LEGACY U.S.-SWISS TAX ISSUES

STATEMENT OF CREDIT SUISSE

UNITED STATES SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS
FEBRUARY 26, 2014

Statement of Credit Suisse
United States Senate
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
February 26, 2014

Executive Summary

- **Since the Permanent Subcommittee on Investigations first highlighted abuses of Swiss banking secrecy in 2008, Credit Suisse has been working hard to help bring about the transformation of the Swiss banking system, moving from secrecy to transparency, with the objective of meeting the highest standards and best practices of banks anywhere in the world. Among other steps, we have strongly supported the Foreign Account Tax Compliance Act (FATCA) in the United States and Switzerland.**

- **We acknowledge that Swiss banking secrecy laws have historically been vulnerable to abuse and were in fact abused by U.S. taxpayers. But at Credit Suisse, we have built a business culture where hiding income and assets of U.S. clients is absolutely unacceptable. Although Swiss-based private banking relationships with U.S. clients have never been a significant part of the Bank's overall business, we have been active proponents of all Swiss financial institutions moving rapidly in this direction.**

- **Since the Subcommittee's 2008 investigation, Credit Suisse has taken proactive steps to require that only those U.S. clients who establish compliance with U.S. tax laws can be clients of our Bank. This has required a major effort to erect systems to bar non-compliant accounts. Our executive management has consistently and strongly directed that our employees conduct business in a fully compliant and ethical manner.**

- **Credit Suisse acknowledges that misconduct, centered on a small group of Swiss-based private bankers, previously occurred at our Bank. While that employee misconduct violated our policies, and was unknown to our executive management, we accept responsibility for and deeply regret these employees' actions.**

- **Credit Suisse has already provided U.S. client-related information to the U.S. authorities to the full extent allowed by Swiss law. Credit Suisse is ready to provide the additional information requested by the U.S. authorities on U.S. account holders, but we have been unable to do so because the U.S. Senate has not yet ratified the Protocol to the Double Taxation Treaty agreed to by the U.S. and Swiss governments in 2009 and approved by the Swiss Parliament in 2010. We urge the Senate to ratify the Protocol so that Swiss banks can assist the U.S. authorities in recovering unpaid U.S. taxes.**

Introduction

Good morning Chairman Levin, Ranking Member McCain, and Members of the Subcommittee. My name is Brady Dougan, and I have been the CEO of Credit Suisse since 2007. I am here today with Romeo Cerutti who has been the General Counsel of Credit Suisse since 2009, and Hans-Ulrich Meister and Rob Shafir who have been co-heads of the Private Banking & Wealth Management Division since 2012. Thank you for the opportunity to appear before you today. On behalf of Credit Suisse, we look forward to answering your questions on this important topic.

Credit Suisse is a global financial services company with operations in more than 50 countries and over 45,000 employees including approximately 9,000 U.S. employees in 19 U.S. locations. In the United States, Credit Suisse is a Financial Holding Company regulated by the Federal Reserve. The Bank has a New York branch, which is supervised by the New York Department of Financial Services, and we have three regulated U.S. broker/dealer subsidiaries. Our primary U.S. broker/dealer has been designated a Systemically Important Financial Institution under the Dodd-Frank law. We have a substantial business presence here in the United States.

The Credit Suisse management team has a strong personal commitment to the United States. Rob Shafir and I are American citizens. I am the first American CEO of a major Swiss bank. Romeo Cerutti is an attorney who was admitted to both the Swiss and the California bars, and Hans-Ulrich Meister has also worked in the United States. Our Bank has deep roots in the United States going back to the 18th century.

We would like to start by saying that Credit Suisse recognizes the historical reality that Swiss laws that protect client identity – commonly referred to as "Swiss banking secrecy" – were vulnerable to abuse and were abused. Specifically, it is clear that some U.S. clients of Swiss banks historically viewed Swiss banking secrecy as a way to hide the fact that not all of their income was taxed and declared to their local tax authorities. To our deep regret, it is also clear that some Swiss-based bankers at Credit Suisse appear to have helped their U.S. clients hide income and assets in the past. Although it was not and is not illegal for Swiss banks to accept deposits from Americans, it is absolutely unacceptable for Swiss-based bankers to help U.S. taxpayers evade taxes or to provide them with securities advice in the U.S. without being properly licensed.

Thanks in no small part to the efforts of the Permanent Subcommittee on Investigations, which in 2008 put the spotlight on abuses of Swiss banking secrecy, Swiss-based private banking services to U.S. clients began changing dramatically in that year. Credit Suisse has led the growing acceptance by Swiss banks of the importance of verifying that United States clients are demonstrating tax compliance, i.e., demonstrating clearly that they are compliant in fulfilling their reporting obligations.

Credit Suisse has chosen to be a leader in pushing through those legal, cultural, and business changes in Switzerland even when other banks opposed these efforts. Credit Suisse has strongly supported the Foreign Account Tax Compliance Act (FATCA) at every opportunity and

worked closely with the United States Senate and the IRS to make the law as effective as possible.

Credit Suisse has repeatedly and publicly supported the principle that banks have an obligation not to knowingly assist clients in hiding income and assets. We reaffirm that again today. Seeking out customers who want to hide income and assets from their home countries and profiting from these assets is simply not acceptable. We believe we have been a force for good in helping to develop a different – and better – legal and cultural reality for the Swiss private banking model.

We appreciate this Subcommittee's important role in advocating change, and we support the work of both Congress and the Administration toward greater transparency in international banking.

It is also important to acknowledge that Credit Suisse has made substantial progress in taking responsibility for past problems and resolving them in an appropriate way. Last week, Credit Suisse reached an agreement with the United States Securities and Exchange Commission (SEC) that concluded the SEC's investigation into the related issue of investment advice provided by Swiss-based private bankers to U.S. clients. As you know, Credit Suisse has also been cooperating with the U.S. Department of Justice's ongoing investigation of historical tax issues across the Swiss banking industry.

Credit Suisse's efforts to address the legacy U.S.-Swiss tax issues have helped to bring about a transformation in the way in which the Swiss banking industry now operates. Since the Subcommittee looked at these issues in 2008, Credit Suisse has taken the following steps in aspiring to the highest standards and best practices of global banking:

- Remediation. On our own initiative, Credit Suisse took proactive and decisive steps to ensure that only U.S. clients who established compliance with U.S. tax laws could remain at the Bank. Beginning in 2008, we voluntarily implemented a remediation program that required U.S. clients to demonstrate tax compliance – or leave the Bank. As part of that program, Credit Suisse moved the securities business with U.S. residents into U.S.-regulated subsidiaries or shut down those relationships.

- FATCA & Automatic Information Sharing. From the beginning, Credit Suisse has publicly and strongly supported FATCA, and we have worked with the Senate and the IRS to implement it effectively. While we supported FATCA, other banks opposed it. Because we embraced FATCA, Credit Suisse now has in place – sooner than FATCA requires – procedures to make sure customer information will be reported to the IRS. Credit Suisse supports full information exchange, beyond FATCA, including the OECD's efforts toward global standards for automatic information exchange.

- Prohibiting Transfers. Long before any investigation by U.S. authorities, Credit Suisse – again on our own initiative – took steps to prevent potential tax evaders fleeing UBS from coming to Credit Suisse. In 2008, when UBS – the first Swiss bank to be investigated by the Department of Justice and the Subcommittee – ejected its U.S.

resident clients, some other Swiss banks welcomed them. But Credit Suisse immediately prohibited the transfer of assets from those former UBS clients to our Bank.

- Results. Credit Suisse has done the complex, demanding work of identifying U.S. account relationships and then either closing accounts or requiring that clients establish compliance with U.S. tax laws. We consider our five-year voluntary program a significant achievement. We have documented the full effort invested in our remediation program in presentations to the Subcommittee staff.

- Credit Suisse's Internal Investigation. When Credit Suisse learned of possible wrongdoing at the Bank, we commissioned an independent internal investigation by highly respected U.S. and Swiss law firms. The investigation was broad and deep, looking at employees from line-level private bankers to executive management. Our counsel searched more than 10 million documents and conducted more than 100 interviews. We are committed to fully cooperating with U.S. authorities, and we have presented the Subcommittee with the unvarnished results of our internal investigation. The evidence from that investigation showed improper conduct centered on a group of private bankers within a desk that focused on larger U.S. resident accounts. Credit Suisse takes very seriously the historical problems of tax evasion by U.S. account holders and providing unlicensed securities advice in the United States. We deeply regret that – despite the industry-leading compliance measures we have put in place – before 2009, some Credit Suisse private bankers appear to have violated U.S. law.

- Management Knowledge. Our internal investigation found no evidence that Credit Suisse's executive management was aware of these problems. On the contrary, the Bank's management has consistently pushed Credit Suisse to enhance our compliance controls. The Bank had compliance policies and training in place to restrict Swiss-based private bankers from providing securities advice in the United States, and to prevent travel to the United States to offer investment advice, but we recognize that some private bankers violated our policies.

Our message to you today is that Credit Suisse takes the issue of compliance with the U.S. tax and securities laws very seriously, and we are absolutely committed to a culture of respect for U.S. laws applicable to our Bank and its clients. Credit Suisse took action early to emphasize the importance of compliance with U.S. law among our employees. We have worked hard to help bring about a transformation of the Swiss private banking industry in favor of greater international transparency.

We urge the U.S. Senate to ratify the Protocol to the U.S.-Swiss Double Taxation Treaty. This Protocol, signed September 23, 2009 and then unanimously approved by the Senate Foreign Relations Committee in 2011, has never been brought to the Senate floor for a vote. Approval of the Protocol would allow for much more information to be provided on U.S. client accounts to U.S. authorities.

The remainder of our testimony will provide greater details on our sustained focus on compliance with U.S. law as well as our cooperation with U.S. authorities.

Policies, Procedures, & Training

Even though private banking services to U.S. clients were a small portion of Credit Suisse's overall Swiss-based private banking business, compliance with U.S. law has long been a focus. Years before learning that any investigation of Swiss banks was on the horizon, Credit Suisse set up a compliance program with best-in-class policies that were regularly updated. The Bank also conducted training of private bankers, and undertook audits to monitor compliance. In hindsight, it is apparent that some Swiss-based private bankers with U.S. clients skirted the Bank's controls, and concealed their violations of policy from Credit Suisse executive management. While Credit Suisse deeply regrets and takes responsibility for those violations, those actions should not overshadow the Bank's ongoing commitment and consistent dedication to compliance with U.S. law.

As early as 2002, Credit Suisse put a series of policies in place to address services provided to U.S. clients by Swiss-based private bankers. These policies were drafted by U.S. lawyers and regularly updated. The Bank trained its employees on these policies and required employees to adhere to them.

- In **November 2002**, Credit Suisse adopted a detailed policy regarding relationships with U.S. persons and external asset managers. This policy outlined U.S. legal restrictions on banking relationships with U.S. residents and entities.

- In **2006**, the Bank launched a global effort to further assure compliance with local laws and regulations in the countries where its clients are located, called the "Cross-Border Plus" project. As part of this project, the Bank over time issued 300 compliance manuals covering the 80 countries where the Bank did business, including the United States, and followed up with training. To our knowledge, Credit Suisse's was the first project of its kind for any Swiss bank.

- In **May 2008**, we tightened the U.S. travel policy to prohibit Swiss-based private bankers from traveling to the United States for business.

- In **July 2008**, when some other banks rushed to exploit the exit of U.S. clients from UBS, Credit Suisse prohibited new accounts with U.S. residents who had prior relationships with UBS and LGT.

- In **April 2009**, we prohibited the opening of any securities relationships with U.S. residents outside of the Bank's U.S.-licensed entities.

- In **June 2012**, Credit Suisse began advanced implementation of FATCA restricting non-resident U.S. accounts to customers who demonstrated tax compliance. (Most of these accounts are held by U.S. citizens who reside in Switzerland.)

In addition, in 2002, the Bank established Credit Suisse Private Advisors AG (CSPA) as a U.S.-licensed, Swiss-based broker. CSPA maintained customer account records that were fully transparent to U.S. regulators, and it was registered with the SEC as a broker-dealer and

investment adviser. Credit Suisse required CSPA clients to waive Swiss banking secrecy. During this period, the Bank was actively encouraging its U.S. account holders with U.S. securities to transfer from the Swiss Private Bank to CSPA. A timeline reflecting the Bank's compliance efforts is attached.

Exit of U.S. Relationships

Following our decision to prohibit former U.S. clients of UBS from transferring their assets to Credit Suisse, in August 2008, Credit Suisse promptly turned to addressing issues highlighted by the UBS situation. In October 2008, Credit Suisse decided to allow relationships with non-U.S. entities that had U.S. beneficial owners only if they demonstrated U.S. tax compliance. We hired a leading Swiss law firm to review the tax status of U.S. clients that wanted to remain. By the end of the first year of review, all but 135 relationships with assets over $10,000 had been reviewed and resolved.

In April 2009, we extended our review to U.S. resident clients. Credit Suisse transferred virtually all U.S. resident accounts to one of the Bank's U.S.-registered affiliates, or terminated the relationships. Credit Suisse simply shut down those client relationships that were unwilling to move or that did not meet the $1 million requirement for transfer to the Bank's U.S.-regulated affiliates. By the end of the first full year of review, 2010, we had reviewed and resolved more than 85% of U.S.-resident relationships with assets over $10,000.

To ensure that the review was comprehensive, we also manually searched for accounts that, although not identified in our systems as U.S.-linked, could possibly have some U.S. connection – for example, a U.S. phone number or address in the paper client file, or a notation of a U.S. birthplace on a foreign passport. Credit Suisse also reviewed the private banking activities of its subsidiaries, including Clariden Leu, which was a nearly wholly owned Credit Suisse subsidiary between 2007 and 2012. Clariden Leu's review and exit projects paralleled the projects at Credit Suisse.

Credit Suisse also engaged one of the Big Four accounting firms to conduct its own review to assess whether the Bank had effectively identified the account relationships with U.S. links. This firm carefully analyzed the Bank's efforts – with an intense line-by-line analysis of account information – and concluded to an extremely high level of confidence that Credit Suisse had identified the complete population of U.S. account relationships. The results of this substantial effort have been presented to the Subcommittee staff.

"Undeclared Accounts"

Credit Suisse repeatedly discussed with the Subcommittee staff the fact that it is impossible for us to know the tax status of assets previously held by U.S. clients if those clients did not disclose that information to the Bank. Unfortunately, the Subcommittee has chosen to speculate based on a number of "methodologies," each of which is problematic and generates results that are, at best, unreliable. The Subcommittee's need to reference three conflicting "methodologies" is an implicit recognition that accurate estimates of unreported U.S. client assets previously held at Credit Suisse cannot be made based on the actual information available to the Bank and to the Subcommittee.

In any event, the Subcommittee assumes that every U.S. client account held abroad was undeclared. As discussed below, that is a demonstrably inappropriate assumption.

Moreover, U.S. Treasury Department regulations required U.S. citizens to report foreign accounts only if the balance exceeded $10,000 at some point during the year. While the Subcommittee staff has mentioned 22,000 accounts, more than 8,300 had balances below $10,000 as of December 31, 2008.

Troublingly, these estimates also lump in categories of accounts where there is every reason to believe that the client had a valid reason for holding a Swiss account. For example, the Subcommittee's estimates of "undeclared" accounts include approximately 6,400 accounts held by all U.S. expats who would ordinarily have a need for some form of local banking services outside of the U.S. Again, it should not be ignored that most expats *resided in Switzerland*, and therefore had a particularly valid reason for maintaining a bank near their homes.

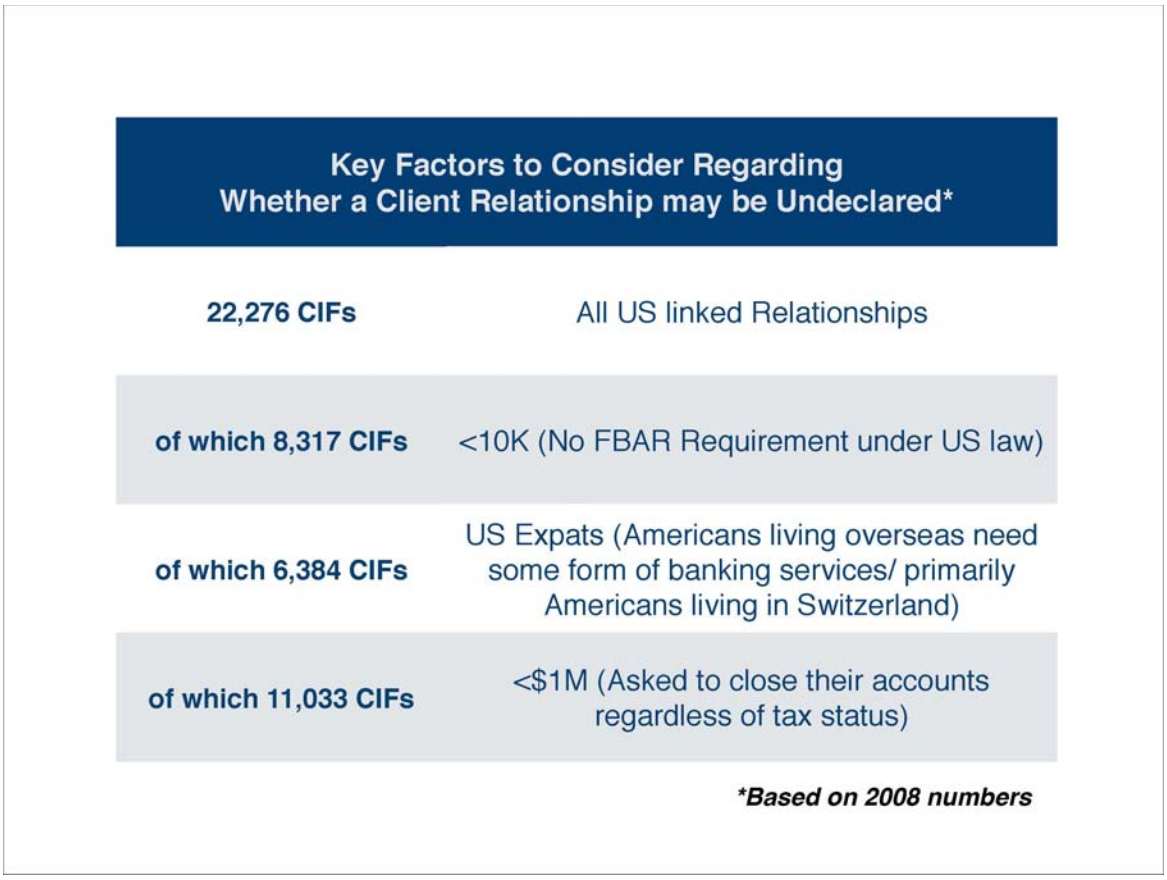
Finally, each of the three "methodologies" that the Subcommittee staff has raised is problematic for different reasons:

The first method wrongly suggests that the number of accounts closed during the Bank's "Exit Projects" may be a proxy for "undeclared" accounts. The Bank's "Exit Projects" revealed that U.S. clients left the Bank for various reasons. For example, Credit Suisse decided to simply shut down around 11,000 U.S. resident accounts when the Bank decided to stop having Swiss-based private bankers service U.S. residents and because those clients' balances did not meet the $1 million requirement for transfer to the U.S. regulated affiliates. Those clients never had the opportunity to demonstrate tax compliance because their accounts were simply terminated. There is no basis factually to assume that all of these clients were not tax compliant.

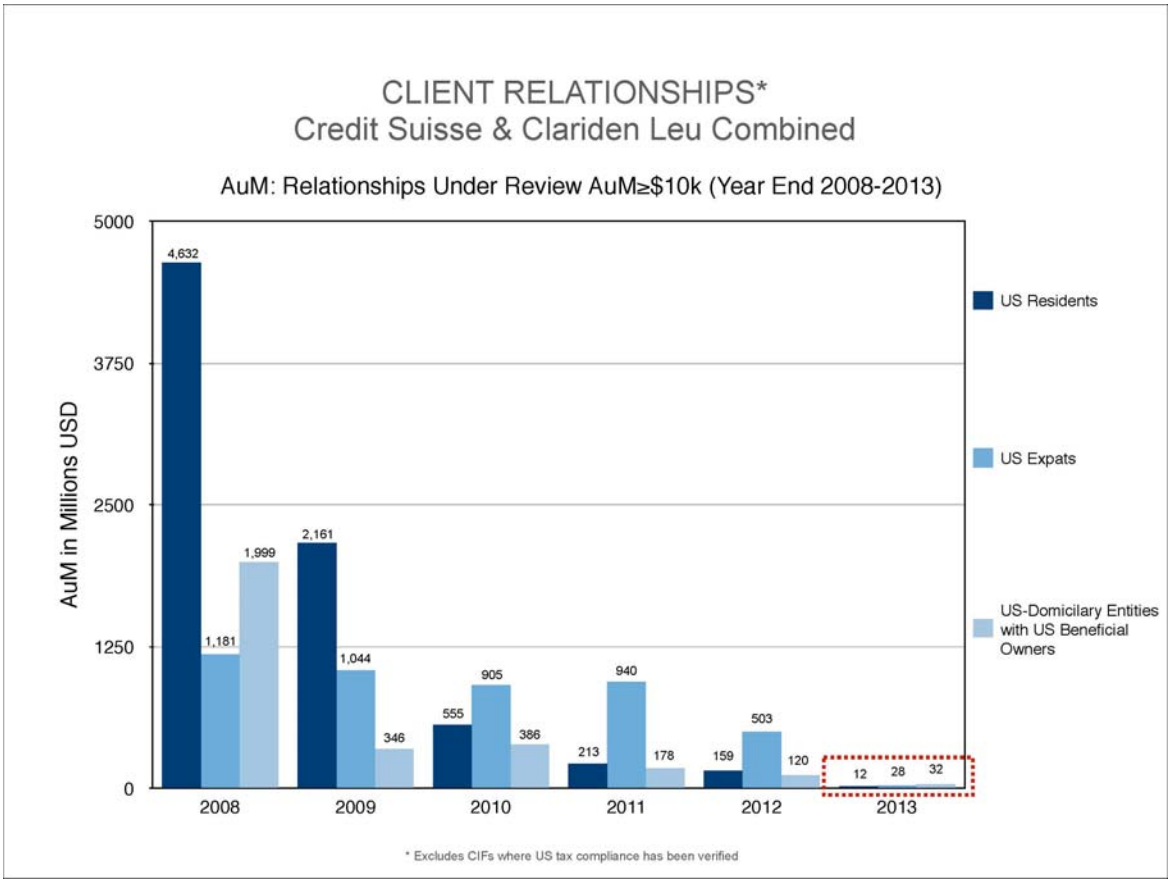
The second method, the "UBS method," is simply unsupported. This method proposes to estimate accounts by considering all accounts without Forms W-9 to be "undeclared" U.S. accounts. The absence of a Form W-9 alone in no way supports an inference that a client failed to report the account to the IRS, or that the Bank was aware that the client failed to do so. The Qualified Intermediary Agreement with the IRS required the preparation of a Form W-9 only if the client maintained U.S. securities. If the client did not maintain U.S. securities, a Form W-9 was not required. These are the IRS's rules. Because this method does not consider whether the client maintained U.S. securities, it is inaccurate to assume that the account was maintained to evade U.S. taxes.

Nor is the third method conclusive. The so-called "DOJ Estimate" recounts a figure of $4 billion stated in an indictment of certain Bank relationship managers. Because the grand jury's proceedings are secret, neither we nor the Subcommittee have any basis to assess the grand jury's methodologies.

Below is a chart with key factors that should be considered in assessing whether a client relationship might have been undeclared. A "CIF" is a client identification file.



As to Assets under Management (AuM), it should be noted that our exit projects established that an approximate amount of $5 billion of AuM was reviewed and verified for tax compliance over the years. This number includes AuM transferred to our U.S.-registered entities or closed after tax compliance was established. In addition, approximately $2.25 billion AuM lost its U.S. nexus over the years. Finally, of the accounts that were closed over the years we simply have no basis to assume that all of them were undeclared. The chart below reflects assets in client relationships. (The numbers contain some minor rounding differences from tables previously provided to the Subcommittee.)



Internal Investigation

Nor did we turn a blind eye to the past. On the contrary, we invested enormous efforts to achieve as much clarity as possible about whether, and to what extent, Credit Suisse employees had violated U.S. laws or helped clients do so. Credit Suisse asked external counsel to investigate any instances of past improper conduct fully. That investigation was broad and deep. The U.S. law firm King & Spalding and the Swiss law firm Schellenberg Wittmer led the investigation, with help from a major accounting firm. The investigation reviewed all aspects of the Bank's Swiss-based private banking business with U.S. customers. It involved more than 100 interviews of Credit Suisse and Clariden Leu personnel, from line-level private bankers to senior leaders of the Bank. The investigation reviewed the conduct of bankers across the Swiss private bank who had a number of U.S. clients or traveled to the United States.

The investigation identified evidence of violations of Bank policy centered on a small group of Swiss-based private bankers. That conduct centered on a group of private bankers within a desk of 15 to 20 private bankers at any given time who were focused on larger accounts of U.S. residents. Most of the improper activity was focused on some private bankers who traveled to the United States once or twice a year; otherwise, the investigation found only scattered evidence of improper conduct.

The investigation did not find any evidence that senior executives of Credit Suisse knew these bankers were apparently helping U.S. customers hide income and assets. To the contrary, the evidence showed that some Swiss-based private bankers went to great lengths to disguise their bad conduct from Credit Suisse executive management.

Cooperation with U.S. Authorities

Credit Suisse has consistently cooperated with the investigations led by the Department of Justice, the SEC, and this Subcommittee, going to the greatest extent permissible by Swiss law to provide information to investigating U.S. authorities.

Since early 2011, Credit Suisse has produced hundreds of thousands of pages of documents, including translations of foreign-language documents. Our representatives have met with the Department of Justice to help them understand the information we provided and to describe the findings of our internal investigation and the Bank's various compliance efforts. Credit Suisse has also provided briefings to officials from the U.S. government, including the SEC and this Subcommittee. That includes more than 100 hours briefing the Subcommittee staff on details of the private banking business and the internal investigation and thousands more hours answering written questions from Subcommittee staff. Specifically, Credit Suisse produced over 580,000 pages of documents, provided 11 detailed briefings to the Subcommittee staff in all-day, or multi-day, sessions, provided 12 substantive written submissions, and made 17 witnesses available from both the United States and Switzerland, including the Bank's General Counsel, co-heads of the Private Bank and Wealth Management Division, and the CEO.

The Bank has cooperated with U.S. authorities despite restrictions imposed by Swiss law that limit production of documents and evidence outside of Switzerland. Credit Suisse willingly took the complex steps required by Swiss law to produce as much information as possible as quickly as possible. Throughout the investigation, Credit Suisse has faced harsh public criticism in Switzerland for its efforts to provide information to U.S. authorities. We have even faced litigation against us in Switzerland based on our cooperation with U.S. authorities, and we are fighting Swiss lawsuits trying to prevent our delivery of information to U.S. authorities. Nonetheless, we fully intend to continue to press for our ability to cooperate with U.S. authorities to the fullest extent allowed by law. These are not the actions of an institution flouting U.S. law enforcement or hiding behind Swiss law.

On February 21, 2014, the SEC entered an Order reflecting the settlement that Credit Suisse reached to resolve the SEC's investigation into investment advice in the United States by Swiss-based private bankers. The SEC Order recognizes that Credit Suisse had policies and training for all Swiss-based private bankers with even one U.S. resident client prohibiting U.S. securities law violations. Moreover, the SEC found that Credit Suisse management "expected [Swiss-based private bankers] to comply with the various restrictions associated with U.S. clients." The SEC also noted that Credit Suisse had voluntarily either transferred or terminated the vast majority of its relationships with U.S. clients by 2010. Credit Suisse is pleased to have resolved this matter.

Efforts To Facilitate Information Disclosure

Credit Suisse has also worked at the highest levels of the Swiss and American governments to bring about reforms that would improve transparency and make cooperation easier.

In Switzerland, Credit Suisse representatives have been engaged with senior Swiss officials for several years regarding U.S. tax matters. Senior Credit Suisse executives have appeared at parliamentary hearings in Switzerland to support a broad and complete resolution of U.S. tax issues, and Credit Suisse directors and executives have spoken out in favor of resolving U.S. tax issues in newspaper interviews and other public statements.

In the United States, the Bank has advocated on behalf of the revised Protocol to the Double Taxation Treaty with Switzerland. The treaty was signed in 2009 and was approved by the Swiss Parliament in 2010. It has been awaiting ratification by the United States Senate for more than four years. Credit Suisse has consistently urged Senate staff and Senators to support ratification throughout that period. Credit Suisse has met multiple times with the leadership of the Foreign Relations Committee, Senators on the Foreign Relations Committee and their staff, and other Congressional personnel to encourage ratification.

Credit Suisse also publicly supported the enactment and implementation of FATCA. When it goes into effect later this year, that law will require foreign financial institutions to report on U.S. taxpayers' foreign assets. Credit Suisse testified in favor of the law when Congress was considering it, and we have participated in more than 100 meetings with U.S. officials in support of the implementation of FATCA. Even though FATCA implementation has been delayed, Credit Suisse has proactively adopted requirements that exceed what FATCA will require, and we have done so faster than the timetable required by the IRS.

To that end, Credit Suisse started reviewing private banking relationships with U.S. citizens who live outside the United States (expats) in February 2012 to confirm compliance with U.S. tax law. More than 80 percent of Credit Suisse's U.S. expat clients reside in Switzerland and have an obvious need to have a local bank in Switzerland. While the review of those account relationships was ongoing, Credit Suisse sent letters to its U.S. expat clients reminding them of their reporting obligations under U.S. law.

Recognition of Net New Assets Under Swiss Regulations

Although it is unrelated to the tax issues that have been the primary focus of the Subcommittee's inquiry, you have asked that we address Swiss financial figures known as AuM and Net New Assets (NNA). U.S. law does not require these figures to be reported, but according to Swiss rules, Credit Suisse must report them in Switzerland.

The Subcommittee questions whether Credit Suisse properly recognized NNA with respect to one particular client – referenced by the Subcommittee as "Client 5" – during 2012. It should be emphasized that the assets in question were reported to U.S. authorities, and the client paid U.S. taxes on them. Nonetheless, Credit Suisse has decided to conduct a review of the internal process relating to NNA to ensure compliance with the Swiss rules and the Bank's

internal policy. The Swiss law firm Schellenberg Wittmer and the U.S. law firm Simpson Thacher & Bartlett, are conducting that review.

The Subcommittee's suggestion, however, that multiple management and accounting officials at Credit Suisse did not follow the Bank's policies regarding NNA recognition is not accurate. Nor is it supported that the U.S. banker responsible for "Client 5's" account raised NNA-related concerns that were not appropriately resolved in a timely way. And finally, the Bank's senior finance official with responsibility for NNA confirmed, based on all information he has learned to date, that he remains comfortable with his NNA determinations for Client 5 in 2012.

Conclusion

In closing, we would like to reiterate the following:

- Credit Suisse is supporting the transformation of Swiss banking. We have built a business culture where knowingly holding unreported assets of U.S. clients is absolutely unacceptable, and we are committed to a culture of respect for U.S. laws.

- On our own initiative, Credit Suisse has taken proactive steps to require that only those U.S. clients who establish compliance with U.S. laws can be clients of our Bank.

- Credit Suisse acknowledges that misconduct centered on a small group of its Swiss-based private bankers previously occurred at our Bank. While that misconduct violated our policies, and was unknown to our executive management, we accept responsibility for and deeply regret these employees' actions.

- We strongly support ratification of the 2009 Protocol to the U.S.-Swiss Tax Treaty, which would bring significant revenue to the United States.

For the management of Credit Suisse, compliance with U.S. laws has been and remains a key priority and commitment. We have worked hard to establish a reputation as strong advocates for greater international transparency in private banking and compliance with the laws of the United States. Thank you again for your attention to these matters. We would be happy to answer your questions.

Timeline of U.S. Compliance Efforts

1953-2008
Legacy Allegations of Opening US-Linked Undeclared Accounts

2002
Established US Person Policy
The bank created a "US Person Policy" creating a strict framework governing its US cross-border business. Training was given by the legal team to all RMs in Switzerland with US resident clients.

2002
Established Swiss-Based U.S. Registered Broker-Dealer and Investment Advisor
Credit Suisse created a Swiss-based legal entity with broker-dealer and investment advisor registrations, Credit Suisse Private Advisors (CSPA), to service US resident clients.

2006
Initiated Regulatory Review and Cross-Border + Project
Under the Cross-Border + Project, Credit Suisse initiated a massive review of the regulatory structures of the US and over 80 countries. This led to the redefinition of the already strict internal guidelines applicable to services for US residents.

2008
Prohibited UBS and LGT Transfers
When the news of the UBS and LGT investigation broke, Credit Suisse moved promptly to prohibit transfers of assets from depositors who had been terminated by those banks.

2008
Reviewed Non-US Domiciliary Entities
Credit Suisse also began a voluntary effort to ensure its accounts were US tax compliant by systematically reviewing non-US domiciliary entities with US beneficial ownership.

2008
Relationship Managers are Required to Certify Completion of Training

September, 2009
Agreement between US & Swiss to revise double tax treaty

Global Financial Crisis
2008Q1 — 2009Q2

2009
Exited US Resident Cross-Border Business
Credit Suisse announced its exit from the US resident cross-border business, and prohibited virtually all securities-holding relationships with US residents, except through the bank's US-licensed affiliates CSPA and PB USA, and a few pre-existing clients who documented compliance.

2010
Revised Code of Conduct


Credit Suisse issues a revised Code of Conduct memorializing the bank's commitment to comply with all relevant tax laws, a reminder of the Bank's ongoing compliance efforts.

2011
Reminded US Clients of Obligations
Credit Suisse took the proactive step of reminding US expat clients about their foreign bank account reporting obligations under US Law. It is permissible under US law for a US citizen to maintain a foreign bank account.

2012
Efforts to Facilitate the Voluntary Disclosure Program
The IRS program encourages US clients to self-report, Credit Suisse (i) in February 2012 sent letters to over 1,600 former clients informing them of the program and (ii) sent similar reminders to US clients who had been terminated.

2012
Requested US Expat Certification
Credit Suisse requested that US expats personally certify tax compliance, and submit certifications from paid and approved return preparers.

2013
Implemented FACTA Controls Early
Credit Suisse implemented a number of controls earlier than required by the Foreign Account Tax Compliance Act (FATCA) with high due diligence standards.

2014
FACTA Implementation
IRS and the Department of the Treasury have set a revised FACTA implementation date of July 1, 2014.

Moving Forward
Full Information Exchange
Credit Suisse continues to promote an industry-leading approach to US legal and regulatory compliance. Based on the voluntary actions taken since 2002, the pending amendments to the Swiss-US tax treaty and full FATCA implementation, CS is confident that all identified US-linked open relationships at CS will be transparent and available to US tax enforcement officials.