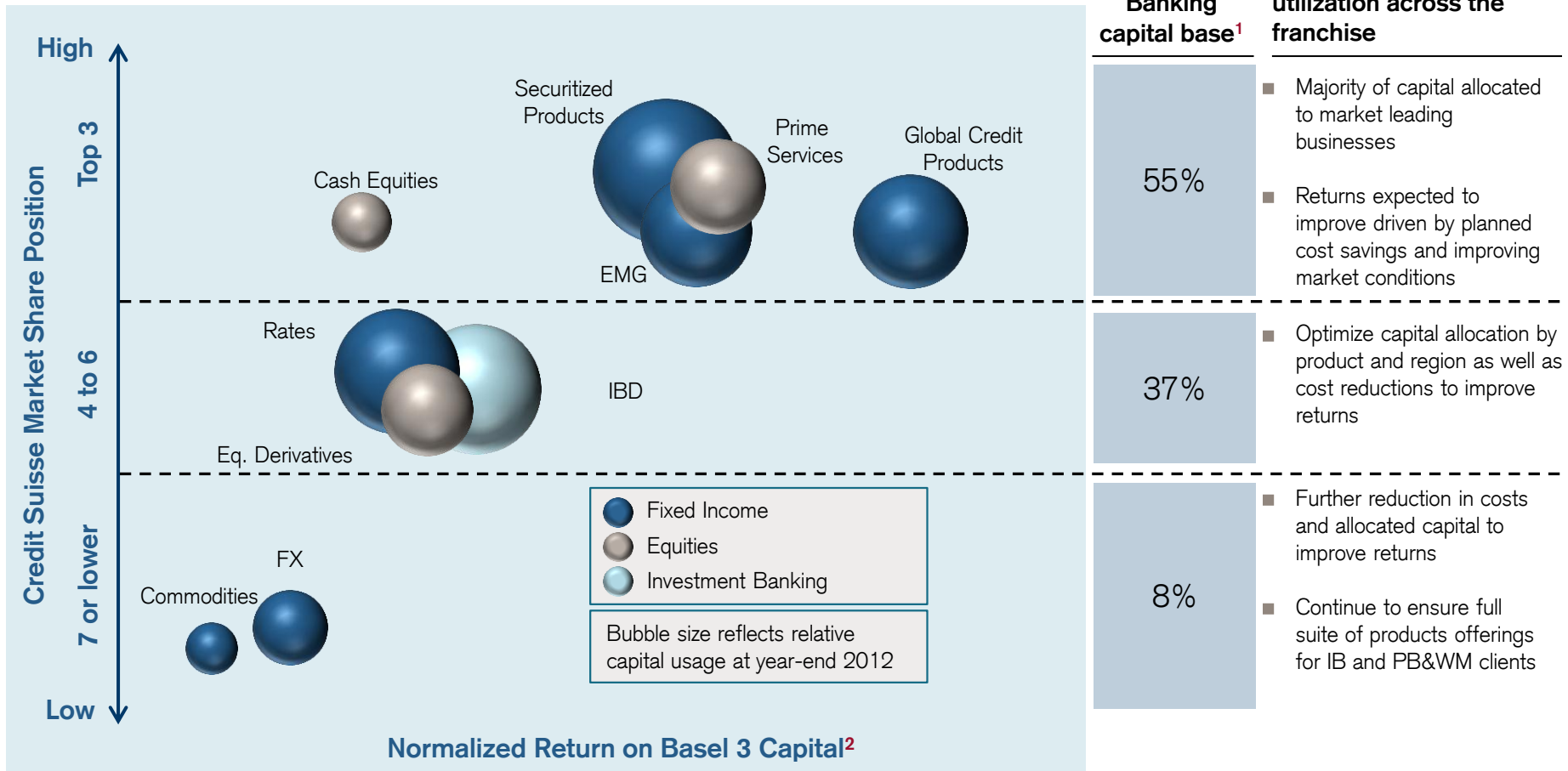
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Basel 3 risk-weighted assets in USD bn

<sup>1</sup> Normalized returns are non-GAAP financial measures

# Highly focused strategy in Investment Banking towards high market share, high return businesses

Investment Bank (market share position vs. return on equity)



<sup>1</sup> Percent of capital base reflects Basel 3 risk-weighted assets at year-end 2012 for ongoing businesses

<sup>2</sup> This calculation reflects our internal reporting structure

# Investment Banking Division: Our plan for 2013 and beyond

**Continued strong performance in M&A and Leveraged Finance / DCM;  
focus on ECM positioning as issuance returns to more normal levels**

**Defend and strengthen North America and Latin America;  
restructure and resize EMEA and APAC**

**Retain a balanced client mix while maintaining discipline on capital allocation**

**Exercise optimal resource efficiency - limit overlapping coverage, deliver  
client services from hubs, outsource and deploy more functions**

**Continue market share momentum and capture upsides  
when activity levels normalize**



# Fixed Income: The transformation largely complete

**Maximize return on Basel 3 capital by pulling all levers: Revenues, Expenses, Capital**

## **Step 1: Analyzed FID businesses at lowest line of business level**

Analyzed 81 lines of businesses based on returns and resource use in light of new regulatory environment and identified areas of improvement

## **Step 2: Optimized cluster resources & made strategic decisions**

Exited some businesses (e.g. long-dated unsecured trades)  
Downscaled others (e.g. risk exposure in Securitized Products and Credit)  
General focus on cost efficiency

## **Step 3: Re-allocated resources in line with product & client profitability**

Majority of Ongoing B3 RWA is in businesses generating >20% return on Basel 3 capital  
Optimizing resource use at client level through tiering

**Goal: to achieve sustainable return on Basel 3 capital of >15% over-the-cycle**

# Equities: Defending and improving our top-tier franchise

## The Vision

Optimize resources to clients with goals to capturing a leading wallet share and maximizing profitability

Create, distribute and monetize content that clients value

Focus on expense initiatives by streamlining our operating model

Seek to capture efficiencies by capitalizing on product and regional overlaps

Defend our leading Equities franchise and continue to focus on providing attractive returns to shareholders

# Investment Bank: Looking ahead

Achieved normalized return on capital of 14% in the Investment Bank's ongoing businesses in 2012 despite continued macro uncertainty

Largely completed Fixed Income franchise transformation; enhanced the sustainability and consistency of the Investment Bank's Basel 3 compliant business model

Optimized capital allocation and lower capital usage - Basel 3 RWA of USD 187 bn at YE 2012 close to target of > USD 175 bn by end 2013

Continued expense reductions and cost rationalization with target savings of CHF 1.8 bn by 2015, of which CHF 1.3 bn already achieved in 2012

Cost / income goal improved to 70% driven by expense discipline, reduced revenue drag from wind-down portfolio and expected market improvement

Substantially increased the actual and prospective returns in Investment Banking while increasing market share and revenues

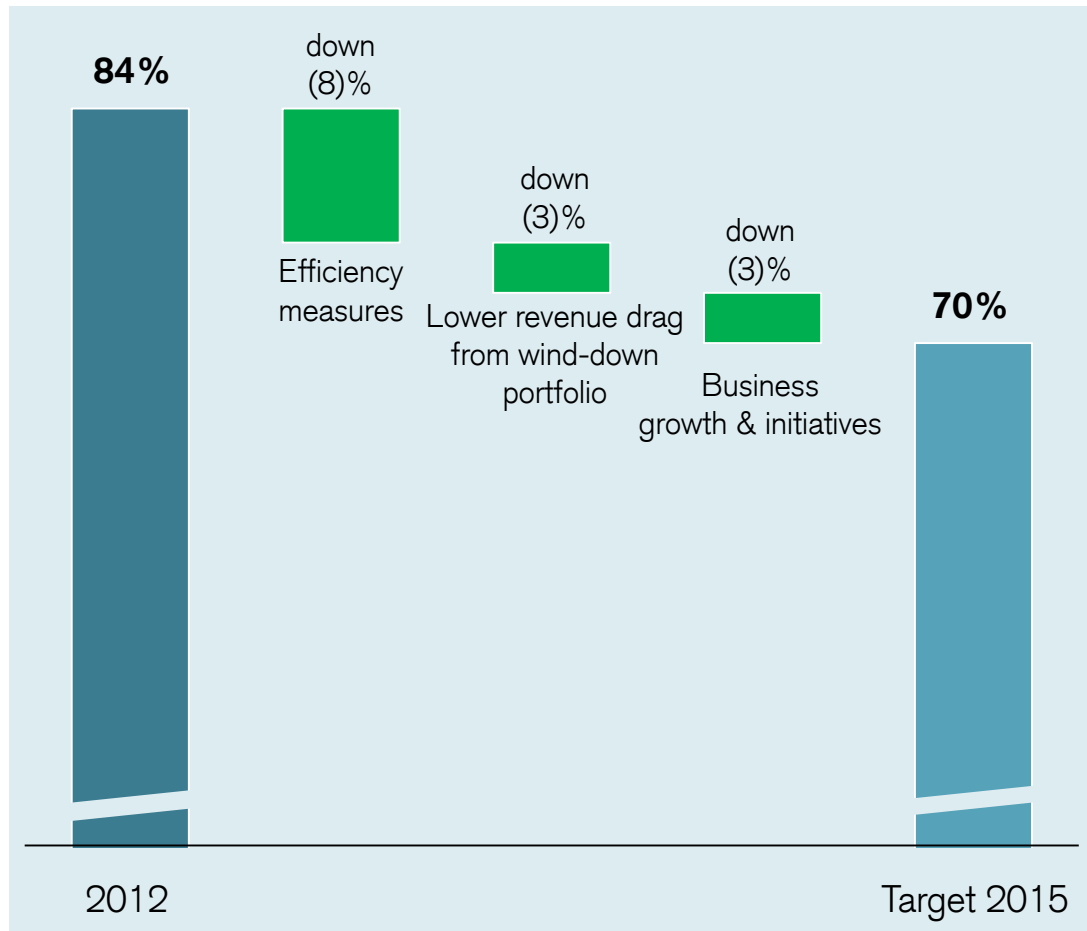
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# Appendix

# Details on KPI for Investment Banking: cost/income goal improved to 70%

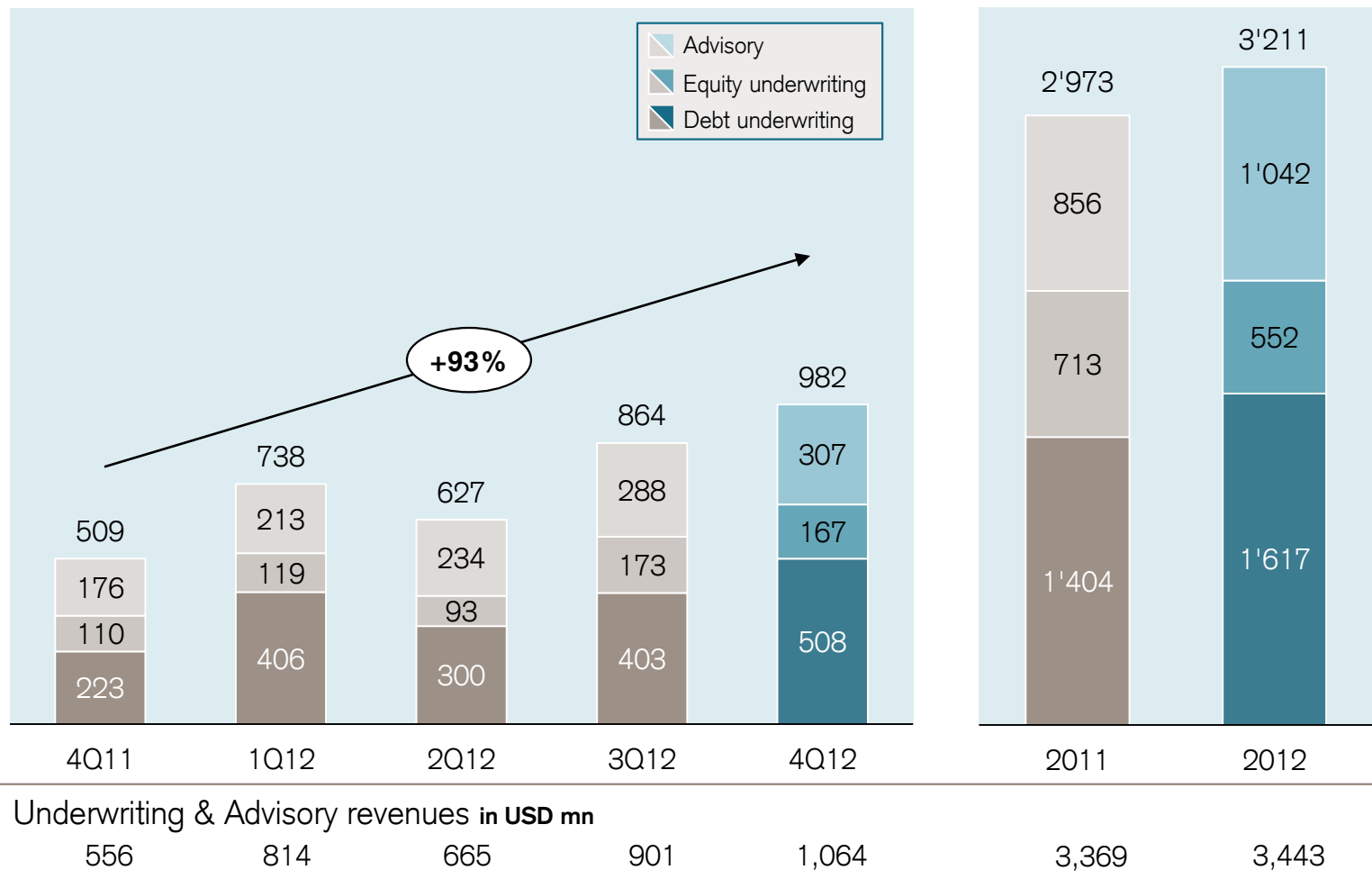
## Investment Banking cost/income ratio details



Investment Banking  
key performance indicator:  
**Cost/income ratio of 70%**

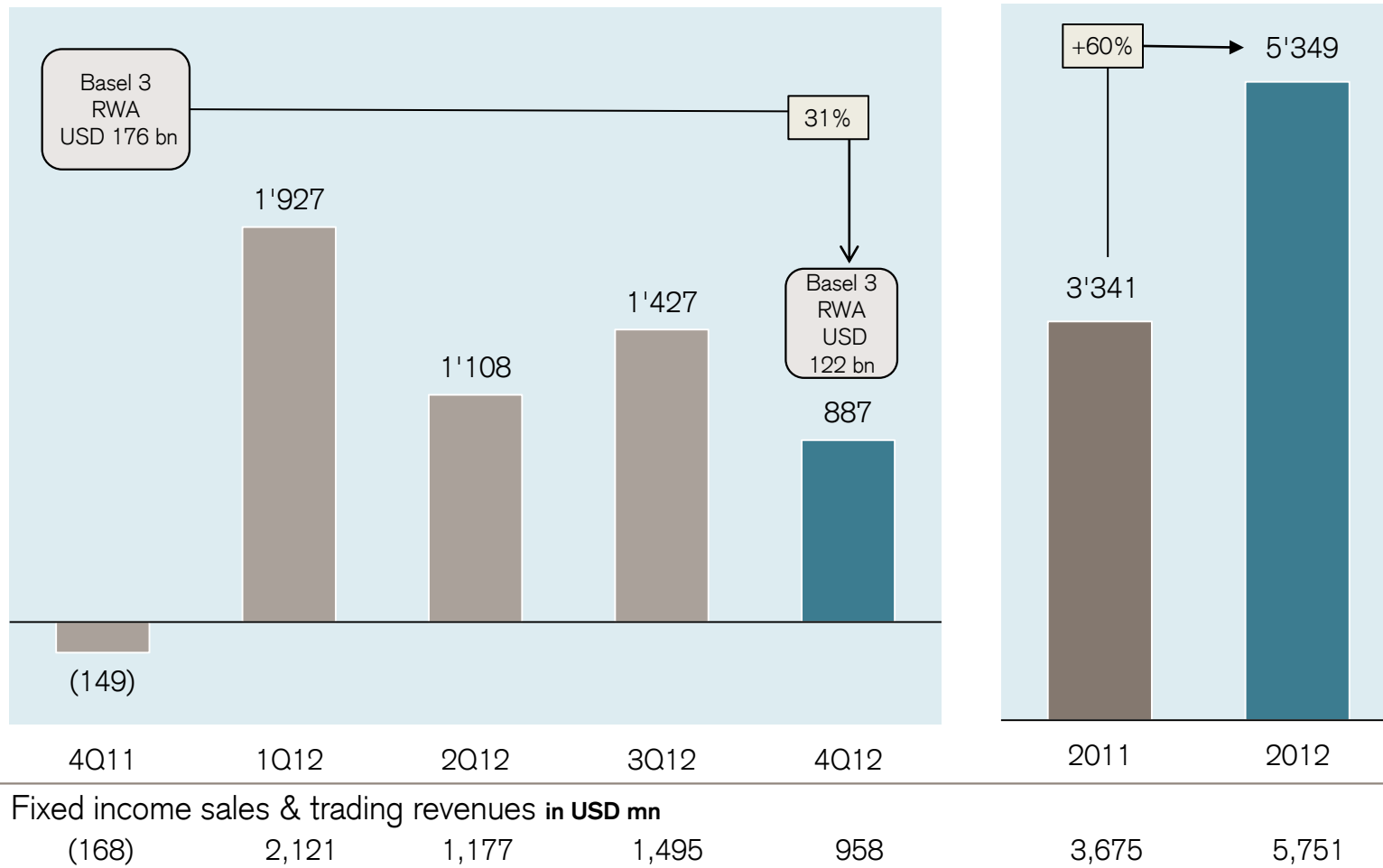
# Continued strong underwriting & advisory results driven by robust global debt issuance volumes and M&A activity

**Underwriting & Advisory revenues** in CHF mn



# Transformation of Fixed Income business largely complete; results demonstrate the strength of our Basel 3 compliant model

Fixed income sales & trading revenues in CHF mn



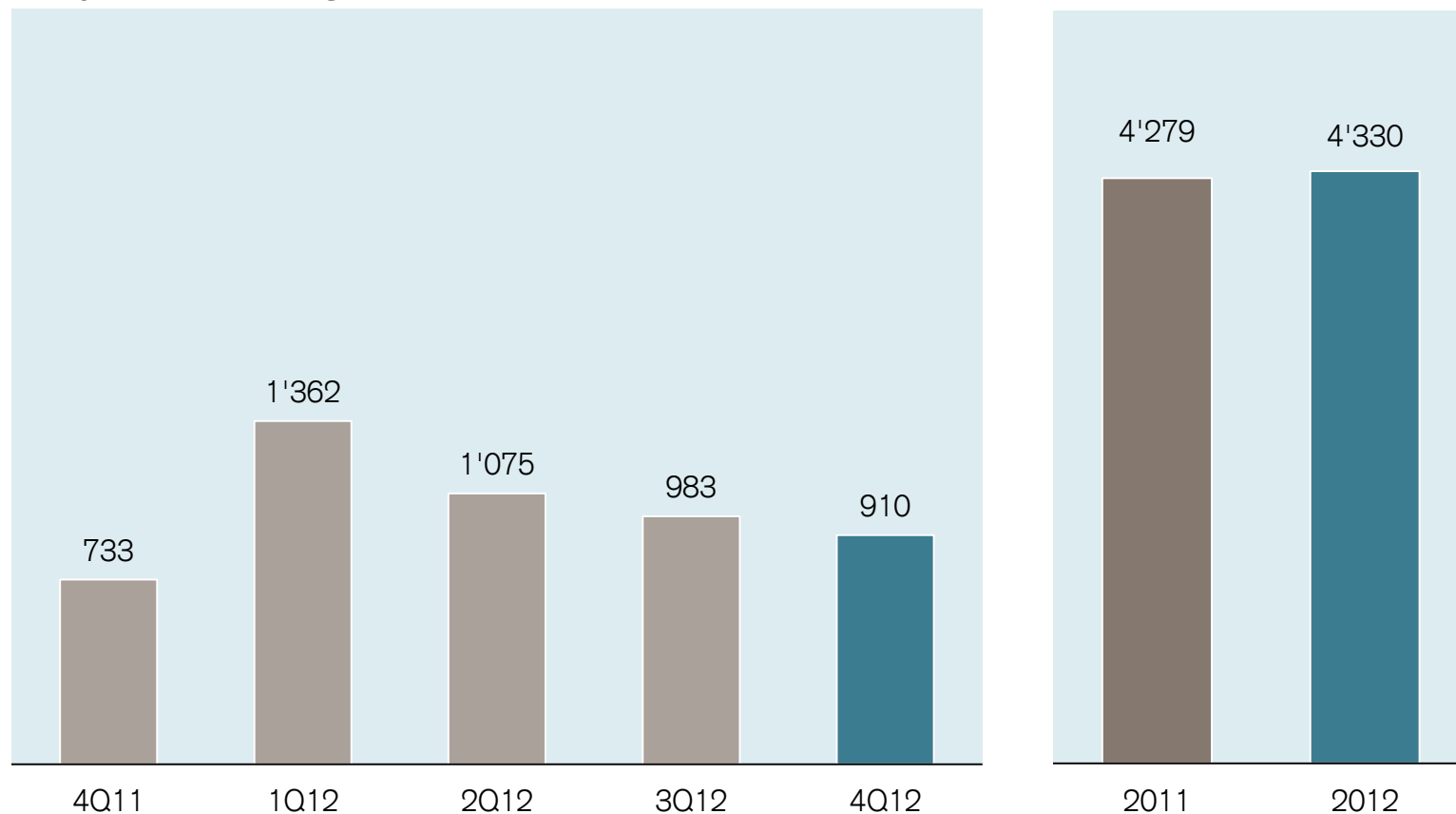
Fixed income sales & trading revenues in USD mn

(168)	2,121	1,177	1,495	958	3,675	5,751
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# Stable equity sales & trading revenues impacted by continued muted client activity levels

Equity sales & trading revenues in CHF mn



Equity sales & trading revenues in USD mn

809	1,496	1,140	1,028	983	4,852	4,647
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# Fixed Income: delivering optimized business model

## Client Focused

Build successful client franchise

- **Optimized business model to focus on core franchise**
  - Majority of capital and resources allocated to market leading businesses (e.g. securitized products, global credit products key emerging markets)
  - Further reduction in costs and allocated capital to improve returns (e.g. rates, commodities, FX)
  - Exited activities where we lack scale or have poor Basel 3 return profiles; entering 2013 with significantly lower expected drag from wind-down portfolio losses
- **Optimized risk positions and reduced volatility**
  - Continued stable inventory levels in Credit-related businesses (60% reduction from 2Q11)
  - Substantially smaller position sizes lead to reduced hedge requirements and therefore simplified and less volatile risk management and hedging strategies

## Capital Efficient

Achieve strong Basel 3 returns

- Basel 3 risk-weighted assets **reduced by USD 143 bn or 54%** since mid-2011
- Target ongoing after-tax Basel 3 **Return on Capital of >15%**

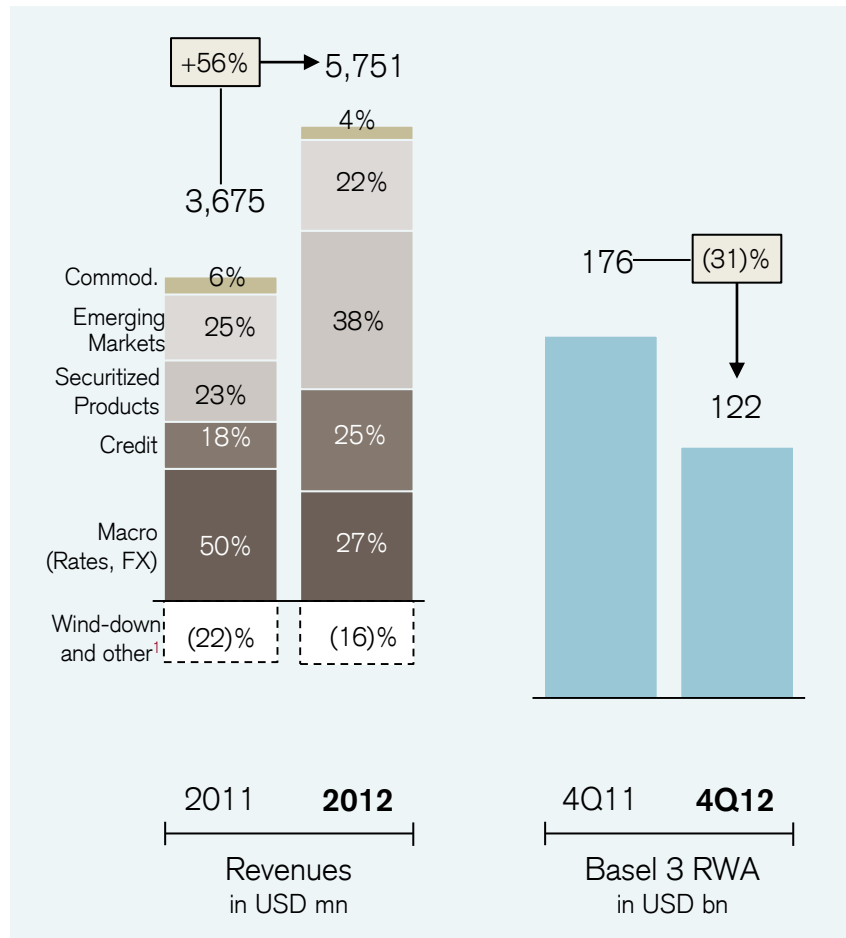
## Cost Efficient

Increase flexibility

- **16% reduction in expense base** from mid-2011 while protecting key investments
- **Further benefit expected** from reduction in firm-wide shared services expenses
- Met our targeted **20% reduction in direct headcount** from mid-2011

# Increased capital efficiency and more balanced business mix in Fixed Income, reflecting execution of refined strategy

## Fixed income sales & trading in USD



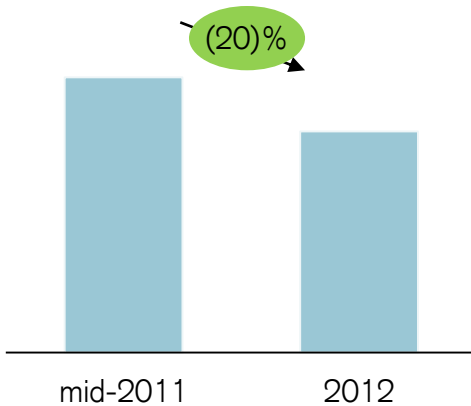
- Full year revenue increased 56% while **Basel 3 RWA reduced by 31%** over same period
- **More diversified revenue contribution** across Macro businesses (Rates, FX), Credit, Securitized Products and Emerging Markets
- **Continued stable inventory levels** to support client flow while minimizing risks

<sup>1</sup> Wind-down and other primarily comprises revenues from businesses we are exiting and funding costs.

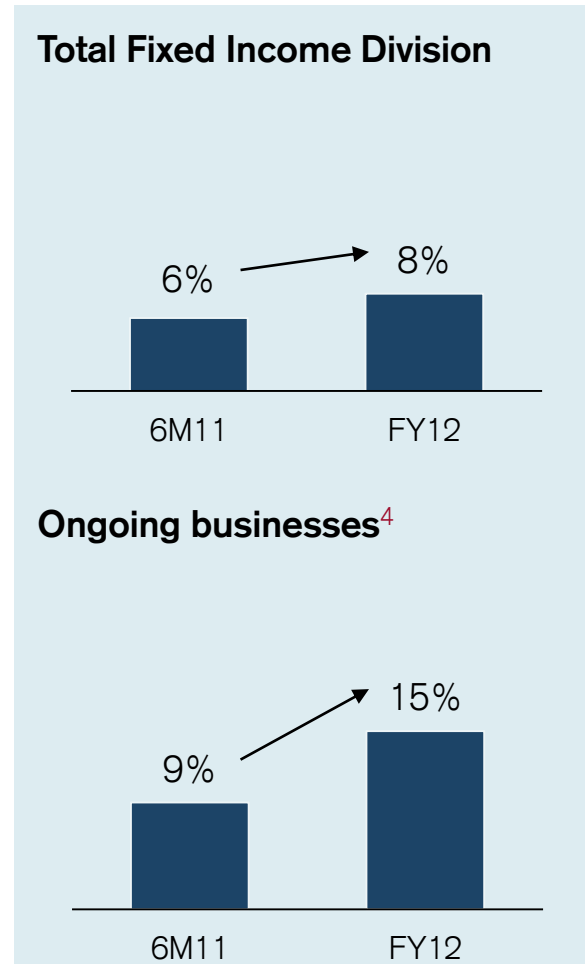
<sup>2</sup> Based on annualized FY12 revenue to average Basel 3 RWA balances

# Strong improvements in Fixed Income Division<sup>1</sup> results in 2012

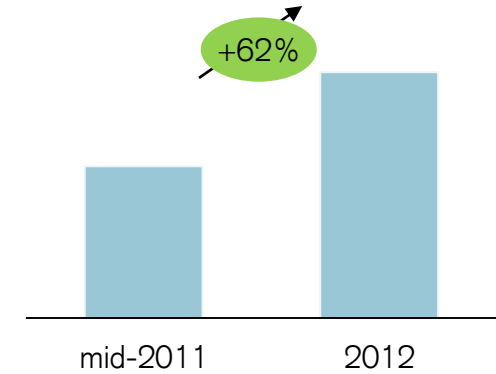
Headcount<sup>2</sup>



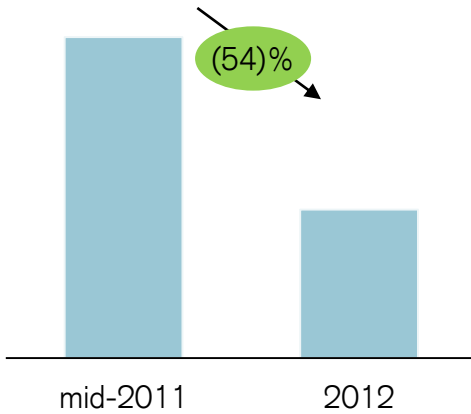
Basel 3 return on capital (after-tax)<sup>3</sup>



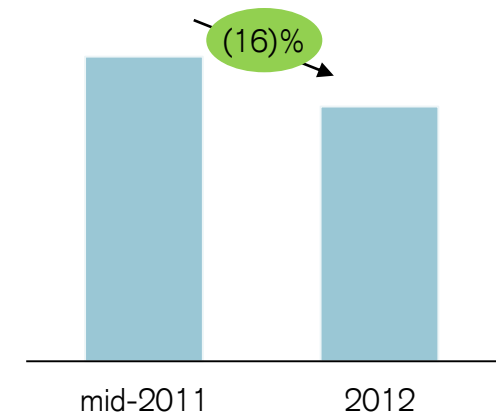
Revenue/Basel 3 RWA usage<sup>5</sup>



Basel 3 RWA



Total expenses



<sup>1</sup> Internal reporting structure differs from externally reported data due to certain business adjustments. <sup>2</sup> Direct headcount excludes shared services allocations and SPS (mortgage servicing agency). <sup>3</sup> Capital allocation based on 10% of average Basel 3 risk-weighted asset balances. Assumes that share-plan-based awards had been awarded in lieu of PAF2 awards. <sup>4</sup> Excludes businesses currently in "wind down". <sup>5</sup> Annual revenue to average Basel 3 RWA balances.