

## 2Q14 Letter to shareholders

### Dear shareholders

The second quarter of 2014 was a period of substantial progress for Credit Suisse. In addition to resolving our most significant and longstanding legacy litigation issue, we saw continued strong momentum with clients and made progress in winding down our non-strategic portfolio. We maintained a resilient capital base and leverage ratio despite the impact of the settlement of the US cross-border matter. And we remain on track to reach our cost reduction targets.

Our reported results for both the second quarter and the first half of 2014 were impacted by the final settlement regarding all outstanding US cross-border matters. Driven by the previously announced CHF 1.6 billion litigation settlement charge, we reported a net loss attributable to shareholders of CHF 700 million for the quarter and net income of CHF 159 million for the first half of 2014.

As many of you are aware, we introduced the concept of “strategic results” last year to reflect management responsibilities following the set-up of non-strategic units. This reporting structure also serves to give you a more accurate picture of the performance of our key businesses, excluding the impact of businesses we have chosen to exit and other non-strategic positions and items. The results of these non-strategic units are disclosed each quarter as our “non-strategic results”. We think it is helpful for our investors to know how our business performs when excluding the drag from the non-strategic units.

In the second quarter, our strategic businesses reported net income of CHF 1,282 million and a return on equity of 13%. These solid strategic results demonstrate the resilience of our business model, despite subdued client trading activity in certain areas which impacted both Private Banking & Wealth Management and Investment Banking.

### Progress in our two divisions

In Private Banking & Wealth Management, reported results were substantially impacted by the settlement litigation charge. Our strategic businesses in Private Banking & Wealth Management generated pre-tax income of CHF 882 million and a continued high return on capital of 28%.

We further improved the efficiency of our strategic businesses with operating expenses down 8% compared to last year’s second quarter. These lower expenses helped us to mitigate the impact on our margins of higher levels of assets under management, a change in client mix, subdued transaction activity and the continued low interest rate environment. We were able to sustain our net margin in Wealth Management Clients at 28 basis points, while our gross margin decreased by 5 basis points during the second quarter to 99 basis points.



Urs Rohner, Chairman of the Board of Directors (left) and Brady W. Dougan, Chief Executive Officer.

We saw strong net new assets of CHF 11.8 billion in the quarter from our strategic businesses, driven by growth in Asia Pacific and Switzerland. We achieved an annualized net new asset growth rate of 4% in our strategic businesses, despite CHF 2.9 billion of outflows from our Western European cross-border business. Including the non-strategic portion, these outflows totaled CHF 4.1 billion. The outflows were driven by our proactive measures to regularize our asset base in Western Europe. We consider this regularization process to be necessary in the context of the secular transformation of the global cross-border banking industry. We also made further progress with our lending initiatives for ultra-high-net-worth clients during the second quarter, particularly in Asia Pacific.

In Investment Banking, we delivered solid results in the second quarter, reflecting strong origination activity, continued momentum in our yield franchises and improved capital efficiency. We generated pre-tax income of CHF 1,034 million for our strategic businesses and a return on capital of 18%, demonstrating the stability of our strategic franchise. The strong results of our underwriting businesses and fixed income yield franchises were partly offset by less favorable trading conditions in equities and continued weakness in global macro products.

We have further increased the capital efficiency of Investment Banking since last quarter and expect the restructuring of the macro business to drive further capital, leverage and expense reductions. As part of this restructuring, we are announcing our exit from the commodities trading business in order to reallocate resources to more profitable businesses.

### **Progress in executing strategy to support cash returns to shareholders**

In the first half of the year, we continued to optimize resource allocation in order to grow our high-returning businesses, particularly in Private Banking & Wealth Management. At the same time, we made progress in winding down positions in our non-strategic units and in resolving legacy litigation matters.

We are ahead of schedule in winding down positions and losses in our non-strategic units. We have reduced risk-weighted assets by USD 6 billion and our leverage exposure by USD 3 billion in the Investment Banking non-strategic unit during the quarter.

The settlement of all outstanding US cross-border matters, along with the Federal Housing Finance Agency (FHFA) settlement in March, brought to a close the most significant outstanding litigation matters for Credit Suisse. We want to reiterate that we deeply regret the past misconduct that led to the settlement with the US authorities and that we take full responsibility for it. The continued trust and support of our clients helped us to mitigate the impact of these settlements on our businesses. We would like to thank all of our employees for their contribution as we worked to resolve these issues and for their continuous outreach to clients. It is because of their professionalism that our clients continue to regard Credit Suisse as their partner.

We are executing the capital measures we announced in May, which are expected to fully mitigate the impact of the US cross-border settlement on our capital position. As of the end of the second quarter, our look-through CET1 ratio stood at 9.5%, compared to 9.3% at the end of the first quarter, had the settlement charge been applied at that time. We remain on track to improve our Look-through CET1 ratio to above 10% by the end of this year. This includes the continued accrual of cash dividends for 2014. Once we reach 10% and as we continue to accrete capital toward our 11% long-term target, we intend to return approximately half our earnings to shareholders through annual distributions.

We would like to thank you, our shareholders and clients, for the trust you have placed in Credit Suisse.

Sincerely

Urs Rohner

Brady W. Dougan

July 2014

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. The related disclosures are in accordance with the current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of Credit Suisse's assumptions or estimates could result in different numbers from those shown herein.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

All expense reduction metrics against 6M11 annualized total expenses are measured at constant foreign exchange rates and exclude realignment and other significant expense items and variable compensation expenses. For further information regarding these measures, see the 2Q14 Results Presentation Slides.

Refer to "Results overview" in II – Operating and financial review – Core Results in our Annual Report 2013 for further information on Core Results.

## Key metrics

	in / end of			% change		in / end of			% change
	2Q14	1Q14	2Q13	QoQ	YoY	6M14	6M13	YoY	
<b>Credit Suisse (CHF million, except where indicated)</b>									
Net income/(loss) attributable to shareholders	(700)	859	1,045	–	–	159	2,348	(93)	
of which from continuing operations	(691)	844	1,054	–	–	153	2,351	(93)	
Basic earnings/(loss) per share from continuing operations (CHF)	(0.45)	0.47	0.55	–	–	0.05	1.31	(96)	
Diluted earnings/(loss) per share from continuing operations (CHF)	(0.45)	0.47	0.53	–	–	0.05	1.28	(96)	
Return on equity attributable to shareholders (%)	(6.7)	8.0	10.1	–	–	0.8	12.0	–	
Effective tax rate (%)	(88.7)	31.2	28.7	–	–	60.8	27.6	120	
<b>Core Results (CHF million, except where indicated)</b>									
Net revenues	6,433	6,469	6,830	(1)	(6)	12,902	13,848	(7)	
Provision for credit losses	18	34	51	(47)	(65)	52	73	(29)	
Total operating expenses	6,785	5,035	5,239	35	30	11,820	10,430	13	
Income/(loss) from continuing operations before taxes	(370)	1,400	1,540	–	–	1,030	3,345	(69)	
Cost/income ratio (%)	105.5	77.8	76.7	–	–	91.6	75.3	–	
Pre-tax income margin (%)	(5.8)	21.6	22.5	–	–	8.0	24.2	–	
<b>Strategic results (CHF million, except where indicated)</b>									
Net revenues	6,324	6,553	6,795	(3)	(7)	12,877	13,813	(7)	
Income from continuing operations before taxes	1,767	1,940	2,087	(9)	(15)	3,707	4,294	(14)	
Cost/income ratio (%)	71.7	70.1	68.9	–	–	70.9	68.6	–	
Return on equity – strategic results (%)	12.9	13.9	15.0	–	–	13.4	16.7	–	
<b>Non-strategic results (CHF million)</b>									
Net revenues	109	(84)	35	–	211	25	35	(29)	
Loss from continuing operations before taxes	(2,137)	(540)	(547)	296	291	(2,677)	(949)	182	
<b>Assets under management and net new assets (CHF billion)</b>									
Assets under management from continuing operations	1,319.6	1,281.1	1,245.4	3.0	6.0	1,319.6	1,245.4	6.0	
Net new assets from continuing operations	10.7	14.7	8.7	(27.2)	23.0	25.4	23.1	10.0	
<b>Balance sheet statistics (CHF million)</b>									
Total assets	891,580	878,090	919,903	2	(3)	891,580	919,903	(3)	
Net loans	254,532	250,659	246,186	2	3	254,532	246,186	3	
Total shareholders' equity	40,944	43,230	42,402	(5)	(3)	40,944	42,402	(3)	
Tangible shareholders' equity	32,716	35,046	33,611	(7)	(3)	32,716	33,611	(3)	
<b>Basel III regulatory capital and leverage statistics</b>									
Risk-weighted assets (CHF million)	285,421	285,996	–	0	–	285,421	–	–	
CET1 ratio (%)	13.8	14.3	–	–	–	13.8	–	–	
Look-through CET1 ratio (%)	9.5	10.0	–	–	–	9.5	–	–	
Swiss leverage ratio (%)	4.8	4.8	–	–	–	4.8	–	–	
Look-through Swiss leverage ratio (%)	3.7	3.7	–	–	–	3.7	–	–	
<b>Share information</b>									
Shares outstanding (million)	1,600.0	1,587.2	1,592.0	1	1	1,600.0	1,592.0	1	
of which common shares issued	1,607.2	1,596.1	1,594.3	1	1	1,607.2	1,594.3	1	
of which treasury shares	(7.2)	(8.9)	(2.3)	(19)	213	(7.2)	(2.3)	213	
Book value per share (CHF)	25.59	27.24	26.63	(6)	(4)	25.59	26.63	(4)	
Tangible book value per share (CHF)	20.45	22.08	21.11	(7)	(3)	20.45	21.11	(3)	
Market capitalization (CHF million)	40,758	45,633	39,937	(11)	2	40,758	39,937	2	
<b>Number of employees (full-time equivalents)</b>									
Number of employees	45,100	45,600	46,300	(1)	(3)	45,100	46,300	(3)	

## Financial calendar and contacts

### Financial calendar

Third quarter 2014 results	Thursday, October 23, 2014
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### Cautionary statement regarding forward-looking information

This letter contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;

- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in "Risk factors" in I – Information on the company in our Annual Report 2013.