Credit Suisse: Smoke Signals from Activist Investor

Wednesday, 18 April 2018 11:50 | Written by Peter Hody

Credit Suisse's investor meeting this year should prove a walk in the park compared with the acrimonious affair last year. The Swiss bank's most vociferous opponent won't be there - but he hasn't thrown in the towel yet.

The perennial bones of contention at the Credit Suisse shareholder meeting, namely the eye-watering management salaries and poor share performance, are unlikely to make waves at this year's get-together.

The prominent U.S. voting rights advisor ISS and Glass Lewis have already lodged their opinion on the management pay report, and while opposition has been signaled from the Swiss Ethos Foundation and the shareholder activist group Zrating, this is unlikely to spoil the show for **Chairman Urs Rohner**.

Appearance at the AGM?

This would be the ideal time for hedgefund activist **Rudolf Bohli** to present his argument to shareholders for a digital wealth manager strategy without the drag of the investment bank and asset management units. However the head of the hedgefund RBR Capital isn't planning an appearance at this year's shareholder meeting.

This year's agenda only contains submissions from members of Credit Suisse's board. A spokesman for the bank told *finews.com* that «Rudolf Bohli no longer owns any Credit Suisse shares entered in the share register.»

Only Present as Activist

This suggests Bohli will refrain from exercising the voting rights tied to his holding in the Swiss bank, which he put at 0.2 percent last year. In fact the Zurich investor has kept a very low profile in recent weeks and months.

The last occasion he commented officially on his plans for Credit Suisse was at the beginning of last year, when he announced the closing of his RBR fund. At the time, Bohli also said he would henceforth only appear as a shareholder activist, and would focus on his plan to transform Credit Suisse into a digital wealth manager.

Exit Point Missed

The past year would have been the perfect time for Bohli to convert his Credit Suisse stake into cash, since the bank's share price has risen by some 20 percent since his entry last autumn.

A healthy profit in less than four months – even if Bohli's goal, with the implementation of his measures, is a doubling of Credit Suisse's share capitalization. The shares have headed lower since January.

At 15.92 Swiss francs, the share price is around the level of last October. Bohli's efforts to garner more shareholder support for pressuring the Credit Suisse's management under **CEO Tidjane Thiam** to radically alter their strategic direction seems to have borne little fruit.

«Subject is Still Relevant»

Asked this week by *finews.com* about his plans for CS, Bohli responded: «The subject is still relevant.» He declined however to make any further comment. Just how the former Bellevue banker plans to enforce his demands remains unclear.

He has tried various tactics: Using English-language media to drum up interest, and using his appearance at the Robin Hood investor conference in New York to win over small shareholders.

Bohli has repeatedly voiced his intention of drumming up around a billion francs to help support his «pure Swiss banking» plan. Up to now there are no signs this has worked.

Too Radical, Too Risky

This despite the fact that his outline for the bank as a digital wealth management pure player is not a bad idea. Such plans, including the splitting off of the investment bank and a separate listing for the «old» Credit Suisse First Boston in the U.S., are still in the hands of McKinsey or KPMG advisors.

A complete overhaul of the information technology platform, which would catapult Credit Suisse a new digital future, has also been assessed by the bank. The problem with Bohli‘s plan is that it is too radical and risky for winning of the support of the majority of large institutional investors – too radical because large have already invested billions in CEO Thiam's current strategy.

And too risky because splitting off the investment bank would affect the nerve-center of the bank. Secondly, a total revamp of the IT platform would represent a billion franc project that would take years to complete.