Check against delivery

Speech by Urs Rohner
Chairman of the Board of Directors

Dear shareholders, clients and employees

The special situation resulting from the COVID-19 pandemic has obviously also had an impact on this year's Annual General Meeting of Credit Suisse Group, which has to take place without shareholders being physically present. With the very minimum of personnel resources, we are making this webcast available to you not from Zurich's Hallenstadion – as is customary – but from our own conference center in Horgen, near Zurich.

In keeping with this format, I will today limit myself to a few key statements about the performance of our business in 2019 and to general observations about the current situation. Our new CEO, Thomas Gottstein, will then discuss these developments in more detail.

In 2019, Credit Suisse Group generated pre-tax income of CHF 4.7 billion. Net income attributable to shareholders amounted to CHF 3.4 billion for 2019, an increase of 69% compared to the previous year.

The results for 2019 include significant gains amounting to CHF 825 million that were derived from two special transactions[1], which are described in detail in our Annual Report. Even without these gains, our results were strong and are a testament to the effectiveness of the strategy we initiated in 2015 to become a leading wealth manager with strong investment banking capabilities.

The Group's net new assets totaled CHF 79.3 billion in 2019, resulting in assets under management of CHF 1.5 trillion at the end of the year.

Turning to the results of the individual divisions:

The Swiss Universal Bank (SUB) division recorded an 8% rise in net revenues and a 27% increase in pre-tax income to CHF 2.7 billion in 2019 compared to the previous year. Both Private Clients and Corporate & Institutional Clients contributed to this result with higher revenues.

The International Wealth Management (IWM) division maintained its growth momentum in 2019, with pre-tax income up 25% year on year to CHF 2.1 billion. This increase was driven by 9% growth in net revenues coupled with stable operating expenses. Both Private Banking and Asset Management contributed to this result with increases in net revenues.

The Asia Pacific (APAC) division grew its pre-tax income by 36% year on year to CHF 902 million in 2019. I especially want to highlight APAC's 16% return on regulatory capital. A large proportion of APAC's profit – CHF 888 million to be precise – was delivered by the Wealth Management & Connected business, but it is also encouraging that the Markets business returned to profitability with pre-tax income of CHF 14 million following a negative result in 2018.

The Global Markets (GM) division also recorded significantly higher pre-tax income of CHF 956 million in 2019 compared to the previous year, with positive operating leverage and a 4% decline in risk-weighted assets. Growth in our trading and financing businesses in 2019 more than offset the decline in debt and equity underwriting activity.

Investment Banking & Capital Markets (IBCM) was the only operating division to record a pre-tax loss in 2019, which stood at CHF 162 million. A lower volume of completed M&A activity and lower client debt underwriting activity led to a 23% decline in net revenues to CHF 1.7 billion for 2019.

Reflecting the performance of the business, we made further progress in strengthening our capital base in 2019. Our capital and leverage ratios, which already met regulatory requirements a year before they entered into force, improved further last year.

Group profitability also continued to increase last year. The return on tangible equity (RoTE) rose from 5% in 2018 to 9% in 2019. Diluted earnings per share amounted to CHF 1.32, compared to CHF 0.77 in 2018, while tangible book value per share was CHF 15.88 at end-2019, compared to CHF 15.27 at the end of 2018.

In our dialogue with supervisory authorities – particularly with FINMA in Switzerland and the Federal Reserve System in the US – we were able to demonstrate the balanced and resilient nature of our business model on a number of occasions last year, as well as the degree to which we have implemented our "too big to fail" agenda. The focus here was on the establishment of a global resolution concept, compliance with capital requirements, and the ongoing implementation of structural and operating improvements.

At the end of the first quarter of 2020, Credit Suisse had total assets of CHF 832 billion and total loss-absorbing capacity (TLAC) of CHF 93 billion.

Reflecting its strong capital position, Credit Suisse Group AG returned more than CHF 1.325 billion of capital to shareholders as part of its 2019 and 2020 share buyback programs[2]. Under agenda item 4, the Board of Directors is today proposing that the registered shares acquired under these programs be canceled, with a corresponding reduction in the par value of the Group's total share capital.

At this point, I would like to make one thing clear: The impacts of the COVID-19 pandemic have required us to rethink the share buyback program. Further repurchases are on hold until at least the third quarter of 2020 to allow us time to reassess the impact of the persisting pandemic.

The amendment of today's agenda item 3 for a (halved) dividend distribution, as communicated to you in the letter to shareholders of April 9, should be viewed in the same context. In response to FINMA's request to be mindful of the need to protect our capital base, and in line with similar decisions made by our peers, we have taken the prudent and responsible step of preserving our capital in light of the challenges posed by the COVID-19 pandemic. A more comprehensive evaluation of the magnitude of the economic consequences of this crisis will hopefully become possible as the year progresses. This will then form the basis for the decision to propose to shareholders a second distribution at an Extraordinary General Meeting later in the year[3], which would take the resulting total dividend for 2020 to a level that is in line with our intention to increase the dividend by at least 5% annually.

Last year, we were also preoccupied with a number of personnel issues. Following the resignation of Tidjane Thiam, the Board of Directors appointed Thomas Gottstein as the new Group CEO in February 2020. Thomas joined Credit Suisse in 1999 and has held management positions in both Investment Banking and Private Banking. Since 2015, he has been responsible for our home market in his role as CEO of the Swiss Universal Bank and a member of the Group Executive Board.

I would also like to inform you about a number of other internal changes to the Executive Board since our last Annual General Meeting.

In July 2019, Philipp Wehle assumed the role of CEO of the International Wealth Management (IWM) division. Philipp has been with Credit Suisse since 2005 and, as Head of International Wealth Management Finance since 2015, had already played a key role in the division by combining strong revenue growth with strict cost and capital discipline.

James Walker, previously Chief Operating Officer of our Finance department, was appointed Chief Operating Officer of the Group in October. He has an extremely successful track record at Credit Suisse dating back to 2009. In recognition of his exceptional leadership and his exemplary implementation of our Conduct and Ethics Standards, James was awarded the Aeppli Prize in 2018; this is the highest award that our employees can receive.

In November, David Miller was appointed CEO of our Investment Banking & Capital Markets division, a role in which he can draw on his 20 years of experience at Credit Suisse. Prior to this appointment, David was Head of Credit, Head of Global Credit Products, and a member of the Global Markets Management Committee. He strengthens our Executive Board as a recognized leader who has repeatedly demonstrated his ability to develop and implement strategies with great success.

Finally, André Helfenstein was appointed CEO of Credit Suisse (Schweiz) AG and our Swiss Universal Bank division in February of this year. He previously headed the Institutional Clients department of our Swiss division. André is an outstanding manager with profound knowledge of the Swiss market. I have no doubt that with his experience and new ideas, he will continue to drive forward the successful development of our Swiss division.

I would like to wish all the new members of the Executive Board every success and personal fulfillment in their important new roles – which have obviously not become any easier over the last few weeks.

I now have a few comments regarding the composition of the Board of Directors:
Of the current members, Alexander Gut will not stand for re-election at today's Annual General Meeting, as he wants to devote more time to his own business. I would like to wish Alexander every success in this endeavor, while at the same time thanking him for his valuable contribution to the strategic management of Credit Suisse Group over the last few years. All other current members of the Board of Directors will be standing for re-election by shareholders today.

The Board of Directors is today proposing the election of Richard Meddings as a new non-executive Board member. Subject to his election at today's Annual General Meeting and his subsequent formal appointment by the Board of Directors, Richard Meddings, who is Chairman of the UK's TSB Bank plc, is expected to succeed John Tiner as Chairman of the Group's Audit Committee.

The only other change to the Board of Directors relates to my own position: Having been a Board member for eleven years now, I am standing for re-election as Chairman for the last time today – as already communicated to you in the invitation to the Annual General Meeting and confirmed to the Board of Directors some time ago. This is in line with the maximum term of office of twelve years that I introduced during my tenure. The Governance and Nominations Committee is leading the succession process for my function, which is well underway and progressing according to plan.

Turning now to the current environment, the COVID-19 pandemic is putting Credit Suisse Group and the Swiss financial center as a whole to the test. This pandemic has made it both expedient and necessary for the authorities to take measures that will have significant consequences for both the Swiss economy and society. The big difference compared to the last major global crisis, i.e. the financial crisis of 2008/2009, is that the banks are not a key part of the current problem but rather a crucial part of the solution. Banks, including our own, have radically overhauled their business models over the last decade as they worked through the legacy issues of the financial crisis, and have invested significant sums to bolster their resilience.

The COVID-19 crisis is now clearly revealing the robustness of these new business models. We are now in a position to provide efficient and effective support – not only in Switzerland, where this has been achieved in an exemplary way in cooperation with our peers, as well as in close consultation with the relevant authorities, but also in all other markets, where we are providing extensive support to our clients as they make difficult decisions. Our CEO Thomas Gottstein will shortly illustrate where we now stand in our Swiss home market and our global business.

The measures that have been taken to protect the healthcare system may have been unavoidable from a public health standpoint, but they also harbor the risk of substantial, prolonged damage being done to market structures – both in Switzerland and globally. We will therefore welcome the authorities relaxing the current restrictions pragmatically but swiftly, so that the economic consequences can be mitigated as far as possible.

As a final point, I would like to thank our workforce of 48,500 employees around the world for their tremendous commitment and dedication in 2019 and in the current unprecedented situation. I am aware that our employees had to respond to questions from clients and acquaintances due to inappropriate procedures within our company last year, which they could hardly have expected in a period during which our business developed so positively. However, our employees have remained professional at all times, staying focused on achieving their objectives and meeting the needs of our clients. They therefore made their own contribution to the success of our company last year. The Group's financial results are a testament to their loyalty, professionalism and determination to always do their very best for Credit Suisse, including when times are tough. Without their efforts, we would not be able to achieve our goals, and without their professionalism, we would not have been able to master the current situation. The Board of Directors and I would therefore like to express our enormous gratitude to all our employees. Our success is dependent on them, and naturally also on the trust of our shareholders, not only at this unprecedented time – but also in the future.

I would now like to hand you over to our CEO, Thomas Gottstein.

End

Footnotes

[1] 2019 reported results include a gain of CHF 498 million related to the revaluation of our equity investment in the SIX Group AG, recorded in Swiss Universal Bank (CHF 149 million in Private Clients and CHF 157 million in Corporate & Institutional Clients) and International Wealth Management (CHF 192 million in Private Banking). 2019 reported results also include a gain of CHF 327 million related to the transfer of the InvestLab fund platform to Allfunds Group recorded in Swiss Universal Bank (CHF 98 million in Corporate & Institutional Clients), International Wealth Management (CHF 131 million in Private Banking) and Asia Pacific (CHF 98 million in Wealth Management & Connected).
[2] As of March 13, 2020
[3] Subject to market and economic conditions

Appendix

Important Information

This document contains select information from the full 2019 Annual Report and 1Q20 earnings materials. The complete 2019 Annual Report and 1Q20 Earnings Release, Media Release and Results Presentation slides contain more comprehensive information about our results and operations for the full year 2019 and first quarter of 2020, as well as important information about our reporting methodology and some of the terms used in these documents. The complete 2019 Annual Report and 1Q20 Earnings Release, Media Release and Results Presentation slides are not incorporated by reference into this document.

Credit Suisse has not finalized its 1Q20 Financial Report and Credit Suisse's independent registered public accounting firm has not completed its review of the condensed consolidated financial statements (unaudited) for the period. Accordingly, the financial information contained in this document is subject to completion of quarter-end procedures, which may result in changes to that information.

We may not achieve all of the expected benefits of our strategic initiatives. Factors beyond our control, including but not limited to the market and economic conditions (including macroeconomic and other challenges and uncertainties, for example, resulting from the COVID-19 pandemic), changes in laws, rules or regulations and other challenges discussed in our public filings, could limit our ability to achieve some or all of the expected benefits of these initiatives.

In particular, the terms "Estimate", "Illustrative", "Ambition", "Objective", "Outlook" and "Goal" are not intended to be viewed as targets or projections, nor are they considered to be Key Performance Indicators. All such estimates, illustrations, ambitions, objectives, outlooks and goals are subject to a large number of inherent risks, assumptions and uncertainties, many of which are completely outside of our control. These risks, assumptions and uncertainties include, but are not limited to, general market conditions, market volatility, interest rate volatility and levels, global and regional economic conditions, challenges and uncertainties resulting from the COVID-19 pandemic, political uncertainty, changes in tax policies, regulatory changes, changes in levels of client activity as a result of any of the foregoing and other factors. Accordingly, this information should not be relied on for any purpose. We do not intend to update these estimates, illustrations, ambitions, objectives, outlooks or goals.

In preparing this document, management has made estimates and assumptions that affect the numbers presented. Actual results may differ. Figures throughout this document may also be subject to rounding adjustments. All opinions and views constitute judgments as of the date of writing without regard to the date on which the reader may receive or access the information. This information is subject to change at any time without notice and we do not intend to update this information.

Return on tangible equity is based on tangible shareholders' equity, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet. Tangible book value, a non-GAAP financial measure, is equal to tangible shareholders' equity. Tangible book value per share is a non-GAAP financial measure, which is calculated by dividing tangible shareholders' equity by total number of shares outstanding. Management believes that tangible shareholders' equity/tangible book value, return on tangible equity and tangible book value per share are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy. For end-1Q20, tangible shareholders' equity excluded goodwill of CHF 4,604 million and other intangible assets of CHF 279 million from total shareholders' equity of CHF 48,777 million as presented in our balance sheet. For end-4Q19, tangible shareholders' equity excluded goodwill of CHF 4,663 million and other intangible assets of CHF 291 million from total shareholders' equity of CHF 43,644 million as presented in our balance sheet. For end-4Q18, tangible shareholders' equity excluded goodwill of CHF 4,766 million and other intangible assets of CHF 219 million from total shareholders' equity of CHF 43,922 million as presented in our balance sheet. Shares outstanding were 2,436.2 million at end-4Q19 and were 2,550.6 million at end-4Q18.

Reserve build is a non-GAAP financial measure, calculated by adding certain fair value mark-to-market losses (or gains) for the period to the increase in allowance for credit losses on financial assets held at amortized cost and provisions for off-balance sheet credit exposures recognized in that period. Management believes that reserve build is a useful measure that enables investors and others to assess the increase or decrease in reserves in the period across our accrual loan book, as well as our fair value loan book and underwriting book in potentially less liquid asset classes. In 1Q20, reserve build of CHF 1,029 million included CHF 585 million of increase in allowance for credit losses and provisions for off-balance sheet credit exposures and a combined total of CHF 444 million of fair value mark-to-market losses, comprising CHF 284 million of leveraged finance mark-to-market losses in Global Markets and Investment Banking & Capital Markets and CHF 160 million of Asia Pacific Financing Group mark-to-market losses.

Regulatory capital is calculated as the worst of 10% of risk-weighted assets and 3.5% of leverage exposure. Return on regulatory capital (a non-GAAP financial measure) is calculated using income/(loss) after tax and assumes a tax rate of 30% and capital allocated based on the worst of 10% of average risk-weighted assets and 3.5% of average leverage exposure. These percentages are used in the calculation in order to reflect the Swiss regulatory minimum requirements for Basel III CET1 capital and leverage ratios.

Credit Suisse is subject to the Basel III framework, as implemented in Switzerland, as well as Swiss legislation and regulations for systemically important banks, which include capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Credit Suisse has adopted the Bank for International Settlements (BIS) leverage ratio framework, as issued by the Basel Committee on Banking Supervision (BCBS) and implemented in Switzerland by the Swiss Financial Market Supervisory Authority FINMA (FINMA).

Unless otherwise noted, all common equity tier 1 (CET1) ratio, Tier-1 leverage ratio, risk-weighted assets and leverage exposure figures in this document are as of the end of the respective period.

Unless otherwise noted, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments. The tier 1 leverage ratio and CET1 leverage ratio are calculated as BIS tier 1 capital and CET1 capital, respectively, divided by period end leverage exposure. Swiss leverage ratios are measured on the same period-end basis as the leverage exposure for the BIS leverage ratio.

References to operating divisions mean Swiss Universal Bank, International Wealth Management, Asia Pacific, Investment Banking & Capital Markets and Global Markets.

Investors and others should note that we announce material information (including quarterly earnings releases and financial reports) to the investing public using press releases, SEC and Swiss ad hoc filings, our website and public conference calls and webcasts. We intend to also use our Twitter account @creditsuisse (https://twitter.com/creditsuisse) to excerpt key messages from our public disclosures, including earnings releases. We may retweet such messages through certain of our regional Twitter accounts, including @csschweiz (https://twitter.com/csschweiz) and @csapac (https://twitter.com/csapac). Investors and others should take care to consider such abbreviated messages in the context of the disclosures from which they are excerpted. The information we post on these Twitter accounts is not a part of this document.

Information referenced in this document, whether via website links or otherwise, is not incorporated into this document.

Certain material in this document has been prepared by Credit Suisse on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. Credit Suisse has not sought to independently verify information obtained from public and third-party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information.

Cautionary statement regarding forward-looking information

This document 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:

p our plans, targets or goals;
p our future economic performance or prospects;
p the potential effect on our future performance of certain contingencies; and
p 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.

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, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:
p the ability to maintain sufficient liquidity and access capital markets;
p market volatility and interest rate fluctuations and developments affecting interest rate levels, including the persistence of a low or negative interest rate environment;
p 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 negative impacts of COVID-19 on the global economy and financial markets and the risk of continued slow economic recovery or downturn in the EU, the US or other developed countries or in emerging markets in 2020 and beyond;
p the emergence of widespread health emergencies, infectious diseases or pandemics, such as COVID-19, and the actions that may be taken by governmental authorities to contain the outbreak or to counter its impact on our business;
p potential risks and uncertainties relating to the ultimate geographic spread of COVID-19, the severity of the disease and the duration of the COVID-19 outbreak, including potential material adverse effects on our business, financial condition and results of operations;
p the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
p adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
p the ability to achieve our strategic goals, including those related to our targets, ambitions and financial goals;
p the ability of counterparties to meet their obligations to us and the adequacy of our allowance for credit losses;
p the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
p political, social and environmental developments, including war, civil unrest or terrorist activity and climate change;
p the ability to appropriately address social, environmental and sustainability concerns that may arise from our business activities;
p the effects of, and the uncertainty arising from, the UK's withdrawal from the EU;
p the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
p operational factors such as systems failure, human error, or the failure to implement procedures properly;
p the risk of cyber attacks, information or security breaches or technology failures on our business or operations;
p the adverse resolution of litigation, regulatory proceedings and other contingencies;
p actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
p the effects of changes in laws, regulations or accounting or tax standards, policies or practices in countries in which we conduct our operations;
p the expected discontinuation of LIBOR and other interbank offered rates and the transition to alternative reference rates;
p the potential effects of changes in our legal entity structure;
p competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
p the ability to retain and recruit qualified personnel;
p the ability to maintain our reputation and promote our brand;
p the ability to increase market share and control expenses;
p technological changes instituted by us, our counterparties or competitors;
p the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
p acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets; and
p other unforeseen or unexpected events and our success at managing these and 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 2019.