

**Annual General Meeting of CREDIT SUISSE GROUP  
Zurich, April 24, 2009**

**Speech by Walter B. Kielholz  
Chairman of the Board of Directors**

**'The Financial and Economic Crisis and Credit Suisse Group'**

Dear Shareholders

Ladies and Gentlemen

**Impacts of the Crisis**

The term 'crisis' originally denoted a turning point or decision. And 2008 was indeed a year in which the Board of Directors and management of Credit Suisse were frequently required to make rapid and far-reaching decisions. Today, I would therefore like to talk to you about the most important events of the last 12 months and to explain the rationale behind our decisions. I would then like to share a few thoughts about the fundamental changes in our industry and the way in which the decisions we reach today will shape the future of Credit Suisse.

Brady Dougan will then look in detail at the steps we have taken, our 2008 results and the current positioning of Credit Suisse. We reported a substantial loss of CHF 8.2 billion for the financial year 2008. This is a disappointing result that translated into a reduced dividend of 10 centimes, compared to CHF 2.50 in the prior year. We are also aware that you have suffered a marked decline in the value of your Credit Suisse shares.

Our 2008 operating result is unsatisfactory and raises the question – in my mind as well as in the minds of others members of the Board of Directors and management – of whether we took the right action in terms of both timing and approach. We believe the answer to this is: yes, in most cases we took the right action – but not always. There were times that we hesitated when a swift response was needed. And, considered from today's perspective, a few of the decisions we made were not right.

But generally speaking, the steps we took to adapt Credit Suisse to the extremely adverse market environment and prepare it for the future proved effective. And we believe that despite our 2008 loss,

Credit Suisse is today better positioned than it was 12 months ago. The figures we reported yesterday for the first quarter are confirmation of this.

Many of these measures were implemented in the course of 2008 as a response to the market turmoil. However, a number of important strategic decisions were made several years ago. In particular, our integrated business model with the diversification of revenue streams, the combination of our strong Swiss home market and broad-based international presence, and the creation of an efficient organization proved invaluable in recent months. The positive impact of the integrated model on our earnings will continue to increase in the future.

Our focus on banking and our withdrawal from the insurance business with the sale of Winterthur three years ago is also part of this strategic plan. The proceeds from the Winterthur transaction enabled us to massively strengthen the capital base of Credit Suisse at the right time. This has proved a significant advantage in the last two years.

In Private Banking, we embarked on our global expansion and the growth of our onshore business at an early stage. This was our response to the clear client demand for local access to more complex services, and it reduced our reliance on the traditional offshore business, which is now the subject of fierce criticism. This business continues to be of importance but must be conducted properly and in strict compliance with the applicable regulations.

During the past few years, we have also built a highly experienced management team that has proved its abilities during this very challenging period.

In terms of risk management, we have benefited from the decision we took back in 2006 and 2007 – in other words, more than one year before the start of the crisis - to scale down our activities relating to the securitization and trading of subprime mortgages. One of the effects of this early reduction of risk was that Credit Suisse was able to deliver one of the best results in its history in 2007.

In the first quarter of 2008, the crisis spread from the subprime segment to further areas of the credit markets such as higher quality US mortgage-backed securities, commercial mortgages and leveraged loans, in which Credit Suisse was a market leader. Our CEO Brady Dougan will shortly provide you with

details of how we responded to these developments and reduced our positions. Today, we have a clean and solidly refinanced balance sheet.

What is especially pleasing is that our clients have retained their trust in Credit Suisse throughout the crisis. This is demonstrated, in particular, by the strong inflows of new assets in our private clients business – both in global Wealth Management and our Swiss business. Even as the crisis intensified, we were seen as a safe haven by our clients and remain so today.

What is it that inspires the trust of clients and investors? During global financial crises such as this, capital strength is the main criterion on which confidence is based. An organization must have sufficient capital to dispel any doubts about its ability to weather the crisis using its own resources. In terms of balance sheet risks, those institutions that are not burdened by significant legacy items have found themselves in a favorable position. And although difficult to quantify vis-à-vis external parties, a company's liquidity position is also of decisive importance. It was, after all, a lack of liquidity that ultimately forced many banks to turn to the government for support.

In the first half of the year, we recognized that clients and investors were placing their trust in banks that had a strong capital base and were solidly funded. The Board of Directors and Executive Board realized that the competition between globally active banks was developing into a battle for survival – and that it was being fought out not on the basis of their profits or losses in 2008 but according to the level of equity, the refinancing quality – i.e. liquidity – and the remaining risk exposures of each institution.

At the end of August, we therefore began the preparations for a decisive capital increase. We continued to cut our risk exposures, although this was becoming more and more difficult and expensive as the markets dried up. Liquidity provisioning was a further priority: based on the assumption that market conditions would deteriorate further, we decided it was imperative to adopt a very conservative approach to funding. By the time the crisis had escalated in mid-September, all three measures had proved to be right.

The world of finance altered beyond recognition on September 15 – the date on which Lehman Brothers filed for bankruptcy and Merrill Lynch was taken over by Bank of America. Virtually all indicators – interest rates, spreads and equity valuations – changed fundamentally overnight and became much more volatile. The interbank market collapsed entirely. Although we had consolidated and quickly reduced our risk exposures in the first eight months of the year, our trading positions were still too large at the point when

the crisis intensified. This resulted in significant losses in Investment Banking, especially in the fourth quarter.

Despite these losses, the Board of Directors and Executive Board remained committed to their strategy of rapidly reducing risk exposures and costs, in line with the new operating environment. This approach proved painful but was based on the knowledge that in the long term, the bank would be judged not on its 2008 results but rather on its general 'state of health' upon emerging from the crisis. I am referring here to its financial solidity, the clarity of its strategy and its competitive strengths. Our goal was therefore to ensure that Credit Suisse was optimally positioned at the end of 2008. In other words: we wanted to be ready in case of a further downturn, while being able to capitalize on a recovery in the markets according to the motto 'Prepare for the worst and hope for the best'.

The radical changes in our operating environment prompted us to accelerate the implementation of our strategy. And many globally active banks began to question their own business models and to position themselves for the future. At Credit Suisse, we had already begun this review process in early 2008 – meaning that by last December, we were in a position to outline concrete measures to reduce risk and cost levels. In fact, we were the first major bank to do so. We also announced our plans to accelerate the execution of our strategy in Investment Banking with the aim of generating most of our revenues from client-based activities, while operating with significantly lower levels of risk and focusing more intensively on needs and opportunities within the integrated bank.

So where does Credit Suisse stand today? We have succeeded in massively reducing our illiquid risk exposures from CHF 100 billion at the start of the financial crisis to below CHF 10 billion and are therefore well positioned relative to our peers. We are one of the world's best capitalized banks with a tier 1 ratio of 13.3% at end-2008 and of 14.1% at the end of the first quarter. I think it is important to note in this context that, based on a two-year perspective, we achieved this without diluting shareholders.

This reflects the steps we took to strengthen our capital base last fall, when we raised CHF 10 billion of tier 1 capital from existing shareholders. The fact that we were able to achieve this without government support meant we could preserve our strategic and operational flexibility. It was also a strong sign of confidence in Credit Suisse – which is of great importance to our clients.

We believe that the preservation of our capital strength was of decisive importance. This ability to rapidly and flexibly strengthen our capital base clearly distinguished Credit Suisse from its peers in 2008, and we are committed to maintaining this competitive advantage. Today, the Board of Directors will ask you once again to approve measures relating to our share capital that will ensure we can continue to maintain our strategic flexibility in the future.

A long-term comparison shows the progress that Credit Suisse has made compared to its competitors. We are one of the world's largest banks in terms of market capitalization. And, yet more importantly: we also rank among the top institutions in terms of shareholder returns. The pleasing performance of the Credit Suisse share in recent months is also grounds for optimism.

If we look at our share price since the last Annual General Meeting, we can see that we significantly outperformed our peers in the last four months. This means that the market has started to differentiate between Credit Suisse and the many banks that have reduced risks to a lesser extent, were less transparent in disclosing their positions, were slower and less focused in adjusting their business models, offered less security in terms of capital strength and refinancing, and significantly diluted shareholders. The market is now separating the wheat from the chaff. And Credit Suisse will undoubtedly emerge from this process as one of the winners.

### **Future Developments**

Governments, regulators and central banks throughout the world are working together closely with industry associations to sketch out the future of the financial system. Important decisions lie ahead that will influence both the capital markets and our industry. In the second part of my presentation, I would therefore like to explain the impact that these decisions will have on Credit Suisse.

Governments around the globe have helped to contain the effects of the crisis through pragmatic and constructive measures. For example, by taking over the banks' illiquid assets, they have enabled them to clean up their balance sheets. And they have also supplied them with capital to help strengthen their balance sheets and liquidity positions.

These measures – particularly the government's acquisition of a stake in certain banks – have, however, given rise to a two tier-banking system comprising the banks that have received state funding on the one hand, and the privately owned banks on the other. This has led to a distortion of competition, particularly in

the refinancing market or in terms of client guarantees. There is also uncertainty about how and when governments will be able to exit their stakes in these companies.

Despite certain drawbacks – particularly in the refinancing market – we believe that the benefits that the two-tier system has created for non-nationalized institutions outweigh the disadvantages. At Credit Suisse, we are still able to refinance our business at competitive conditions. At the same time, we have maintained our strategic and operational flexibility. And our clients have confidence in a bank that has weathered the financial storm by drawing on its own resources and is not a topic of constant political debate. In view of the growing number of banks relying on government support, however, I have concerns that excessive state intervention regarding the lending policies of banks or the realignment of their structures could have negative implications for the entire sector.

A change in regulation will be one of the major consequences of the financial crisis: our industry will be subject to much stricter supervision in the future. This tightening of controls has been demanded in political circles and has found widespread support. However, the benefits of additional regulation have yet to be demonstrated. Industry participants must be allowed to observe and comment on this process. In particular, I believe there is a risk that these changes could be exploited as a means of ushering in protectionist measures.

A retreat into nationalism would run contrary to the concept of an open, global economic order in which all players enjoy the same conditions. Above all, protectionism would lead to a substantial weakening of the global capital market. Globalization has not only brought increased prosperity for Switzerland but has also enabled poorer national economies to profit from international competition and global financial flows. A reversal of this trend would disrupt the economic development of the emerging markets and deny them key opportunities for growth.

Recent months have shown that the close cooperation of governments, regulatory authorities and companies is essential in order to overcome the crisis. To ensure the long-term success of these efforts, a coordinated global approach is required; regional or national initiatives are not enough. Credit Suisse maintains an intensive and highly constructive dialogue with regulators around the world and we have, for years, been advocating an effective and globally coordinated system of regulation. We will continue to support this form of collaboration in the future.

In Switzerland, the financial regulator began planning the introduction of more stringent capital requirements for the big banks in 2008. At Credit Suisse, we expressed concerns that the approach chosen by the regulator fails to distinguish adequately between financial institutions and, in particular, that the unilateral implementation of these capital rules would place us at a competitive disadvantage in the international arena.

The banking world has since changed dramatically and we have also altered our position on this matter – particularly in view of developments in summer 2008. Capital strength is what matters most in the new financial landscape. The Swiss regulator, FINMA, and Credit Suisse are now in the comfortable position of having acted rapidly and of thus being ahead of the field. FINMA has stipulated that both Swiss big banks must fulfill stricter capital adequacy requirements from 2013. Credit Suisse already complies with the new rules today thanks, in part, to the capital increase completed last October, which enabled us to dispel any client or investor uncertainty regarding the solidity of our bank.

Strengthening bank capitalization will remain the number one priority for regulators around the globe. However, one difficulty this poses is the fact that the tightening of capital requirements can lead to restrictions on lending. In the current economic environment, it will therefore be important for these measures to be implemented carefully and intuitively to ensure that the recovery of many national economies is not jeopardized by a squeeze on credit.

In Switzerland, the discussion about state intervention and the introduction of new capital rules is closely connected with the question of whether Switzerland can actually afford to have globally active universal banks. The big banks are believed to pose a systemic risk in view of their size. We are aware of this and have therefore taken swift – in some cases even dramatic – steps to clean up our balance sheet and systematically drive down risks. The big banks are of paramount importance to Switzerland as a business location. I therefore want to explain to you exactly why Switzerland needs globally active universal banks and why our strategy as an integrated bank can make a fundamental contribution to the success of the Swiss financial center.

Being an integrated bank means that we focus on private banking, investment banking and asset management on a global level and exploit the close synergies between these businesses while, at the same time, diversifying our risks and revenue streams. The integrated banking model operated by Credit Suisse is a response to our clients' changing needs.

The most important developments in client requirements are as follows:

- Clients in Private Banking are seeking more comprehensive services that often require investment banking and asset management expertise.
- Our private banking clients around the globe want access to onshore services in their respective countries while, at the same time, seeking to achieve global diversification through a range of offshore services.
- In Investment Banking, we have seen a growing trend towards client-based activities and an increasing demand among clients for a well-capitalized global banking partner.
- In Asset Management, we are witnessing an increase in the importance of alternative investments.
- We are also benefiting from the close cooperation of our three businesses in our Swiss home market – particularly in the case of affluent clients and globally active corporations.

There is no question about the fact that the integrated bank is an effective response to the needs of our clients. On the other hand, the integrated model has paved the way for the diversification of revenues and regional activities, which is important in the current environment. Thirty years ago, we could have decided to focus solely on private banking, combined with Swiss and international lending and a few commercial branches outside Switzerland. Instead, the bank's management decided to enter the challenging, complex, market-driven and knowledge-intensive field of investment banking, combined with the areas of lending and wealth management.

It would have been far easier to concentrate on the Swiss market and – in the short term – this approach may have proved more successful. However, it would also have meant that Credit Suisse would have sacrificed the opportunity to enter promising markets, to further distinguish itself from its peers by importing knowledge to Switzerland, to diversify its risk exposures, to achieve an extreme proximity to the markets, to capitalize on growing synergy effects and gain new impetus for its business, and to develop a strong global brand presence. The Swiss financial center would have suffered as a result.

It was investment banking that first positioned the big banks as global players and raised the international profile of Swiss banking. It also opened the way for our now significant onshore presence in the field of private banking. Any company that wants to compete successfully on a global level requires a presence in the leading financial markets in the US, Europe and Asia and must gain credibility and acceptance in these markets. The integrated model is the key to this.



It is important to be aware of this fact – particularly against the backdrop of the current political discussions and the changes in the Swiss financial center. I believe that our financial center can emerge from the crisis even stronger than before – while retaining its system of banking confidentiality. Banking confidentiality is an important hallmark of quality that underscores the discretion we offer our clients. However, confidentiality and discretion must never be used to conceal criminal activities.

The good reputation of the financial center would suffer enormously if this were the case. This is why compliance with the strictest legal standards is a top priority in our business. It is also why we welcome the decision by the Swiss Federal Council to adopt the OECD standard and to adapt Switzerland's double-taxation agreements accordingly. This move creates legal certainty, and I am convinced that the financial center will benefit as a result.

Banking confidentiality is just one of the many factors that make Switzerland an attractive business location. It has a stable political and economic system and is renowned for its excellent service quality, exceptionally high standard of education and, in particular, its wealth of banking expertise. The big banks' international operations – especially in the areas of investment banking and asset management – are one of the reasons for this. It is now a question of capitalizing on these strengths. But this will not happen if we focus our activities exclusively on the Swiss market. If, decades ago, our export-driven industry had decided to serve only Swiss clients, we wouldn't now be one of the world's leading exporters and most affluent nations.

The expansion of Credit Suisse should also be viewed in this context. In addition to our traditional offshore business, we began several years ago to provide onshore services to clients and to accelerate our international growth. We are now one step ahead of our competitors because we have an onshore presence in key international markets and can offer our clients a comprehensive range of products and services. Our globally-oriented Private Banking business is one of the main pillars of our strategy, which centers on the diversified business model of the integrated universal bank. Without our global presence, we would also not be an attractive partner to our clients in Switzerland – especially institutional investors and Swiss companies. I am thinking here, in particular, of the large number of Swiss SMEs that are reliant on exports.

The internationally active big banks provide the Swiss economy with a very welcome supply of capital. Even in the turbulent environment of 2008, we increased our volume of lending to Swiss companies by CHF 4 billion. Conversely, we welcome Swiss private investors and institutions in their role as suppliers of capital. However, the volume of capital invested by them has been declining steadily for years. And what

few people realize is that foreign investors – especially institutionals – now fund around 70%-80% of the big banks' risk capital. Consequently, foreign risk capital is also an important source of our funding for Swiss SMEs.

Anyone who fails to take account of legitimate shareholder and market interests when defining operating conditions is completely misguided. Risk capital is a valuable and very flexible resource that must be handled carefully. If conditions in a company's home market prevent it from competing internationally, it will soon lose its foreign investors. And even if this may offend Swiss sensitivities, it should be noted that foreign shareholders with 70%-80% of voting rights ultimately have the say when it comes to determining how a big bank should be structured to secure its future competitiveness in the global market.

At Credit Suisse, we have a responsibility to contribute to the strategic competitiveness and solidity of the financial system. The challenges facing the world as it struggles to overcome the economic crisis are enormous. Mistakes have been made and some have been swiftly rectified. Other significant measures need to be taken urgently regarding the reduction of systemic risks or more strategic issues. A convincing corporate culture, transparency, exemplary governance, risk diversification and sustained revenues and profits are the most important ingredients needed to rebuild capital and trust. Credit Suisse recognizes its importance to the Swiss national economy and is determined to fulfill its role responsibly.

No matter how much our strategy is criticized in Switzerland, it is vital that it makes sense in the competitive global arena. We are therefore faced with a delicate balancing act as we strive to take account of regulatory ideals, capital requirements and the legitimate interests of clients and employees. We believe that we will be able to compete successfully as an integrated bank by focusing on our proven strengths in the areas of private banking, investment banking and asset management. And we are convinced that we can create added value for our shareholders, employees and also the wider social environment.

Ladies and Gentlemen, that brings me to the end of my presentation. This is the last time that I will address you as Chairman of Credit Suisse Group. After chairing the Board of Directors for six intensive and eventful years, it is not easy to step down from this position – particularly at such a difficult time for the bank.

We have achieved a great deal in the past few years. We have transformed a group of banks into an integrated organization with a clear strategy. We succeeded in restructuring Winterthur and sold it to a strategic partner at the best possible time for our shareholders. We achieved a record result in 2007. We

are one of the few global banks to have navigated the most dramatic financial crisis for decades without government support. We have trimmed our investment bank in order to focus more intensively on client-driven, lower-risk businesses – thus preparing it for the future. And our Asset Management business should now be well positioned in the areas that are of greatest importance to us. We have an exemplary approach to corporate governance, and a close and constructive partnership between our Board of Directors and management.

On a personal note, I would like to add that I have always found my close cooperation with the Executive Board, as well as my direct contact with Credit Suisse employees and the lively exchanges with you, the shareholders and owners of this company, to be fascinating, highly informative and also personally enriching. I can therefore look back at the last six years with a degree of nostalgia as well as a certain sense of satisfaction.

I would be delighted if you would continue to place your trust in me as a member of the Board of Directors. And I would like to wish the bank every success in mastering its current and future challenges – as well as courage and success in its efforts to capture the opportunities available to Credit Suisse as a global bank.

Ladies and Gentlemen, your bank is in a strong position. It has a clear and consistent strategy and an outstanding and highly motivated management team. The Credit Suisse brand has, since its relaunch three years ago, become one of the most renowned and valuable brands globally. We have one of the strongest capital bases of any bank and a moderate and manageable risk profile. I am certain that Credit Suisse will soon be one of the world's most admired banks and will emerge from the financial crisis as one of the winners.

Thank you for your attention.

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