

CREDIT SUISSE GROUP AG
Form 6-K
April 21, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

April 21, 2015
Commission File Number 001-15244
CREDIT SUISSE GROUP AG
(Translation of registrant's name into English)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Commission File Number 001-33434
CREDIT SUISSE AG
(Translation of registrant's name into English)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

This report includes the slides for the presentation to investors and the media release in connection with the 1Q15 results.

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Media Release

Strong and consistent performance in 1Q15 and progress on strategic initiatives

- Reported net income of CHF 1.1 billion, up 23% year-on-year
- Strong performance from Wealth Management Clients with improved margins and profits
- Consistent strategic returns in Investment Banking; sales and trading benefitted from increased market volatility
- Further significant leverage reduction; on track to meet targets
- Limited impact from changed currency and interest rate environment post SNB announcement due to mitigating actions and improved market activity

April 21, 2015 **Credit Suisse delivered a strong and consistent performance in 1Q15. Private Banking & Wealth Management results benefitted from a particularly strong performance in Wealth Management Clients. Investment Banking results reflected increased sales and trading revenues, while underwriting and advisory businesses had a slow start to the year.**

Brady W. Dougan, Chief Executive Officer, said: “We delivered another quarter of strong and consistent performance. Wealth Management Clients generated a particularly strong result, with improved margins, increased profitability and good net asset inflows from key growth regions. In our well-diversified Investment Banking franchise, we achieved consistent strategic results and reported a return on regulatory capital of 19%, despite further significant deleveraging.” “Our swift and proactive response to the changed currency and interest rate environment post the Swiss National Bank’s announcement, combined with an improvement in market activity, mitigated the impact on our results and led to higher revenues in our Wealth Management Clients business.”

“Looking at the second quarter to date, the momentum in the businesses has carried over from the first quarter, with an improving trend in underwriting and advisory. We remain committed to our capital and leverage goals and expect to make further progress in executing our strategic initiatives over the balance of 2015.”

Selected Core Results highlights

	1Q15	4Q14	in / end of 1Q14	QoQ	% change YoY
Reported results (CHF million, except where indicated)					
Net revenues	6,673	6,376	6,469	5	3
Income from continuing operations before taxes	1,538	901	1,400	71	10
Net income attributable to shareholders	1,054	691	859	53	23
Return on equity (%)	9.9	6.2	8.0	–	–
Strategic results (CHF million, except where indicated)					
Net revenues	6,590	6,000	6,530	10	1
Income from continuing operations before taxes	1,822	1,449	1,944	26	(6)
Net income attributable to shareholders	1,235	1,155	1,404	7	(12)
Return on equity (%)	12.0	10.9	14.0	–	–

Non-strategic results (CHF million)

**Net loss attributable to
shareholders**

(181) (464) (545) (61) (67)

Core Results do not include noncontrolling interests without significant economic interests.

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Improved reported results and further progress in winding down the non-strategic units

- Net income attributable to shareholders increased by 23% compared to 1Q14

For the first quarter, reported Core pre-tax income was CHF 1,538 million, representing a 10% increase compared to 1Q14, and return on equity was 10%. Net income attributable to shareholders was CHF 1,054 million, compared to CHF 859 million in 1Q14.

Reported Core net revenues increased slightly year-over-year, reflecting higher strategic net revenues in Investment Banking and in the Corporate Center, partially offset by slightly lower net revenues in Private Banking & Wealth Management. The non-strategic businesses reported net revenues of CHF 83 million, compared to negative net revenues of CHF 61 million in 1Q14.

Consistent and strong strategic results in both divisions

- Strategic results in Private Banking & Wealth Management with particularly strong contribution from Wealth Management Clients, including improved margins
- Investment Banking strategic results reflecting strength of diversified franchise with slightly higher revenues, despite significant deleveraging
- Continued strong growth in Asia Pacific across both divisions

Since the end of 2013, Credit Suisse has separately disclosed its strategic and non-strategic results in addition to its reported results. The strategic results encompass the businesses that Credit Suisse plans to focus on going forward, while the non-strategic results include the ones that it intends to wind down or exit. This additional disclosure allows investors to see how our businesses perform when excluding the drag from the non-strategic results.

For the first quarter of 2015, strategic pre-tax income was CHF 1,822 million and strategic net income attributable to shareholders was CHF 1,235 million. This compares to strategic pre-tax income of CHF 1,944 million and strategic net income attributable to shareholders of CHF 1,404 million for 1Q14. Strategic return on equity for 1Q15 was 12%, compared to the 15% through-the-cycle Group target.

For further detail on the strategic results by division, see the Private Banking & Wealth Management and Investment Banking results descriptions below.

Key growth regions: Credit Suisse continues to leverage and expand its strong position in key growth regions. The Asia Pacific region continues to be a strong driver of growth in both Private Banking & Wealth Management and Investment Banking, contributing 16% to the overall revenues of Credit Suisse.

Private Banking & Wealth Management
Private Banking & Wealth Management

		in / end of		% change	
	1Q15	4Q14	1Q14	QoQ	YoY
Reported results (CHF million)					
Net revenues	2,972	3,226	3,240	(8)	(8)
Provision for credit losses	29	42	33	(31)	(12)
Compensation and benefits	1,229	1,265	1,290	(3)	(5)
Total other operating expenses	880	1,037	905	(15)	(3)
Total operating expenses	2,109	2,302	2,195	(8)	(4)
Income before taxes	834	882	1,012	(5)	(18)
Metrics (%)					
Return on regulatory capital	21.0	24.9	31.0	–	–
Cost/income ratio	71.0	71.4	67.7	–	–

Private Banking & Wealth Management – strategic results

		in / end of		% change	
	1Q15	4Q14	1Q14	QoQ	YoY
Strategic results (CHF million)					
Net interest income	981	985	963	0	2
Recurring commissions and fees	1,067	1,177	1,139	(9)	(6)
Transaction- and performance-based revenues	922	976	919	(6)	0
Other revenues	0	68	10	(100)	(100)
Net revenues	2,970	3,206	3,031	(7)	(2)
Provision for credit losses	25	39	17	(36)	47
Total operating expenses	2,007	2,160	2,049	(7)	(2)
Income before taxes	938	1,007	965	(7)	(3)
Metrics (%)					
Return on regulatory capital	24.3	29.8	31.6	–	–
Cost/income ratio	67.6	67.4	67.6	–	–

Private Banking & Wealth Management: Strategic businesses with improved profitability

- Strong Wealth Management Clients results with improved margins and profit
- Strong total net new assets of CHF 17.0 billion driven by inflows in key growth regions
- Launch of digital private banking platform and new mandates offering

In 1Q15, Private Banking & Wealth Management reported net revenues of CHF 2,972 million and pre-tax income of CHF 834 million. The strategic businesses of Private Banking & Wealth Management generated pre-tax income of CHF 938 million with higher client activity in Wealth Management Clients and lower revenues in Asset Management. The return on regulatory capital for the strategic businesses was 24%, reflecting solid revenues and continued progress in efficiency improvements. The return on capital decreased from prior quarters, reflecting a methodology change in 1Q15 given higher capital requirements amid the evolving regulatory environment.

Wealth Management Clients reported a net margin of 30 basis points. Year-on-year, the net margin increased by 1 basis point, reflecting higher revenues and lower expenses. Compared to 4Q14, the net margin improved by 3 basis points, benefitting from a decrease in average assets under management, largely due to the foreign exchange impact. In spite of the low interest rate environment, net interest income in Wealth Management Clients increased as a result of the mitigating actions taken and the cumulative benefit of our lending program.

Private Banking & Wealth Management recorded strategic net new assets of CHF 18.4 billion in 1Q15. Wealth Management Clients contributed net new assets of CHF 7.0 billion with strong inflows from Asia Pacific, the Americas and Switzerland. Total net new assets for Private Banking & Wealth Management were CHF 17.0 billion in 1Q15, including CHF 1.4 billion of outflows due to the ongoing regularization of our asset base.

In 1Q15, the non-strategic businesses of Private Banking and Wealth Management reached the end-2015 risk-weighted asset and leverage reduction targets, ahead of schedule. The non-strategic businesses reported a pre-tax loss of CHF 104 million, with lower revenues and operating expenses primarily reflecting the wind-down of operations.

Strategic initiatives: Private Banking & Wealth Management successfully executed on its growth initiatives during the quarter. In Switzerland and selected other markets, the bank launched its new advisory offering Credit Suisse Invest, focusing on improving flexibility and transparency for clients. This is part of its effort to further increase mandate penetration and during the first quarter there was strong sales momentum, which is expected to continue over time.

Since 2013, Credit Suisse has been expanding its lending program to ultra-high-net-worth clients. Loan volume increased by 39% with progress across all regions, despite muted growth in 1Q15.

Additionally, in light of the evolving digital landscape, Credit Suisse has created a state-of-the-art digital private banking platform, which has already been successfully launched in Singapore. With this platform, Credit Suisse aims to upgrade its service offering and make it even more accessible to clients.

Investment Banking

Investment Banking

	1Q15	4Q14	in / end of 1Q14	% change QoQ	% change YoY
Reported results (CHF million)					
Net revenues	3,583	2,454	3,416	46	5
Provision for credit losses	1	30	0	(97)	–
Compensation and benefits	1,552	1,179	1,521	32	2
Total other operating expenses	1,085	1,510	1,068	(28)	2
Total operating expenses	2,637	2,689	2,589	(2)	2
Income/(loss) before taxes	945	(265)	827	–	14
Metrics (%)					
Return on regulatory capital	14.7	–	13.6	–	–
Cost/income ratio	73.6	109.6	75.8	–	–

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Investment Banking – strategic results

	1Q15	in / end of		% change	
		4Q14	1Q14	QoQ	YoY
Strategic results (CHF million)					
Debt underwriting	332	307	468	8	(29)
Equity underwriting	153	205	183	(25)	(16)
Total underwriting	485	512	651	(5)	(25)
Advisory and other fees	132	238	180	(45)	(27)
Total underwriting and advisory	617	750	831	(18)	(26)
Fixed income sales and trading	1,732	850	1,586	104	9
Equity sales and trading	1,344	1,231	1,206	9	11
Total sales and trading	3,076	2,081	2,792	48	10
Other	(67)	(83)	(83)	(19)	(19)
Net revenues	3,626	2,748	3,540	32	2
Provision for credit losses	1	14	0	(93)	–
Total operating expenses	2,510	2,155	2,412	16	4
Income before taxes	1,115	579	1,128	93	(1)
Metrics (%)					
Return on regulatory capital	18.6	9.9	20.7	–	–
Cost/income ratio	69.2	78.4	68.1	–	–

Investment Banking: Consistent strategic results and significant leverage reduction

- High strategic return on regulatory capital of 19%, assuming a 3% average leverage exposure, underscoring consistency of diversified franchise

- Leverage exposure reduced by USD 97 billion in 1Q15 across strategic and non-strategic businesses

Investment Banking generated reported net revenues of CHF 3,583 million and pre-tax income of CHF 945 million, up 14% compared to 1Q14. Additionally, Credit Suisse made continued progress toward improving the capital efficiency of Investment Banking across strategic and non-strategic businesses. Compared to end-2014, the division reduced its leverage exposure by USD 97 billion to USD 697 billion, reflecting a positive impact from the transition to the new BCBS leverage framework, post-mitigating measures and consistent progress on planned reductions. In US dollars, risk-weighted assets increased slightly compared to the previous quarter, as an increase in risk-weighting calculations offset business reductions.

In the strategic businesses, pre-tax income was CHF 1,115 million, stable compared to 1Q14, on slightly higher revenues. Fixed income sales and trading revenues improved compared to 1Q14 due to increased client activity, particularly in global macro products and emerging markets. Equities sales and trading results were strong, reflecting a more favorable trading environment and sustained market shares. The strength in the sales and trading businesses offset a slowdown in underwriting and advisory, which had a difficult start to the year with a decrease in advisory market share. Compared to 1Q14, total operating expenses increased in Swiss francs but decreased in US dollars, reflecting the foreign exchange impact of the weakening of the Swiss franc on an average basis against the US dollar. Investment Banking's non-strategic businesses reported a pre-tax loss of CHF 170 million and negative net revenues of CHF 43 million in 1Q15. Negative net revenues were lower compared to 1Q14, primarily due to valuation gains in the legacy fixed income portfolio, proactive portfolio management initiatives and lower funding costs.

Capital, leverage and costs
Capital and leverage metrics

end of	Phase-in		Look-through	
	1Q15	4Q14	1Q15	4Q14
BIS capital ratios (%)				
CET1 ratio	13.8	14.9	10.0	10.1
Tier 1 ratio	16.5	17.1	14.0	14.0
Total capital ratio	20.0	20.8	16.4	16.5
Leverage metrics (% , except where indicated)				
Leverage exposure (CHF billion)	1,108.6	1,157.6	1,102.7	1,149.7
BIS CET1 leverage ratio	3.6	3.7	2.6	2.5
BIS tier 1 leverage ratio	4.3	4.3	3.6	3.5
Swiss leverage ratio	5.2	5.2	4.2	4.1

Further leverage reductions and continued strong capital generation

- Continued progress in reducing leverage exposure; on track to meet year-end target
- Look-through CET1 ratio of 10%

In recent years, there was a shift in regulatory focus toward the unweighted view of capital in the form of more restrictive leverage requirements. In order to comply with these stricter requirements, Credit Suisse has laid out a plan to significantly reduce its leverage exposure.

As announced in February, Credit Suisse has revised the leverage exposure target for the Group to CHF 960–990 billion by the end of 2015, on a foreign exchange-adjusted basis. Credit Suisse is targeting a look-through Swiss leverage ratio of 4.5% and a look-through BIS tier 1 leverage ratio of approximately 4.0% by the end of 2015, of which the CET1 component is approximately 3.0%.

During the quarter, Credit Suisse further reduced its leverage exposure by CHF 95 billion, largely driven by Investment Banking, where the reductions had a limited impact on revenues. The reductions also reflect the positive impact from the transition to the new BCBS leverage framework. At quarter end, the look-through Swiss leverage ratio was 4.2% and the look-through BIS tier 1 leverage ratio was 3.6%, of which the CET1 component was 2.6%. Another important metric to measure the capital position of banks is the look-through CET1 ratio, which fully applies the requirements as of 2019. At the end of the first quarter, Credit Suisse's look-through CET1 ratio stood at 10%, slightly lower than at year-end 2014, due to a combination of the foreign exchange impact, seasonal share purchases for employee compensation plans and the impact on risk-weighted assets from regulatory and mandated methodology changes.

Achieved ~CHF 3.6 billion in cost savings since 2011

- Cost reduction goal for end-2015 revised to between CHF 4.0–4.25 billion

As of the end of 1Q15, Credit Suisse achieved cost savings of approximately CHF 3.6 billion since the start of the expense reduction program in 2011. Further cost savings are expected to be delivered over the balance of the year, reaching CHF 4.0–4.25 billion by the end of 2015. However, headwinds from higher risk, compliance and regulatory costs across both divisions are anticipated. Credit Suisse also remains committed to achieving incremental cost savings of approximately CHF 200 million by the end of 2017 through a better alignment of the Swiss franc cost and revenue base within Private Banking & Wealth Management.

Quarterly results documentation

This Media Release contains selected information from our full 1Q15 Earnings Release that we believe is of particular interest to media professionals. The complete 1Q15 Earnings Release, which has been distributed simultaneously, contains more comprehensive information about our results and operations for the quarter, as well as important information about our reporting methodology and some of the terms used in these documents. The complete Earnings Release is not incorporated by reference into this Media Release.

The full Earnings Release and Results Presentation Slides are available for download from 06:30 CEST today at: <https://www.credit-suisse.com/results>.

Presentation of 1Q15 results – Tuesday, April 21, 2015

	Analyst and investor presentation	Media presentation
Event		
Time	09:00 Zurich 08:00 London 03:00 New York	11:00 Zurich 10:00 London 05:00 New York
Speakers	Brady W. Dougan, Chief Executive Officer David Mathers, Chief Financial Officer	Brady W. Dougan, Chief Executive Officer David Mathers, Chief Financial Officer
Language	The presentation will be held in English.	The presentation will be held in English. Simultaneous interpreting (English/German and German/English) will be available.
Access via Internet	Audio webcast: www.credit-suisse.com/results Audio playback available	Live webcast: www.credit-suisse.com/results Video playback available
Access via Telephone	+41 44 580 40 01 (Switzerland) +44 1452 565 510 (Europe) +1 866 389 9771 (US) Reference: Credit Suisse Group quarterly results All participants will be asked to state the password "investor" Please dial in 10-15 minutes before the start of the presentation.	+41 44 580 40 01 (Switzerland) +44 1452 565 510 (Europe) +1 866 389 9771 (US) Reference: Credit Suisse Group quarterly results All participants will be asked to state the password "media" Please dial in 10-15 minutes before the start of the presentation.
Q&A Session	Opportunity to ask questions via the telephone conference.	Opportunity to ask questions via the telephone conference.
Playback	Replay available approximately one hour after the event: +41 44 580 34 56 (Switzerland) +44 1452 550 000 (Europe) +1 866 247 4222 (US) Conference ID: 2426919#	Replay available approximately one hour after the event: +41 44 580 34 56 (Switzerland) +44 1452 550 000 (Europe) +1 866 247 4222 (US) Conference ID English: 24304026# Conference ID German: 24342059#

Information

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Cautionary statement regarding forward-looking information

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

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

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

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

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2015 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the

information set forth in “Risk factors” in I – Information on the company in our Annual Report 2014.

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE GROUP AG and CREDIT SUISSE AG
(Registrant)

Date: April 21, 2015

By:

/s/ Brady W. Dougan

Brady W. Dougan

Chief Executive Officer

By:

/s/ David R. Mathers

David R. Mathers

Chief Financial Officer