



# Credit Suisse 13th Annual Financial Services Forum

Miami, Florida

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# 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, 2010 and in "Cautionary statement regarding forward-looking information" in our fourth quarter report 2011 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 our fourth quarter report 2011.

## **Statement regarding Basel 3 disclosures**

As Basel 3 will not be implemented before January 1, 2013, we have calculated our Basel 3 risk-weighted assets for purposes of this presentation in accordance with the currently proposed requirements and our current interpretation of such requirements, including relevant assumptions. Changes in the requirements upon implementation of Basel 3 would result in different numbers from those shown in this presentation.

# Key messages

(1/2)

## Significant progress in transitioning the business to the new environment

- Sizeable and accelerated Basel 3 risk-weighted asset reduction, exceeding our original end 2012 goal in 1Q12, nine months early
- Completed expense reduction measures to deliver CHF 1.2 bn run-rate savings from the start of 2012<sup>1</sup>
- Encouraging early progress to enhance profitability in Private Banking

## 4Q11 results reflect challenging markets, low client activity and financial impact of measures taken to adapt our business

- 4Q11 net loss of CHF (0.6) bn, including impact from pre-tax losses of CHF (1.0) bn from business realignment costs, strategic exits from businesses and the accelerated risk reduction, particularly in fixed income
- 2011 net income of CHF 2.0 bn; underlying net income of CHF 2.4 bn with return on equity of 6.0%; underlying return on equity of 7.3%
- Private Banking with net new assets of CHF 7.6 bn in 4Q11
  - Strong net asset inflows of CHF 44.5 bn in 2011

Underlying results are non-GAAP financial measures. A reconciliation to reported results can be found in the supplemental slides of this presentation.

<sup>1</sup> Excluding impact from Partner Asset Facility 2 award granted and expensed in 1Q12

# Key messages

(2/2)

## Further strengthening of key financial ratios

Basel 2.5: Tier 1 ratio of 15.2%; increased by 0.9% and core tier 1 ratio of 10.7%; increased by 0.7%

Basel 3: ■ CET1 ratio of 13% at end 2012, well in excess of 6% FINMA requirement  
■ "Look through" CET1 ratio at 7% at end 2012, increasing to 10% by end 2013

Liquidity: Basel 3 NSFR liquidity ratio further increased to 98%

## Dividend 2011 proposal

- Proposed distribution of CHF 0.75 per share, free of Swiss withholding tax
- Scrip alternative, to allow shareholders the option to receive payment in form of shares, at a discount of approximately 8%

## Good start in 2012

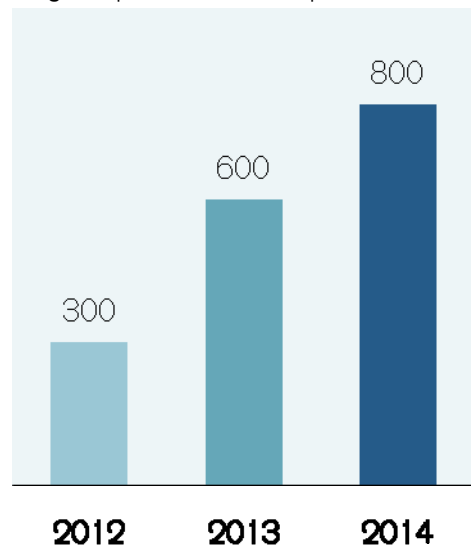
- While the economic and market environment remains uncertain, our year-to-date underlying<sup>1</sup> return on equity is consistent with our 15% target level, including the benefit from our risk and cost reduction plans

<sup>1</sup> Excluding impact from movements in spreads on own debt and expense related to Partner Asset Facility 2 awards granted in 1Q12

# Adapting business to the new environment

## Enhance Private Banking profitability

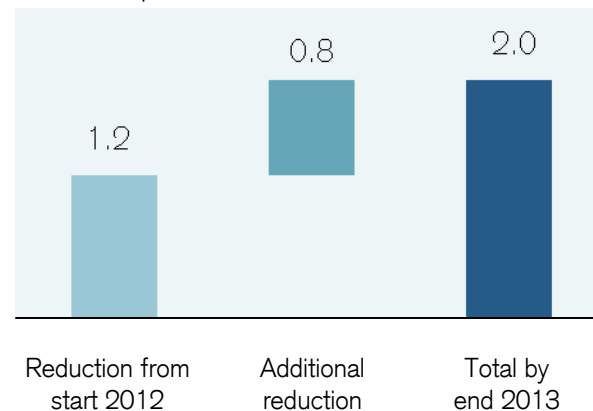
Targeted pre-tax income impact in CHF mn



- Encouraging early progress towards enhanced profitability
- Clariden Leu integration announced and well advanced
- Onshore expansion in Japan
- Continued growth momentum in ultra-high-net-worth client segment

## Significantly reduced expense base and improved cost flexibility

Run-rate expense reduction (vs. to 1H11) in CHF bn

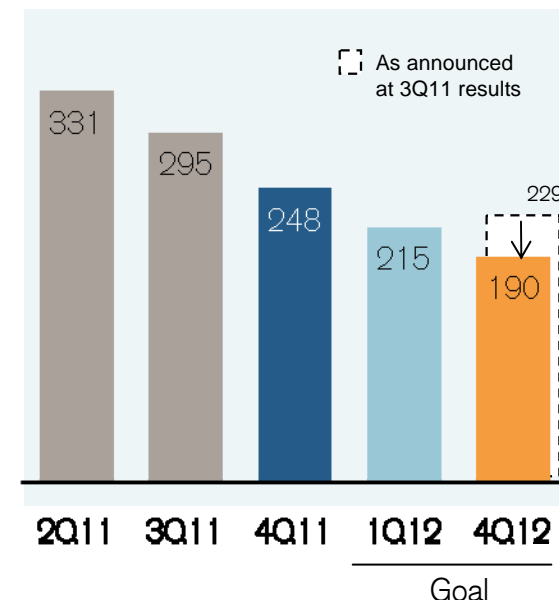


- Actions implemented to achieve an annualized **CHF 1.2 bn run-rate expense reduction in 1Q12<sup>1</sup>**
- Remain committed to the **total CHF 2 bn reduction target** by end 2013
- Increased **compensation cost flexibility**, with substantially lower costs from deferred compensation to be expensed in 2012 and beyond
- Cost reductions and increased flexibility will **primarily improve performance in Investment Banking**

<sup>1</sup> Excluding impact from Partner Asset Facility 2 award granted and expensed in 1Q12

## Accelerated risk-weighted asset reduction in Investment Banking

Basel 3, in USD bn



- Sizeable and accelerated **risk-weighted asset reduction** in 4Q11 and 1Q12
- Original end 2012 goal to be already achieved by end 1Q12, **nine months early**
- Previously announced **end 2012 target to be exceeded by USD 39 bn**

# Fixed Income Basel 3 risk-weighted assets reduced by 22% in 4Q11; target further 31% reduction by end 2012

Fixed Income businesses	Basel 3 risk-weighted assets in USD bn			
	3Q11 <sup>1</sup>		4Q11	Target end 2012
Macro (Rates & FX)	42	(28)%	30	(14)% 26
Securitized Products	73	(34)%	48	(23)% 37
Credit	23	(4)%	22	(9)% 20
Emerging Markets	19	(11)%	17	(6)% 16
Commodities	6		5	4
Wind-down	57	(14)%	48	(71)% 14
Other	10		9	8
<b>Total Fixed Income</b>	<b>230</b>	<b>(22)%</b>	<b>180</b>	<b>(31)% 125</b>

## 4Q11 risk-weighted assets reduction update

- Significant reduction of low-rated positions in Securitized Products
- Reduction of derivatives exposure
- Reduction of market risk and credit risk

## 4Q11 Fixed Income wind-down update

- Completed exit of CMBS origination
- Reduction of long-dated trades in Rates
- Risk reduced by 60% in correlation book in Credit
- Reduced net exposures in hard currency trading in Emerging Markets by 40%
- Continued reduction of legacy wind-down portfolio through asset sales

<sup>1</sup> 3Q11 figures adjusted to reflect the allocation from other Fixed Income businesses to wind-down for comparative purposes

## Improved already strong capital base

in CHF bn	Basel 2			Basel 2.5			
	4Q11	3Q11	4Q10	4Q11	3Q11	4Q10	YoY change
Core tier 1 capital	27.1	26.6	26.6	25.9	24.4	24.1	+1.8
Tier 1 capital	38.0	37.1	37.7	36.8	35.0	35.2	+1.6
Risk-weighted assets	210.4	210.1	218.7	241.8	243.8	247.7	(5.9)
Core tier 1 ratio <sup>1</sup>	12.9%	12.6%	12.2%	10.7%	10.0%	9.7%	+1.0%
Tier 1 ratio	18.1%	17.7%	17.2%	15.2%	14.3%	14.3%	+0.9%

- Credit Suisse transitioned to **Basel 2.5 from 1.1.2010**
- **Further improvement in capital ratios**
- In addition to Basel 2.5 capital, Credit Suisse has **additional loss-absorbing conditional capital of CHF 7.7 bn<sup>2</sup>**

<sup>1</sup> Excludes hybrids instruments

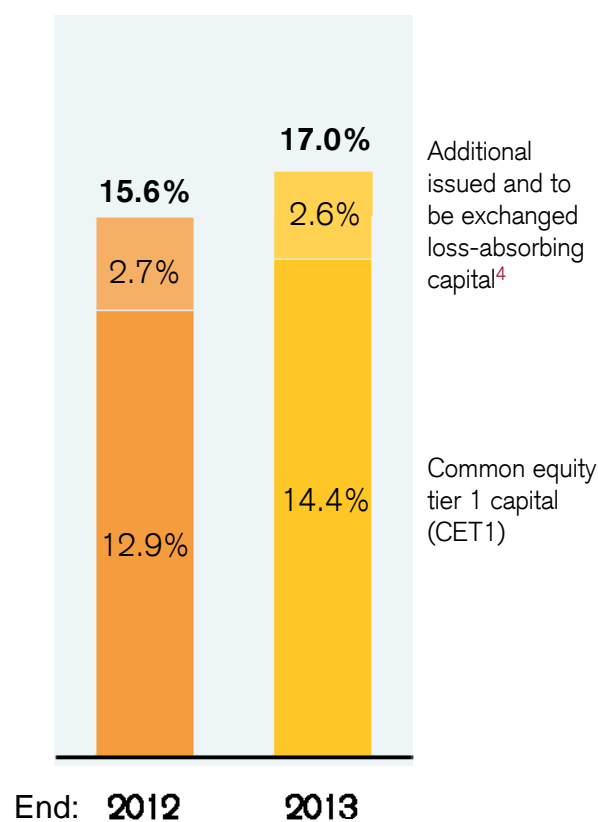
<sup>2</sup> Buffer Capital Notes (BCN) of CHF 1.9 bn issued and CHF 5.8 bn committed to be exchanged in October 2013 as per February 2011 agreement.

# Solid Basel 3 end 2012 Common Equity Tier 1 ratio of 12.9%

Basel 3 CET1 capital simulation in CHF bn



Basel 3 ratios in %



- **Solid** end 2012 capital ratios with **CET1 ratio of 12.9%**, as per proposed FINMA capital ordinances
- **Additional 2.7%** layer from loss-absorbing **contingent capital**

1 Cumulative fair value changes from movements in spreads on our vanilla debt and structured notes, net of tax

2 Bloomberg consensus net income estimates for 2012, less actual 2011 dividend of CHF 0.75 per share and less 2012 dividend assumed to be the same as the dividend accrual in 2011. Assumes 50% of dividends will be distributed as cash and 50% as shares. Not endorsed or verified and used solely for illustrative purposes. Actual net income and dividends may differ significantly.

3 Benefit from the expected settlement of share-based compensation included in consensus net income with shares issued from conditional capital and other expected movements and deductions in regulatory capital

4 Buffer Capital Notes (BCN) of CHF 1.9 bn issued and CHF 5.8 bn committed to be exchanged in October 2013 as per February 2011 agreement.



# Strong funding and liquidity

Assets and liabilities by category (end 4Q11 in CHF bn)

1,049		1,049		
Reverse repo	201	<b>Match funded</b>	Repo	207
Encumbered trading assets	74		Short positions	68
Funding-neutral assets <sup>1</sup>	139		Funding-neutral liabilities <sup>1</sup>	139
		414↑		
Cash <sup>2</sup>	113	635↓	Short-term debt <sup>2</sup>	100
Unencumbered liquid assets <sup>4</sup>	150		Other short-term liab. <sup>3</sup>	53
Customer loans	228	122% coverage	Customer deposits	278
Other longer-maturity assets	144		Long-term debt	163
			Total equity	41
<b>Assets</b>			<b>Equity &amp; liabilities</b>	

- Well prepared for Basel 3 liquidity requirements
  - Basel 3 "Net Stable Funding Ratio (NSFR)" (1-year) estimated at around 98%
  - Short-term (30 days) liquidity under Swiss regulation well in excess of requirement; approach similar to the Basel 3 "Liquidity coverage ratio (LCR)"
- Regulatory leverage ratio at 4.6% (Basel 2.5)
- Funding spreads remain amongst the tightest amongst peers
- Utilized only 12% of Swiss mortgage book for secured funding (Pfandbrief and other covered bond issuances)
- No intention to participate in current or new LTRO facility given our very strong funding and liquidity position and low inventory of EUR collateral

Note: Basel 3 liquidity rules and calculation of NSFR and LCR ratios are not finalized; statements and ratios shown here are based on interpretation of current proposals. 1 Primarily brokerage receivables/payables, positive/negative replacement values and cash collateral 2 Includes due from/to banks 3 Primarily includes excess of funding neutral liabilities (brokerage payables) over corresponding assets 4 Primarily includes unencumbered trading assets, investment securities and excess reverse repo agreements, after haircuts LTRO = Longer-term refinancing operation by the European central bank

# Summary

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# CREDIT SUISSE

