

# Morgan Stanley Financial Services Conference

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# Cautionary statement

## **Cautionary statement regarding forward-looking and non-GAAP 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, 2008 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.

This presentation contains non-GAAP financial information. Information needed to reconcile such non-GAAP financial information to the most directly comparable measures under GAAP can be found in Credit Suisse Group's fourth quarter report 2008.

# Credit Suisse overview

Repositioning the Investment Bank

Financial implications

## Well positioned going into 2009

Exceptional capital strength

Validated integrated bank model

Strong client momentum

Aggressive risk reduction

Clear and consistent strategy



Continue to be differentiated from our competitors

## Accelerated implementation of strategic plan

Continued commitment to integrated business model;  
growth of Private Banking globally and Swiss businesses

Accelerated repositioning of the Investment Banking business  
portfolio with a reduction in risk, volatility and costs

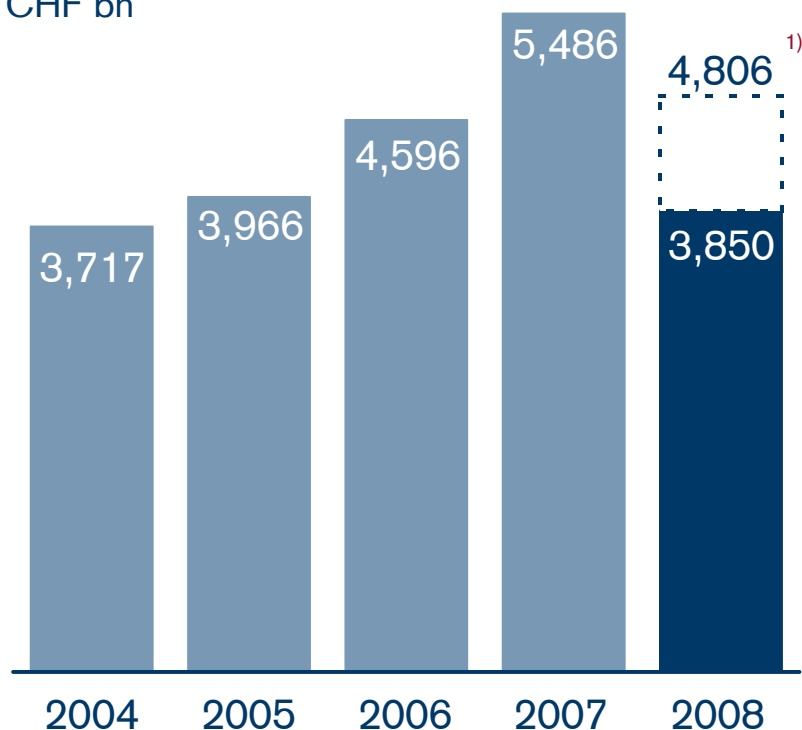
Continue to focus Asset Management business and align it with the bank's  
other businesses

Positions Credit Suisse strongly with reduced risk,  
lower costs and strong capital to enable us to weather the continuing market  
challenges, capture opportunities, and prosper when markets improve

# Resilient Private Banking performance and solid net inflows

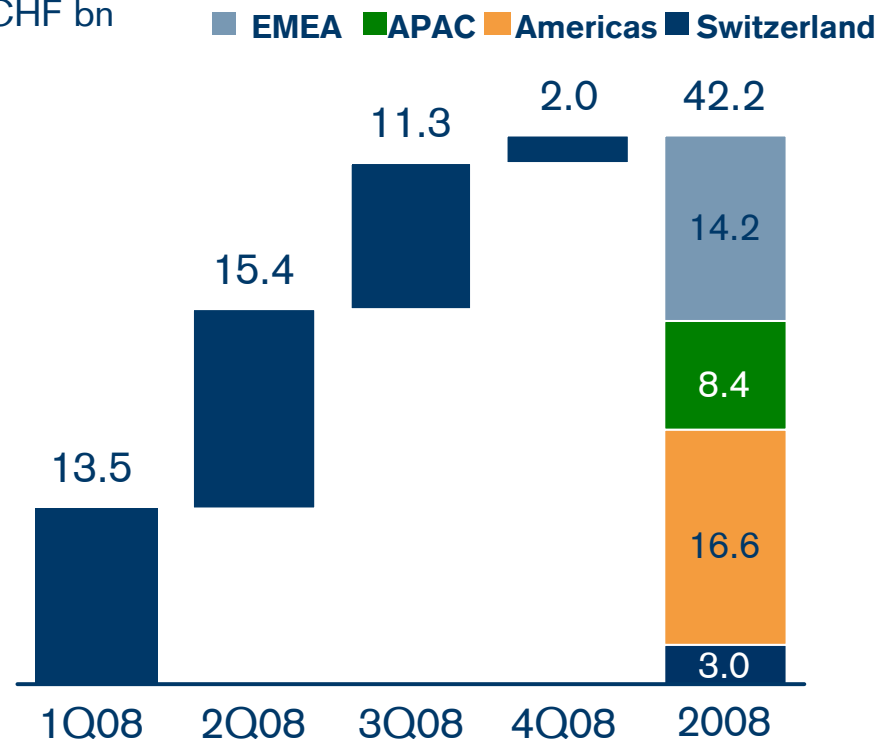
## Private Banking pre-tax income

CHF bn



## Net new assets in 2008

CHF bn



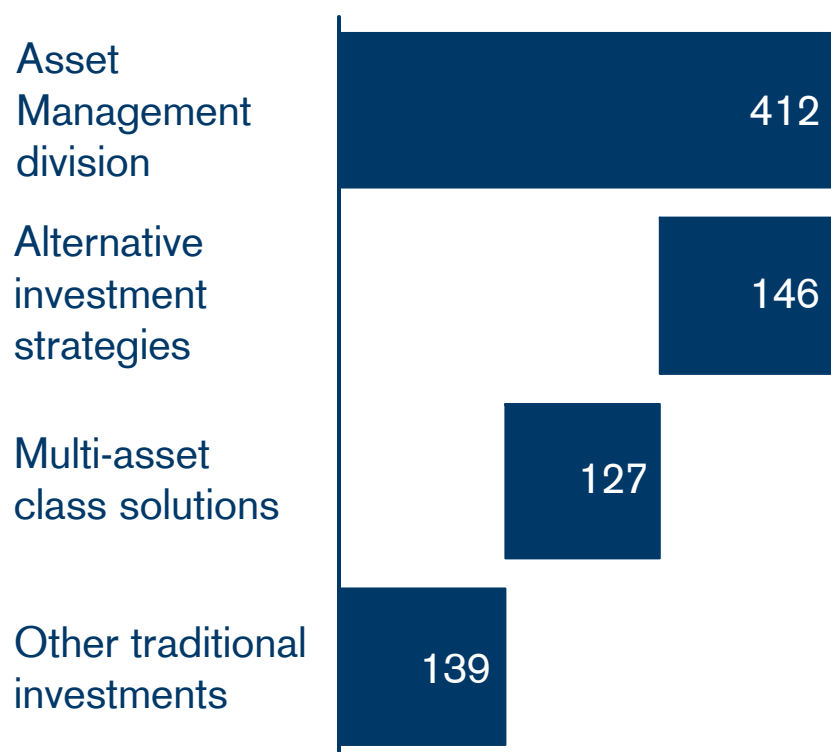
1) Excluding ARS settlements of CHF 310 in 3Q08 and CHF 456 m in 4Q08 and the charge of CHF 190 m related to an account close-out in 4Q08

Rolling four-quarter NNA growth on AuM in %				
6.0	5.9	6.2	5.0	5.0

# Asset Management with strong growth in high-margin alternative investments

## Assets under management

CHF bn



## Net new assets 2008

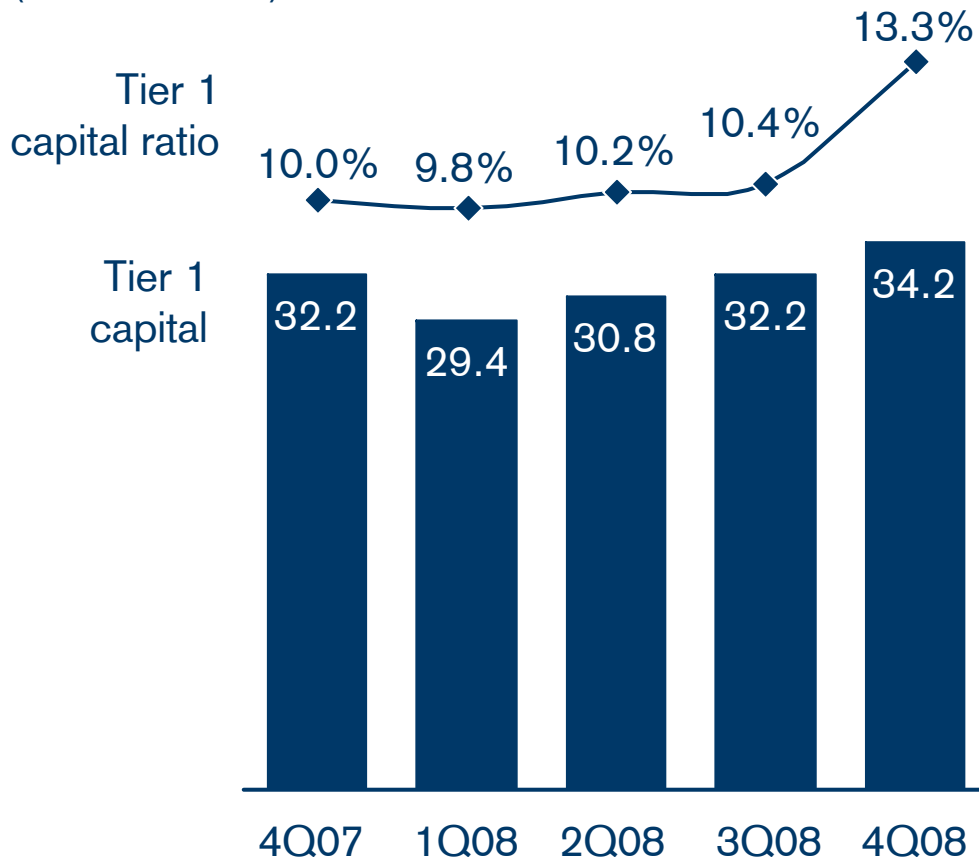
CHF bn



# Capital strength as competitive advantage

## Tier 1 capital and tier 1 capital ratio

(CHF bn and %)

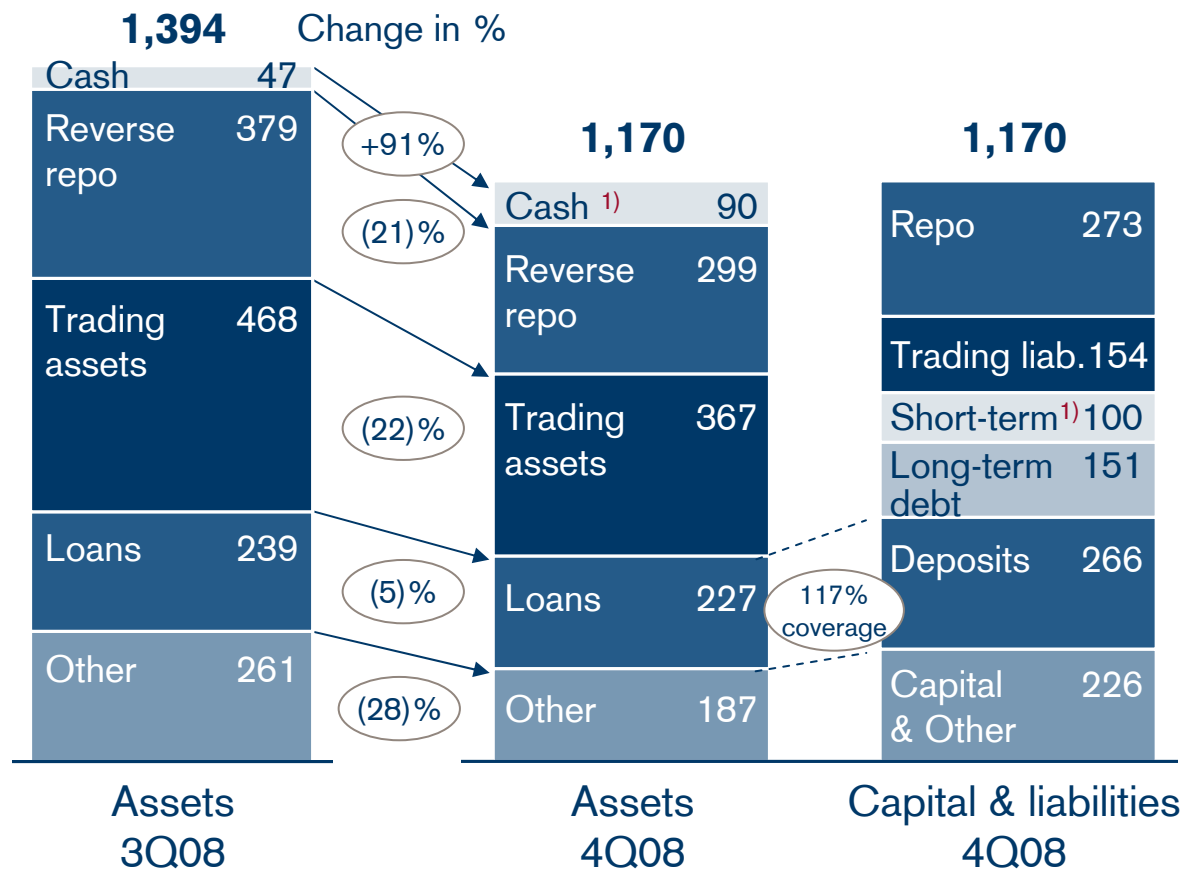


- Industry-leading capital ratio
- Strongly positioned to continue building client franchises
- 16% reduction in risk-weighted assets during 4Q08, primarily in Investment Banking
- Raised CHF 11.2 bn of capital in 4Q08, while minimizing dilution (share count today below January 2006 level)
- 2008 dividend proposal of CHF 0.10



# Balance sheet reduced by 16% in 4Q08 while maintaining strong funding structure

## Asset and liabilities by category (period-end in CHF bn)



- Total assets in 4Q08 reduced by CHF 224 bn, or 16%, whereof CHF 59 bn due to FX movements
- Trading assets reduced 22% in 4Q08 and 35% in 2008
- Increased market spreads only affect a small part of funding base (CHF 13 bn of long-term debt matures in 2009)
- Stable and low cost deposit base a key funding advantage

1) Includes due from/to banks

Credit Suisse overview

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# Implementing our strategy

## Priorities

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## Key objectives

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Reduce risk

- Sustained and consistent reduction in dislocated assets
- Significant reduction in riskier, more volatile trading positions

Re-align business portfolio

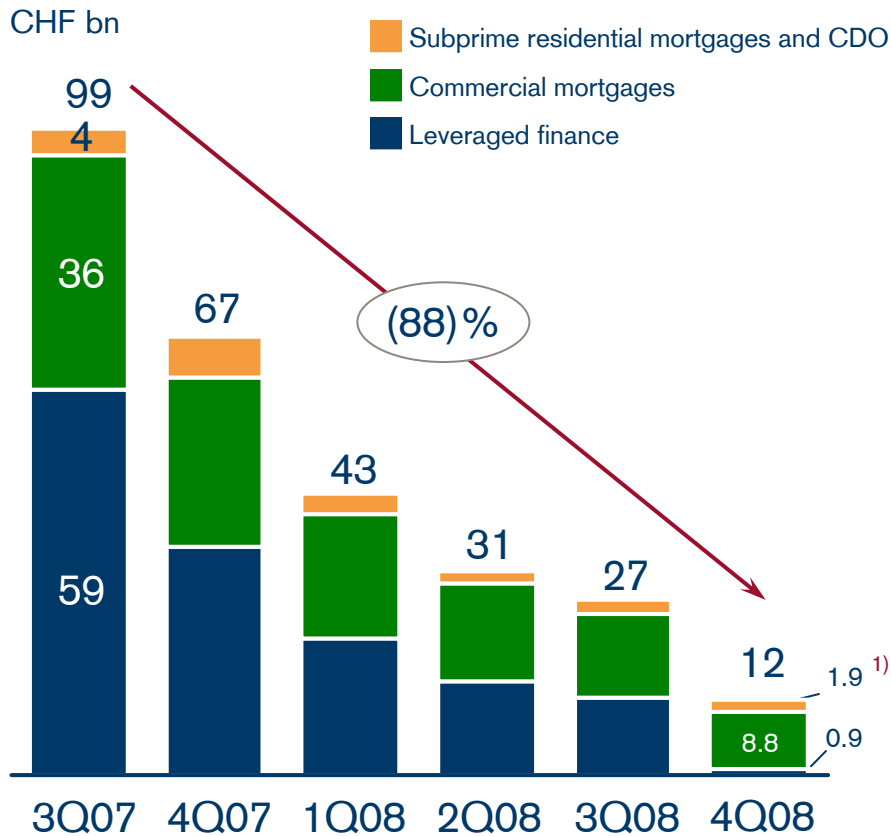
- Allocate resources towards client and flow-based businesses
- Reduce/exit businesses that are highly volatile or capital intensive
- Continue to grow cross-bank collaboration

Streamline expense base

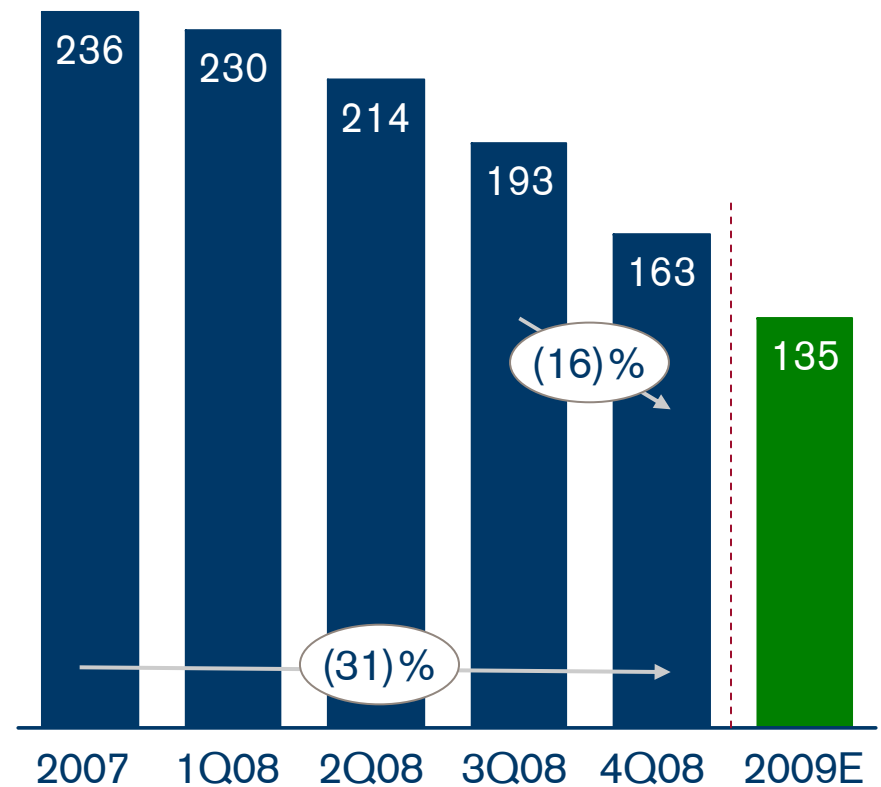
- Reduce headcount
- Ongoing expense management

# Sustained and consistent risk exposure reduction

## Dislocated asset balances in Investment Bank



## Investment Bank RWAs (period-end in USD bn)



1) Excluding US prime, US Alt-A and European/Asian residential mortgage exposures of CHF 3.2 bn

# Implementing our strategy

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# Re-aligning the Investment Bank

## Key client businesses

### Develop existing strong market positions

Equities

- Cash Equities
- Electronic Trading
- Prime Services
- Equity Derivatives - focus on flow and corporate trades

Fixed Income

- Global Rates
- FX
- High Grade Credit / DCM
- US RMBS secondary trading
- Commodities trading (joint venture)

Advisory

- Strategic advisory (M&A) and capital markets origination

## Repositioned businesses

### Maintain competitive advantage but reduce risk and volatility

- Equity trading - focus on quantitative and liquid strategies
- Convertibles - focus on client flow

- Emerging Markets - maintain leading business but with more limited risk/credit provision
- US Leveraged Finance - maintain leading business but focus on smaller/quicker to market deals

- Corporate Lending - improved alignment of lending with business and ability to hedge

## Exit businesses

### Release capital and resources; reduce volatility

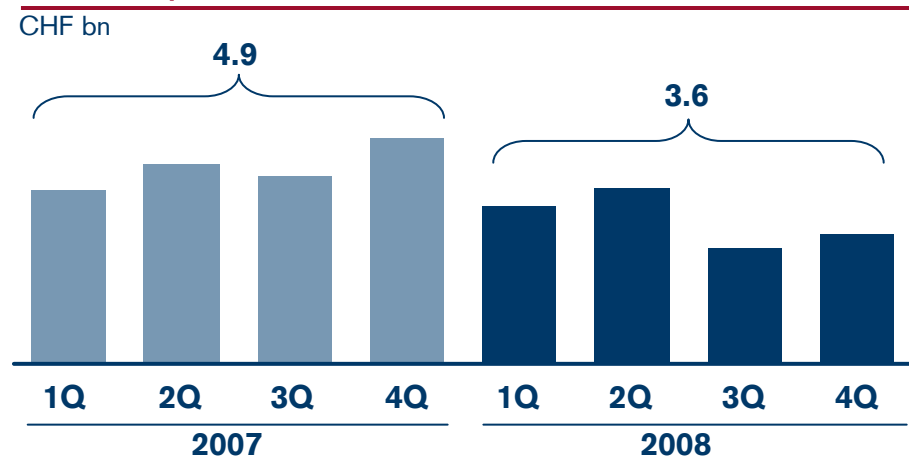
- Highly structured derivatives
- Illiquid principal trading

- Mortgage origination
- CDO
- Non-US Lev fin trading
- Non-US RMBS
- Highly structured derivatives
- Power & Emission trading

- Origination of slow to market, capital-intensive financing transactions

# Cash Equities

## Cash Equities revenues



## Market Opportunity

- Estimated global commission pool: \$27 bn
- CS market share: 10.6% (up from 9.1% for 2007)
- Strong momentum: Seven consecutive quarters of market share gains
- Top 3 market share globally
- Disruption experienced by competitors presents unique opportunity to gain 10-15% incremental market share
- Improving primary rankings and new issue activity provides significant upside

## CS Competitive Strengths

- Low volatility of revenue
- High margins
- Stable client-focused platform
- Top-3 client research rankings and differentiated content
- Top-3 execution platform
- Low cost provider, with global scale and diversified client base

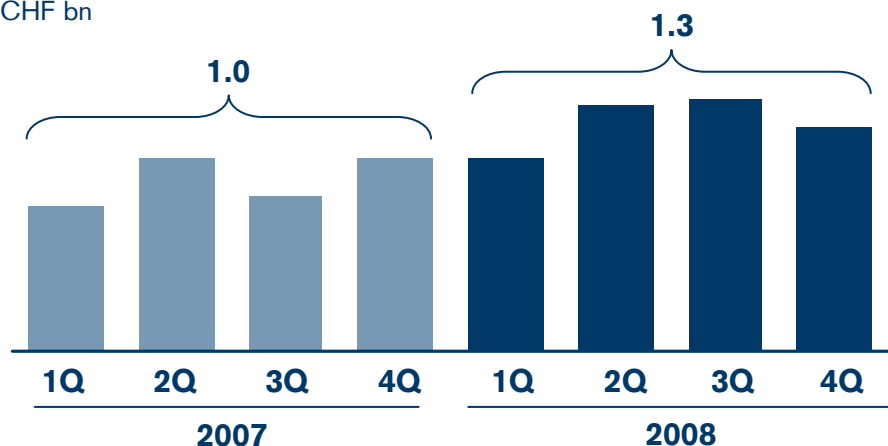
## Growth Strategy and Focus

- Consolidate and extend market share gains
- Deliver focused client service driven by account segmentation and integrated across the firm
- Continue to drive cost efficiencies across platform
- Maintain high pre-tax margins (> 30% at low end of cycle) and a strong return on capital

# Electronic Trading

## Electronic Trading revenues

CHF bn



## Market Opportunity

- Increasing number of financial products moving to electronic trading platforms
- Fewer competitors
- Alternative pools of liquidity developing overseas

## CS Competitive Strengths

- Top ranked in portfolio trading, algorithmic trading and transition management
- Credit Suisse's CrossFinder is the #2 registered ATS in the U.S. – roughly 170 million shares/day crossed in 4Q08
- Strengths in technology and operationally intense scale businesses
- Significant investment required to develop the platform constitutes an important barrier to entry

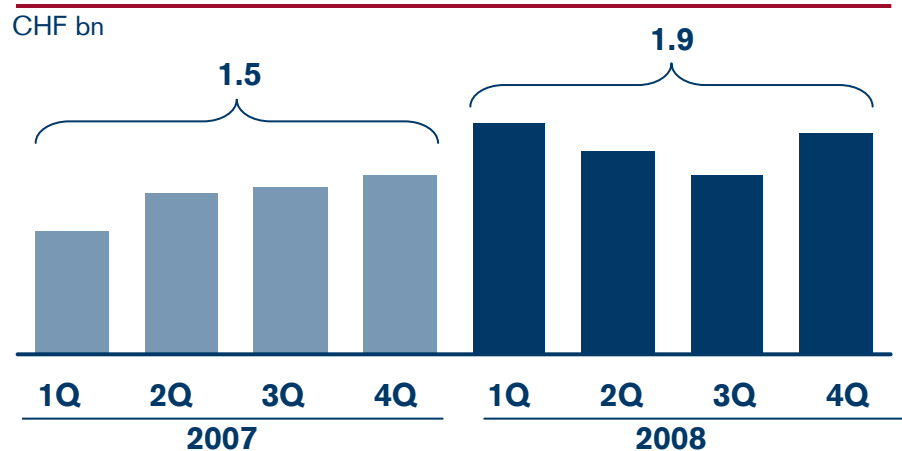
## Growth Strategy and Focus

- Continue investing in core business – technology, people, client relationships, etc.
- Lead the development of electronic markets through active industry participation and investment
- Extend AES to other asset classes, initially FX, options, futures

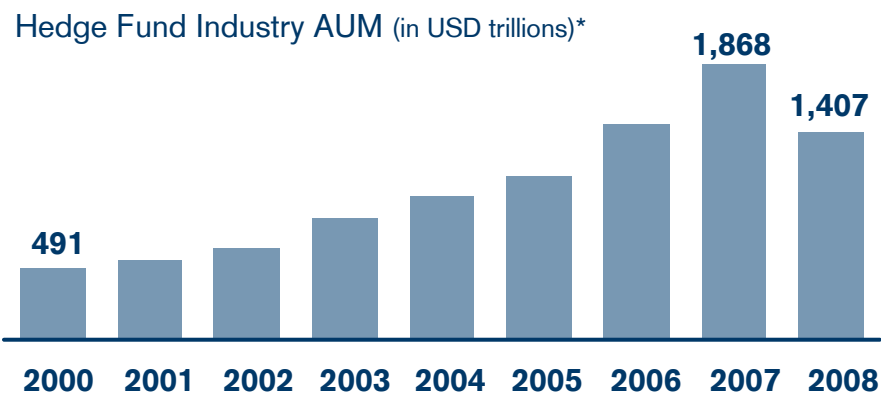


# Prime Services

## Prime Services revenues



## Market opportunity



\* Source: Hedge Fund Research

## CS competitive strengths

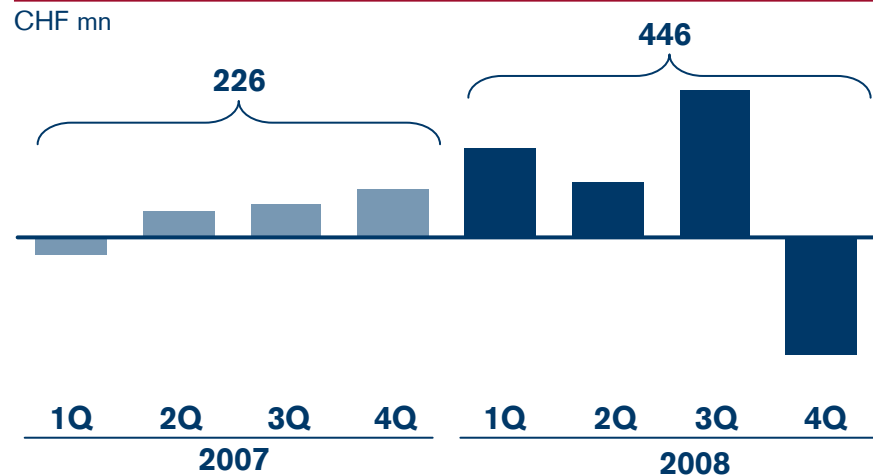
- Conservative standards, integrated solutions, select client base and sound risk portfolio
- Viewed as a strong counterparty given strength of funding and liquidity
- Substantially increased market share in 2008, while top competitors' market share has declined
- Higher pricing power with fewer viable competitors

## Growth strategy and focus

- Focus remains stronger than ever on improving return on assets through re-pricing and upgrading client base
- Continue to take the most selective approach in the market versus the "mass market" taken by competitors
- Responsible and prudent management of balance sheet with strong ROA

# Equity Flow Derivatives

## Flow Derivatives revenues



## Market opportunity

- Trend towards flow / exchange-listed products away from complex / OTC products
  - More liquid risk, reduced processing costs
- Increased usage of flow derivatives by institutional clients
- Significant dislocation at main competitors, resulting in wider spreads
- Increased demand for hedging in volatile markets

## CS competitive strengths

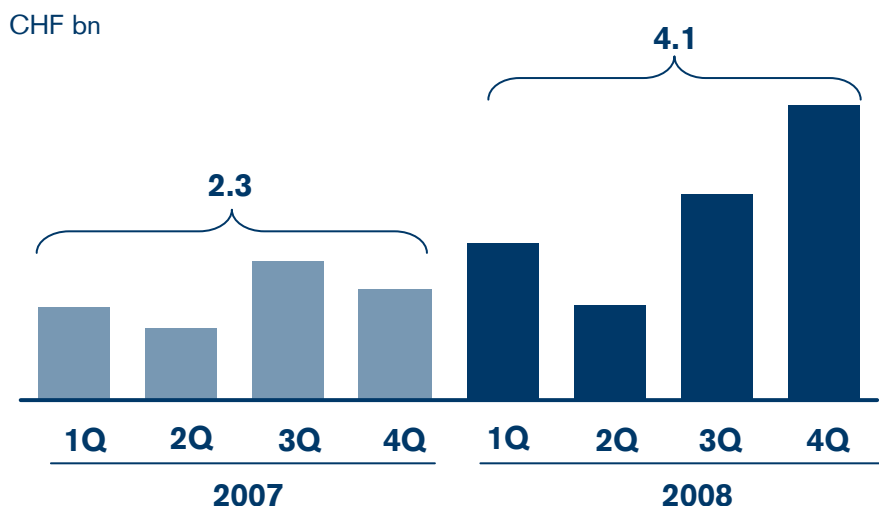
- Revenue momentum: growth of 97%
- Market-share momentum: 2008 ranking 3<sup>rd</sup> in Europe and 4<sup>th</sup> in US (Greenwich Associates Survey), up from 8<sup>th</sup> and 6<sup>th</sup>
- Unparalleled network of relationships from cash equities and private banking franchises
- Growing share of hedge fund flow in parallel with growth of prime brokerage platform

## Growth strategy and focus

- Round out global footprint by strengthening APAC platform
- Consolidate gains in Europe and US: limited incremental investment required
- Continue to lever AES brand into options electronic execution and market-making

# Flow-based Rates and FX

## Flow-based Rates/FX revenues



## Market opportunity

- Continued strong market liquidity after record volumes in 2008 (e.g. Jan'09 FX volumes = avg monthly '08)
  - Increased client demand for hedging against volatility
  - Historically wide bid/offers
  - Increased role for intermediators as government issuance expected to grow rapidly in 2009
- Strong macro risk environment

## CS competitive strengths

- Seen as a counterparty of choice (perceived financial strength), especially in derivatives but increasingly in cash as well
- Solid management team, integrated sales and trading model
- Strong risk management during turbulent markets
- Market leading research and electronic solutions (e.g. Merlin, FX AES)

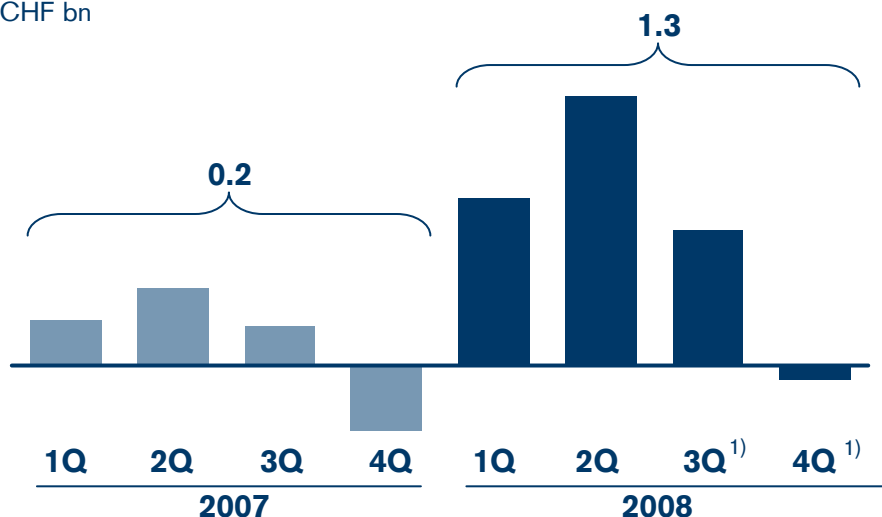
## Growth strategy and focus

- Continue to expand client footprint both Rates and FX
- Ongoing investment in FX electronic platforms; focus on client execution – agency model
- Largely client based franchise, with marginal risk taking to facilitate intermediation role

# US RMBS

## US RMBS Revenues

CHF bn



## Market Opportunity

- Historic competitor dislocation; attractive security valuations
- Tremendous need for risk transfer and intermediation
- Robust government-guaranteed RMBS issuance/trading
- Distressed private label markets with wide bid-offer
- Potential for disruptions due to government interventions

## CS Competitive Strengths

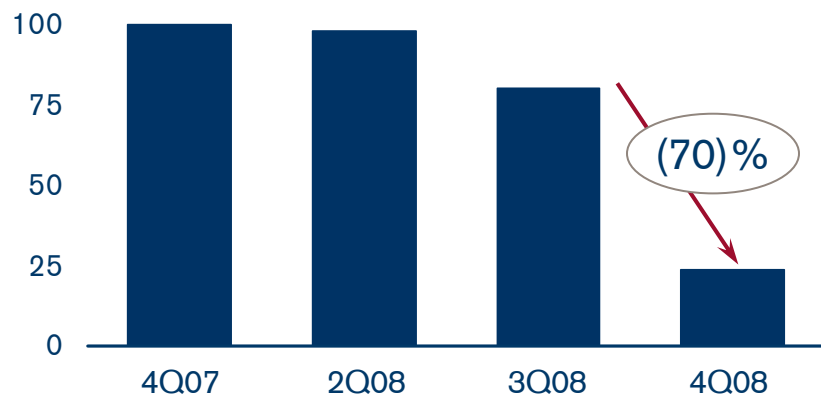
- Clear #1 franchise - #1 ranked by Orion client survey and #1 RMBS TradeWeb
- Strong, deep and proven sales and trading team
- Nimble trading posture with limited, well-marked positions
- Long-standing customer relationships

## Growth Strategy and Focus

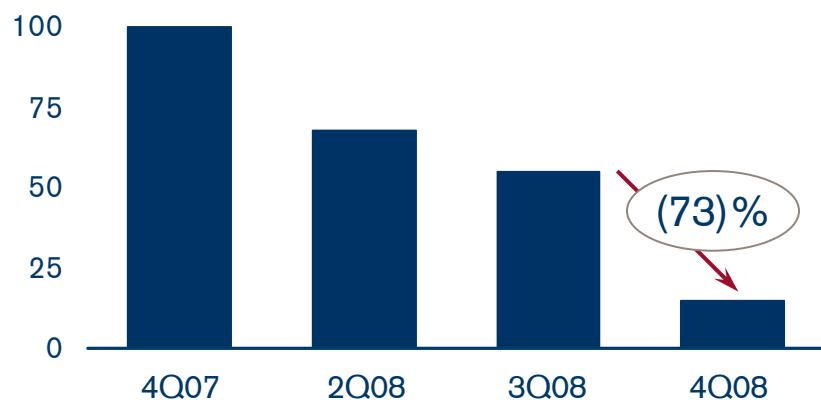
- Maintain leadership franchise, pursuing bid-offer and client-focused business model
- Opportunistic risk taking approach in dislocated markets

# Equities: Repositioned businesses

## Equity convertibles (market value at period-end, indexed)



## Equity trading strategies (gross book at period-end, indexed)



## Convertibles

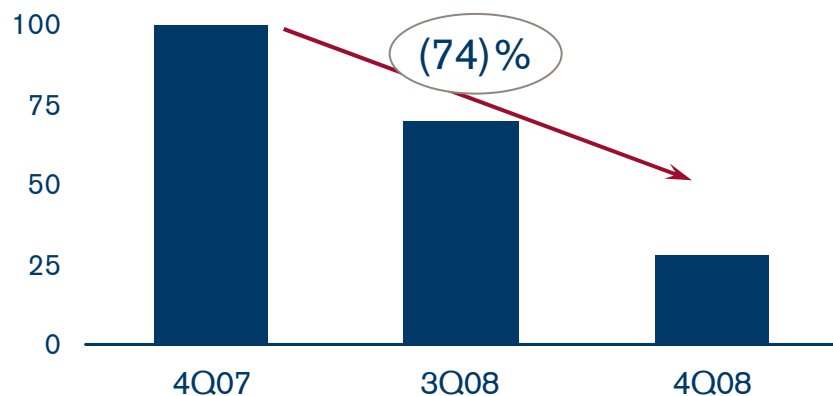
- Sell-down of convertibles trading book now mostly complete
- Convertibles business is now primarily focused on client flow

## Equity trading strategies

- Sell-down of equity principal trading and risk arbitrage positions now mostly complete
- Focus is now on quantitative and liquid strategies

# Fixed Income: Repositioned businesses

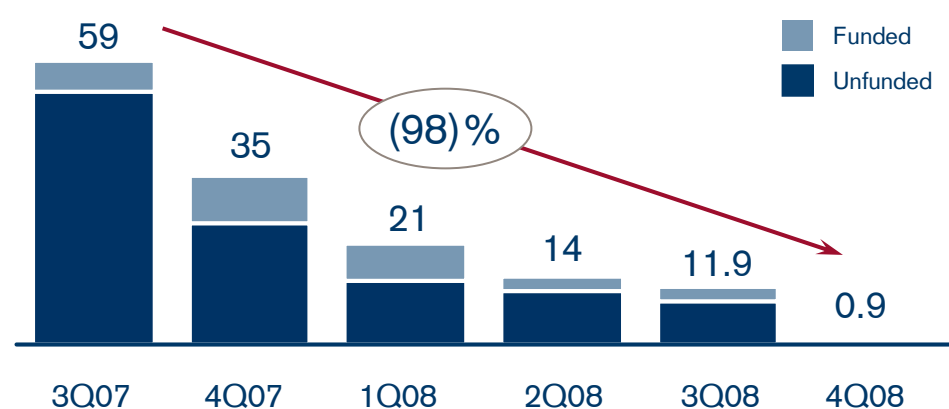
## Emerging market bonds (Indexed, net market value)



## Emerging markets

- Emerging market bond positions down 74% in 2008
- Maintain leading business but with more limited risk/credit provision

## Leveraged finance (CHF bn)



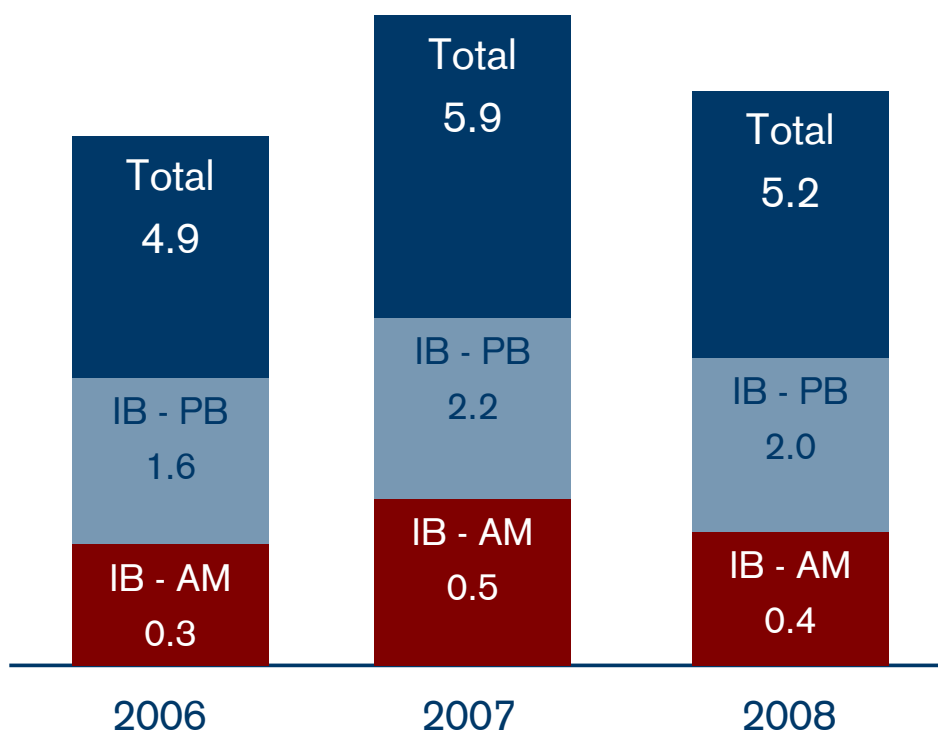
## US leveraged finance

- Funded and unfunded commitment exposure cut to minimal levels
- Maintain leading business but focus on smaller/quicker to market deals

# Cross-bank collaboration effort remains critical

## Collaboration revenues

CHF bn



- IB's collaboration revenues with the Private Bank and Asset Management have been resilient despite market conditions, totaling CHF 2.4 bn in 2008 vs. CHF 2.7 bn in 2007
- Continued cross-selling efforts remain critical, including tailored products (the Solution Partners JV) and new client introduction
- IB-related revenues are expected to continue to contribute approximately half of Credit Suisse's collaboration target of CHF 10 bn

# Implementing our strategy

## Priorities

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## Key objectives

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Re-align business portfolio

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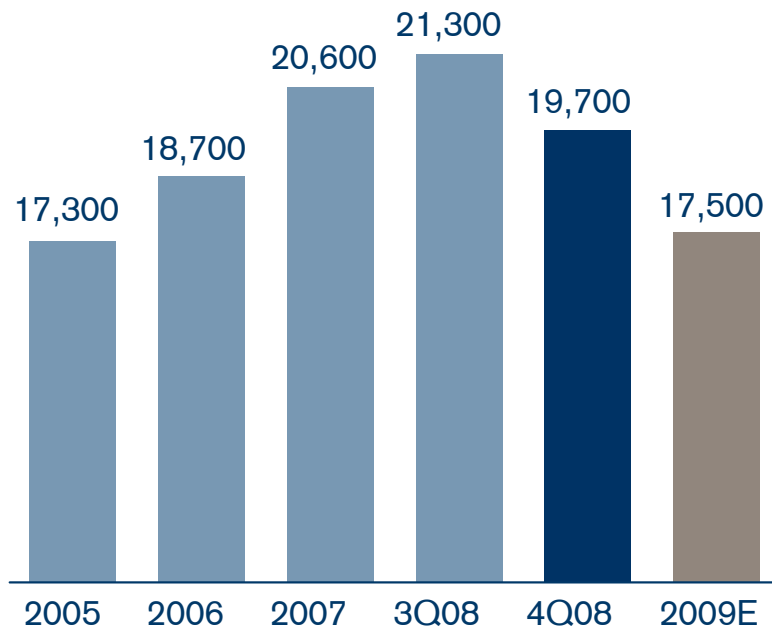
Streamline expense base

- Reduce headcount
- Ongoing expense management



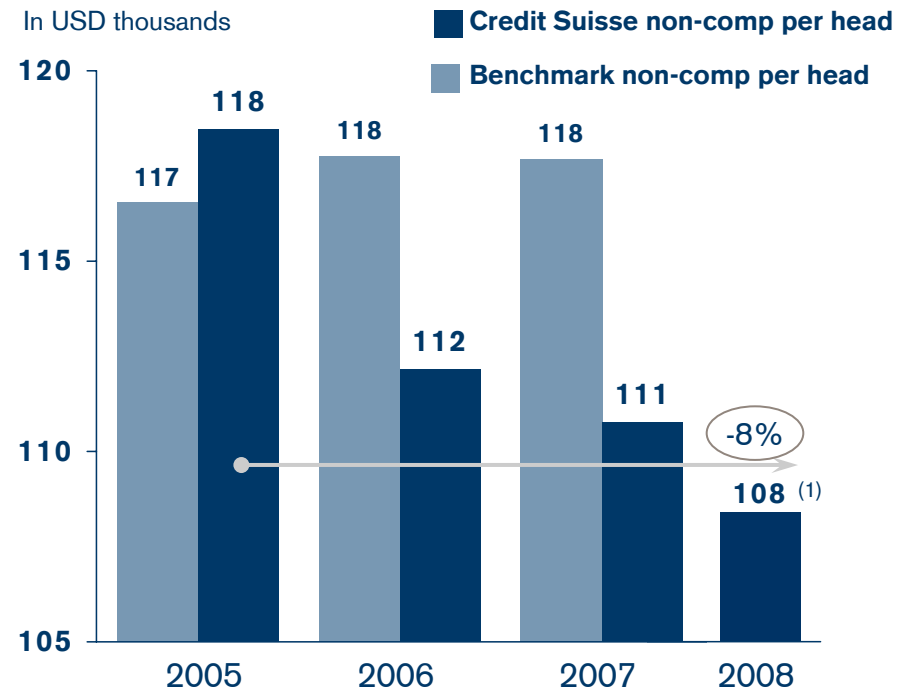
# Reducing headcount and non-compensation expenses

## Investment Banking headcount (period-end)



- Committed to meeting 2009 year-end target of 17,500
- Headcount reduction of 1,600 in 4Q08 with further reductions scheduled for 2009 consistent with December announcement

## Credit Suisse and benchmark non-comp per head (McLagan)



- Outperformed peers in both absolute and relative terms with CS non-comp/head declining by 8% since 2005
- Resulting non-comp spend is among the lowest in the industry

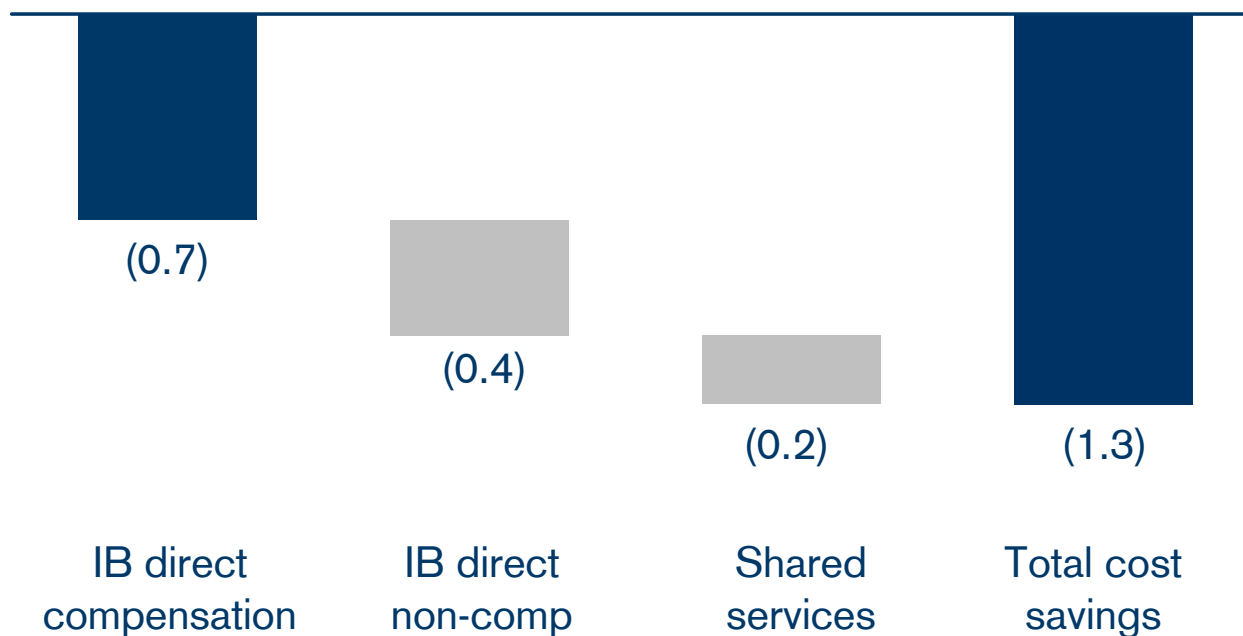
# Investment Bank cost savings target

- Total expected 2009 cost savings of CHF 1.3 bn of Credit Suisse total CHF 2 bn compared to 9M08 annualized
- 82% of savings from direct costs and 18% from shared services allocations

## Cost savings planned from re-alignment program

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CHF bn



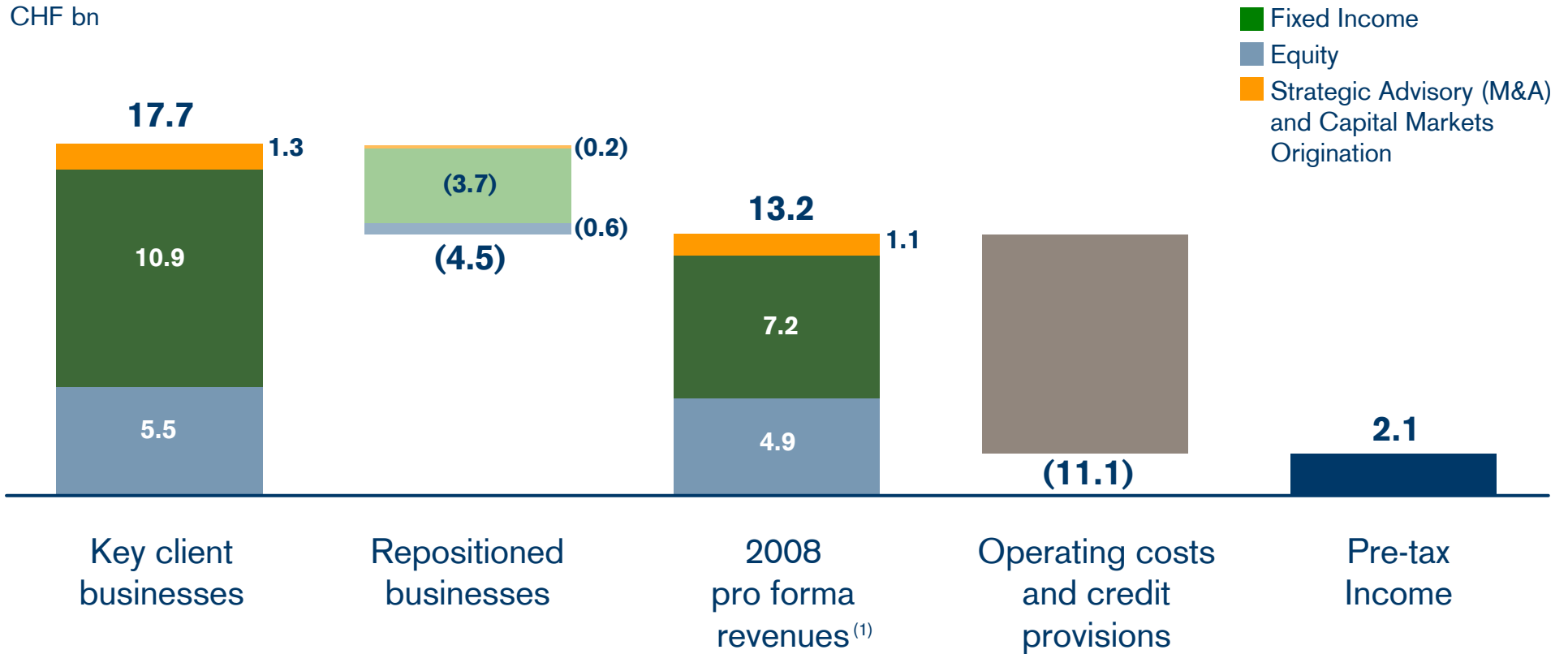
Credit Suisse overview

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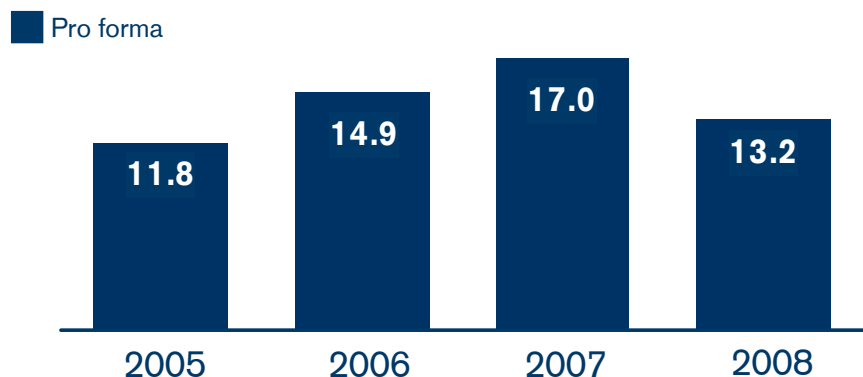
# FY 08 pro forma results

CHF bn

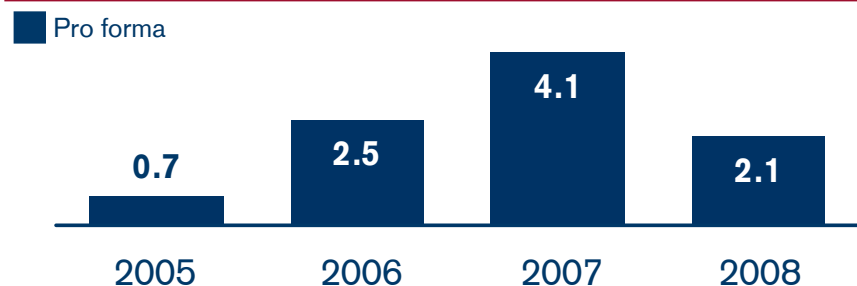


# Improved returns over the cycle with lower volatility

## Investment Banking revenue (CHF bn)



## Investment Banking pre-tax income<sup>(1)</sup> (CHF bn)



## Pro forma risk-weighted assets (USD bn)

Year	Risk-weighted assets (USD bn)
2005	99
2006	129
2007	161
2008	135

- Repositioned IB has robust revenues and earnings and at much lower volatility
- Margins and returns should be higher through the cycle, avoiding the losses suffered in 2008
- Significantly lower risk capital in IB, with more balanced capital allocation across the Group
- Model intended to be capital generative, with tight capital and risk usage across all businesses

(1) Excludes litigation charge of CHF 960m in 2005 and net insurance settlement credits of CHF 508m in 2006 and CHF 208m in 2008.

# Strongly positioned for the new environment

## CS Group strengths...

Capital strength and liquidity

Integrated bank model

Aggressive risk reduction

Repositioned IB platform

## ...and the Opportunity for IB

- Counterparty of choice
- Greater flexibility and consistency, with no government ownership

- Stable approach, validated by stressed market environment
- Unique collaboration opportunity

- Accelerates execution of IB strategy
- Allows us to rebalance capital across CS Group

- First mover advantage as demand turns to less complex products
- Profitable through cycle with lower volatility, risk and cost

Client-focused, capital-efficient strategy

CREDIT SUISSE

