CREDIT SUISSE

Check against delivery

Annual General Meeting of CREDIT SUISSE GROUP
Zurich, April 29, 2016

Presentation by Urs Rohner
Chairman of the Board of Directors

Dear Shareholders

2015 was another very challenging – or indeed difficult – year for the finance industry.
For Credit Suisse, the last few months were, in many respects, even more eventful than for most other financial institutions.

As communicated in detail, Credit Suisse has embarked on a path towards the future that entails far-reaching organizational changes, the realignment of its strategic focus and a withdrawal from certain areas of business. We are transforming our bank at a time when the entire industry is under pressure. However, there are clearly no alternatives. Our progress is being scrutinized, which is understandable and is also to be expected. We appointed a new CEO and a new Executive Board, defined a new strategic direction, further strengthened our capital position, and restructured our organization to reflect our change of focus.

We have made significant progress in the restructuring of the bank since last fall. In view of the continued challenging economic environment for our industry, we accelerated our plans at the start of the year and took additional measures to further strengthen our capital position, increase the resilience of our bank and enhance our flexibility.

The development of Credit Suisse's share price shows us, however, that the market has not yet acknowledged our efforts. Even if this always takes time, we are aware, Ladies and Gentlemen, that you are not satisfied with the performance of Credit Suisse shares in recent months. That is understandable. I can assure you that we are equally disappointed.

Even though the market capitalization of many of our peers has decreased significantly over the past few months, our share price was particularly under pressure. That was partly because we had to restructure our bank in an environment in which our management received little support from the market. That had a negative impact on the assessment of risks arising during the transformation process.

Our share price was also negatively impacted by disappointing results for the fourth quarter of 2015 – as seen at other financial institutions around the globe – as well as by goodwill impairment on certain positions in our fixed income business and by litigation provisions for legacy issues. The successes we achieved, particularly in Switzerland and Asia Pacific but also in International Wealth Management, were unable to compensate for these other factors, which adversely affected our share price. Having gained some distance from these events, the market has begun in recent weeks to recognize that we are taking the right measures and is viewing them more positively. This improved assessment by investors gives us the support we need. However, that is not enough. We are committed to systematically implementing our plans and to achieving sustained good results in the long term. I am confident that we will succeed.

The realignment of Credit Suisse that we began in October 2015 marks the start of a new chapter in the 160-year history of our company. Of course, that does not mean that we failed to act in prior years. Our industry has undergone permanent and fundamental changes in the last few years since the financial crisis. Credit Suisse is no exception. It is a very different bank today than in 2008.

I would like to take this opportunity to provide you with an overview of developments over the last five years. I will explain our starting point and outline the most important decisions and actions we have taken since 2011.

In 2008 and 2009, the markets temporarily recovered from the consequences of the financial crisis. However, the challenges facing international financial markets increased significantly again from 2011 onwards. The operating environment for global banks subsequently altered as financial markets became more volatile and uncertain, investors grew more cautious, and there was a massive and continued tightening of regulations across all areas and in all global markets. The situation was no different in Switzerland, where the industry was significantly affected from a macroeconomic perspective – particularly by the severe sovereign debt crisis in the euro zone, the low interest rate environment and the strong Swiss franc. For the Swiss financial sector, this situation was exacerbated by the effects of the regularization of client assets in the cross-border business and by regulatory developments that resulted in Switzerland having one of the strictest capital and liquidity regimes in the world.

We have, of course, closely followed these developments and we played an important role in shaping new regulations such as the Swiss too-big-to-fail legislation. In addition, we have continuously adapted our bank to these developments and aligned it with new regulatory requirements. It was always clear to us that a strong capital base was crucial to our future success, both in the short and long term.

In 2015, we therefore increased our common equity tier 1 (CET1) capital ratio to its highest ever level at Credit Suisse. Since 2011, we have added more than 20 billion Swiss francs of CET1 capital. At the end of 2015, Credit Suisse had 32.9 billion Swiss francs of CET1 capital. That is far more than Credit Suisse has ever had in its history and, in absolute figures, is also more than any other Swiss bank at the end of 2015. In addition to this significant strengthening of our CET1 capital, we also massively reduced our risk exposures in the period from 2011 to 2015.

We more than halved risk-weighted assets in our investment bank from 248 billion US dollars at the end of 2011 to 110 billion US dollars by the end of 2015. During this process, we focused on reducing risk in those areas that only had limited synergies with our wealth management business and that were becoming increasingly unattractive due to regulatory changes.

The majority of the reductions were therefore achieved in the fixed income business, where risk-weighted assets decreased by almost two-thirds, from 180 billion US dollars in 2011 to 66 billion US dollars at the end of 2015. As a result, we have also scaled back our investment banking activities – a measure that is likely to lead to less volatile earnings in the Global Markets division of our investment bank in the future.

The strengthening of our regulatory capital, combined with the reduction of risk in our investment banking business, led to a continuous improvement in our CET1 capital ratio, which reached 11.4% at the end of 2015. In addition to the strengthening of our CET1 capital, we have also substantially increased our additional tier 1 capital, and our supplementary capital – tier 2 capital – through the issuance of 18.4 billion Swiss francs of contingent capital instruments, or CoCos. Of this sum, 9.2 billion Swiss francs took the form of high-trigger tier 1 CoCos and 9.2 billion Swiss francs comprised low-trigger tier 1 CoCos. Together with the 32.9 billion Swiss francs of CET1 capital, we were thus able to report total eligible capital under Basel III of 51.3 billion Swiss francs at the end of 2015.

By taking these measures, we have increased our total capital ratio under Basel III, a key internationally recognized measure of solvency, to 17.7% at the end of 2015. Our total capital ratio is one of the highest relative to our international peers. We have, nevertheless, distributed a dividend to our shareholders every year since Credit Suisse was founded – an achievement that, I believe, deserves recognition.

As you can see, Ladies and Gentlemen, we have greatly strengthened the capital base of Credit Suisse at every level and, at the same time, significantly de-risked our business.

While scaling back or exiting certain areas of investment banking, we significantly expanded our private banking and wealth management business in Switzerland and internationally – particularly in the Asia Pacific region. This allowed us to benefit from a strong position in those areas of investment banking that are essential for high-net-worth and ultra-high-net-worth individual clients in our core markets around the world. A strong capital base and a strong position in selected areas of investment banking are of decisive important when attracting new assets – especially in private banking. As you can see, our clients have entrusted us with almost 240 billion US dollars of net new assets since 2008. That is the second-highest figure in our global peer group. And this forms the basis for the recent expansion of our core business.

Ladies and Gentlemen, while building capital, we have, over the last five years, also had to deal with material legacy issues dating from the period prior to the financial crisis that have negatively impacted on our Group. I am referring in particular to the legal disputes relating to US cross-border matters. For Credit Suisse, like for most Swiss banks, this represented a longstanding legacy litigation issue and demanded a great deal of attention. In particular, this includes the final agreement with the US authorities regarding all outstanding matters relating to the former Swiss-based private banking business serving US clients in May 2014.

This settlement was of decisive importance for Credit Suisse. It was important for us to finally resolve these legacy issues. At the same time, it was clear to us that we want to pursue a strategy of accepting and managing only declared client assets in compliance with all applicable laws and regulations. I would like to once again emphasize what I have been saying for years: Tax compliance is the only morally acceptable as well as the only economically viable approach to ensure a sustainable future for Swiss private banking.

It was only once these material legacy issues had been resolved that we had the necessary freedom to implement the strategic and management changes that were needed to position our company for future growth.

At the same time, the significant tightening of regulations and the increasingly volatile operating environment made it necessary for us to review all our businesses. The realignment of a global bank with a large balance sheet is an extremely complex undertaking that requires a number of years. All the more so when – as in our case – the bank has a strong tradition and proven expertise in both private banking and investment banking. The implementation of far-reaching changes therefore needs to be coordinated and implemented with great care.

To ensure the successful implementation of such a difficult project, we need a manager with international experience to lead the bank forward. With Tidjane Thiam, Credit Suisse has the ideal CEO for this task. Together with Tidjane Thiam and the Executive Board, the Board of Directors initiated a fundamental restructuring of the company and took the necessary steps to lead Credit Suisse to a successful future. The strategic plan behind the new organizational structure has a stronger geographical focus and is even more client-centric. It allows us to offer our clients the best and most suitable products from private banking, the corporate client business and investment banking, wherever they are located.

This structure also allows for better cost controls and encourages our individual businesses to compete for capital. The latter also implies a greater differentiation between business areas that we want to grow and to which we will therefore increase the allocation of capital, such as in Asia Pacific, and those that will be allocated less capital, such as Global Markets. The strengthening of our capital base allows us to invest in growth areas and to accelerate the realignment of the Group. Tidjane Thiam will explain key aspects of the strategy to you in more detail in his presentation.

Since the announcement of the new strategy in October 2015, our CEO and his management team have been driving forward the implementation of our new strategy and organizational structure rapidly and successfully. The increasingly challenging environment in the financial markets, especially during the last few months, impacted this process – prompting us to review and accelerate the measures we are taking.

We completed this review in February 2016 and the CEO announced the results in March, together with the details of changes to the implementation process. First, we increased our 2018 cost reduction target by at least 800 million Swiss francs to a total of 4.3 billion Swiss francs of gross savings. And second, additional measures were taken in the fixed income business to reduce selected positions and businesses that no longer fit with the new strategy.

As you can see, we have acted systematically and decisively in recent years. We did so on the one hand by resolving legacy issues and adapting our strategy to the dynamic, challenging and constantly changing environment. On the other hand, as soon as the necessary conditions were in place, we opened a new chapter at Credit Suisse together with Tidjane Thiam and his management team.

Dear Shareholders,

Where do we stand today in our efforts to position Credit Suisse for the future? 2015 was a difficult year and the challenges it presented are unlikely to diminish in the current financial year. The global economy is experiencing moderate growth, albeit at significantly lower levels than before the financial crisis. As a result of this subdued growth, we can expect the low interest rate environment and low returns on risk assets to persist for some time. China and other emerging economies will continue to contribute less to global economic growth than before the financial crisis. We can assume that in addition to economic uncertainties, we will also be confronted with further significant geopolitical uncertainties.

Against this background, we will continue to move ahead with the strategic realignment of our bank quickly and thoroughly, as already stated. The commitment demonstrated by our Executive Board, as well as the results achieved to date, are impressive. We will make every effort to ensure that Credit Suisse's strengths are fully reflected in our financial results going forward.

Tidjane Thiam and I repeatedly emphasize the need for the finance industry to adopt a longer-term view in order to achieve long-term success. This long-term perspective is as important when evaluating the performance of the business as it is when assessing the way business is done. Against this backdrop, we assign the utmost importance to integrity and professionalism. We promote a strong risk culture and underpin our business activities with well-developed, independent risk management, compliance and control processes. The Board of Directors and the Executive Board expect the very highest standards of compliance at all levels of our organization. Even when faced with the uncertainty caused by this environment, one thing remains particularly important: We defined clear goals as part of our new strategy. For us, this is about successfully completing a marathon – not winning a sprint race. As we work towards these goals, we will make systematic use of our strengths, allocate our resources properly and not allow our confidence to be undermined but short-term events.

We firmly believe that we have created a sound basis to enable Credit Suisse to successfully tackle the future challenges in the market and in our industry. But one thing is also clear: Success is not about embarking on the journey but rather about reaching the destination. On behalf of the entire Board of Directors, I would like to take this opportunity to express my considerable thanks to all Credit Suisse employees for their support and untiring commitment. I am very aware that the past few months were not easy and demanded a great deal from each one of us.

I am proud of the incredible commitment of our employees who, despite the stresses of restructuring and a challenging environment, work unconditionally to serve our clients and the bank. This has been confirmed by many of our clients.

Dear Shareholders,

Difficult market conditions but also the realignment of Credit Suisse impacted on our results for 2015. We reported a pre-tax loss of 2.4 billion Swiss francs for the full year 2015. That includes a substantial goodwill impairment of 3.8 billion Swiss francs mainly related to the acquisition of Donaldson, Lufkin & Jenrette in 2000. The impairment has not, however, affected our regulatory capital on a look-through basis, since the goodwill has already been deducted in full and is not included in the calculation of CET1 capital. On the other hand, the pre-tax loss includes one-off costs, such as litigation provisions and restructuring costs. On an adjusted[1] basis, and despite the difficult environment, particularly in the fourth quarter, the bank generated pre-tax income of 4.2 billion Swiss francs – an encouraging sign of the operational resilience of our businesses.

Again this year, we are proposing to the Annual General Meeting a cash distribution of 70 cents per registered share, in line with the previous year, which shareholders can elect to receive either as a scrip dividend or in the form of new registered shares. This distribution is subject to shareholders approving the increase in authorized capital, which I will explain in greater detail when we come to the relevant item on the agenda.

I am also pleased that we can propose Alexander Gut and Joaquin Ribeiro for election as new members of the Board of Directors at today's Annual General Meeting. They are both proven experts in the areas of finance and bank audit. They will be an excellent addition to our Board of Directors.

Ladies and Gentlemen,

As I said at the start of my presentation, our industry is undergoing a profound transformation, not only in terms of regulatory requirements or the macroeconomic environment but also with regard to changes in business models and client expectations.

[1] Adjusted results are non-GAAP financial measures. For a reconciliation of the adjusted results to the most directly comparable US GAAP measures, see the Appendix of the Fourth Quarter and Full Year 2015 Results Presentation to Investors and Analysts.

The latter is also a direct result of digitalization, the impact of which is still often underestimated but which is set to alter our industry fundamentally. At this point, I would like to briefly talk to you about Credit Suisse's digital expertise in order to show you that this topic comes very high on our list of priorities.

With the establishment of the 'Credit Suisse Labs' in Silicon Valley – the most important location for the technology industry – we will continue to build our innovation skills as well as our relationships with leading start-up companies in the financial sector. This is not the only way in which we will drive the targeted development and implementation of innovative business ideas within the bank. Sebastian Thrun, who has served as a member of the Board of Directors of Credit Suisse Group and will now assume the role of Senior Advisor, is one of the most experienced technology entrepreneurs in Silicon Valley and will support us in the area of digitalization.

Another project that I would like to mention in this context is the client-focused 'Private Innovation Circle' initiative. Launched in 2014, this program regularly brings together start-up companies and investors from within Credit Suisse's global client base and provides unique investment opportunities. We will continue with this extremely successful program in 2016 – promoting promising business ideas and acting as an intermediary for attractive investment opportunities.

A few weeks ago we also announced a joint venture with Palantir Technologies, the industry leader in the processing of big data. The newly established company is called 'Signac' and will focus on risk identification for large data volumes, starting with the monitoring of unauthorized trading. In addition to the joint venture, we will work with Palantir to implement innovative digital technologies in other areas of compliance such as the prevention of money laundering.

We also consider it important to promote innovation in our Swiss home market. To provide targeted support to the Swiss financial center in view of ever fiercer competition, we have launched the first Swiss fintech development program of its kind in collaboration with other international companies. The program will start in a few months under the name 'Kickstart Accelerator' and will strengthen and systematically expand Switzerland as a fintech location. In this context, promising business ideas from all over the world will be further developed here in Zurich. A particular focus will be on digital wealth management and digital identity.

With this and other initiatives, Credit Suisse is investing in a targeted, consistent and long-term manner in the area of innovation, both within our organization and together with a select group of industry-leading partners. We are convinced that innovation and new technologies will continue to offer decisive competitive advantages going forward. I will therefore continue my personal commitment to ensuring that Credit Suisse remains among the pioneers in this area in the future.

Ladies and Gentlemen,

Please allow me to make a few personal remarks. I have been leading Credit Suisse as Chairman of the Board of Directors for five years now. I cannot remember having ever before seen such enormous changes in the finance industry as I have during this time.

This has brought major challenges for all employees, for the management and the Board of Directors but also for shareholders. We will tackle these challenges because we firmly believe that the finance industry is hugely important for the functioning of the economy. And because we are just as convinced that Credit Suisse will play an important role in the prosperity of our country, as it has done for more than 160 years.

There will always be people who question or criticize a chosen path, a strategy or the implementation of plans. Sometimes they have good reasons for doing so, sometimes their arguments are less convincing. We welcome this dialogue. We ultimately share the same goal: We want to ensure that Credit Suisse can operate successfully and sustainably for its clients, that it is active in the right markets and business areas, and that it can achieve a reasonable return for its shareholders over the long term.

I am convinced that we are on the right track with our strategic plan. The implementation of that plan will continue to place considerable demands on all the parties concerned over the next two years. Even more than today, Credit Suisse will have a leading position in our Swiss home market, which is particularly important to us, be a globally leading wealth manager and have an extremely strong position in Asia's growth markets. And, thanks to its expertise in investment banking and in private banking, it should be in a position to successfully serve even the most discerning clients around the globe.

Thank you for your attention.

I would now like to hand over to our CEO Tidjane Thiam.

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