



Operating and financial review

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Operating environment

The economic fundamentals were strong in the first half of 2007. The weakening of the US housing market and the deterioration of the US subprime mortgage markets significantly increased uncertainties about the valuation and the risks of structured products, adversely impacting mortgage and credit markets. In the second half of the year, the financial services sector was severely challenged by a liquidity squeeze, and the global economy lost growth momentum, particularly in the US.

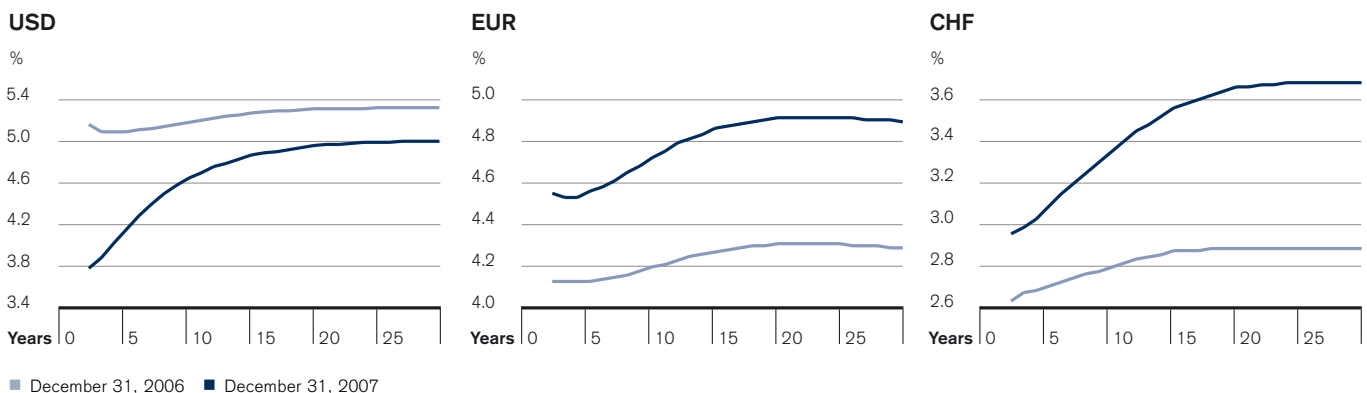
Economic environment

On a global basis, the economic fundamentals were strong, especially in the first half of 2007, providing an overall favorable business environment. After a temporary deceleration in the first quarter, the US economy gained momentum in the second quarter on the back of strong employment numbers and improved business sentiment. However, the turmoil in credit markets adversely impacted growth prospects in the US in the second half of the year. Contrary to the US, the economies in Europe and particularly those in Asia and other emerging markets held up well and continued their robust growth. Concerns about increased inflationary pressure that had emerged, particularly during the strong second quarter, eased with the lower global economic growth prospects.

Global equity market performance was mixed during 2007. Stocks in emerging markets generally outperformed mature markets, where most financial services stocks declined significantly. Equity yields remained attractive relative to bond yields throughout the year, largely reflecting attractive valuation levels during 2007. However, equity market volatility significantly increased during the second half of the year due to the deterioration of the US subprime mortgage markets and the spillover effects to other market segments and asset classes (see the chart "Equity markets"). The increased uncertainty about the valuation and risk exposures of structured products significantly increased the risk aversion of financial market participants. Spreads in structured credits widened substantially, and liquidity in some credit market segments dried up. The financial services sector was challenged by severe write-downs on

Yield curves

On the back of decelerated economic growth in the US, yield levels declined, contrary to yields in Euro or Swiss francs.



Equity markets

Equity performance was mixed, with clearly higher volatility in the second half of the year. Financial services stocks underperformed.

Performance region



Source: MSCI, Bloomberg, Credit Suisse / IDC

Performance world banks



Source: MSCI, Datastream, Credit Suisse / IDC

Volatility



Source: Datastream, Credit Suisse / IDC

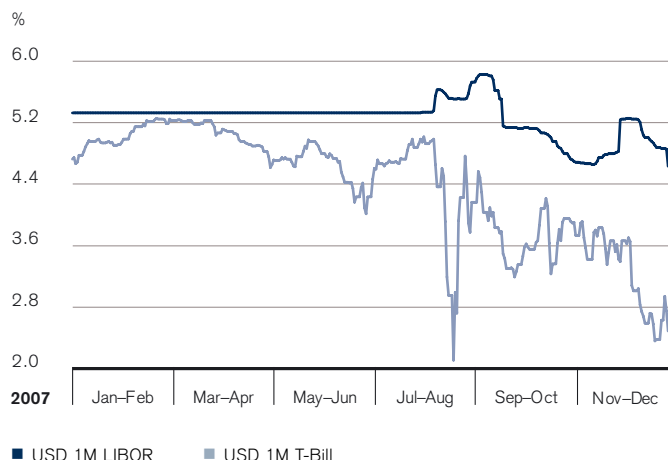
certain financial assets and a liquidity squeeze in some funding markets. Against the backdrop of eased inflationary pressure, the US Federal Reserve started to cut interest rates in August, and in light of the widening turmoil in credit markets, it undertook further rate cuts later in the year. To support banks in managing their liquidity over the year end and to further

improve liquidity in money markets, central banks provided additional liquidity in December through a concerted auctioning process. However, funding conditions for banks remained difficult (see the chart "Money markets").

On the back of decelerated economic growth and investors' flight to quality, US dollar yields declined. In contrast, yields in Euro or Swiss francs were rising on economic strength, threatening inflation (see the chart "Yield curves"). Towards the end of the year, the US dollar traded at historic lows against European currencies, reflecting the reduced interest rate differential and the unwinding of carry trades. The reduced risk appetite of market participants due to the turmoil in credit markets and the higher market volatility put pressure on those trades and led to an appreciation of funding currencies such as the Japanese yen and the Swiss franc.

Money markets

The increased risk aversion in the second half of 2007 made funding for banks more challenging, and the Ted spread widened significantly.



Source: Bloomberg, Credit Suisse / IDC

Sector environment

With the ongoing, albeit slower, global economic expansion during 2007, the wealth management industry continued its growth trend, particularly in Asia, the Middle East and other emerging markets. Growth in net new assets remained significant in these regions, and the number of wealth management-dedicated staff continued to increase. For companies not reporting in US dollars, the weakness of the US dollar generally adversely impacted results. Increased uncertainty drove client demand in capital-protected products, and increased equity trading activities partially offset lower overall fixed income-related results.

Market volumes (growth in % year-on-year)

	Global	Europe
	2007	2007
Equity trading volume ¹	39.5	41.7
Fixed income trading volume ²	14.0	13.0
Announced mergers and acquisitions ³	24.2	37.7
Completed mergers and acquisitions ³	25.5	29.1
Equity underwriting ³	15.6	22.2
Debt underwriting ³	(0.2)	(4.5)
Syndicated lending – investment-grade ³	19.7	–

¹ Virt-x, LSE, Deutsche Börse, NYSE Euronext, Hong Kong Stock Exchange ² Deutsche Börse, Federal Reserve Bank of New York ³ Dealogic

After a favorable first half of 2007, the financial services sector was impacted in the third and fourth quarters by the turmoil in the credit markets, including valuation reductions, further provisions, ratings downgrades, profit warnings, cancelled share buybacks, fears about possible dividend cuts and the need for recapitalization and balance sheet reconstruction. Banks issued a record amount of equity-related securities in the second half of the year as they rebuilt their balance sheets and sought funding. Sovereign wealth funds based in Asia and the Middle East invested heavily in leading international banks. Towards the end of the year, the US government initiated a program to freeze subprime mortgage rates under certain conditions with the goal of limiting the increase of foreclosures due to payment defaults. The overall ABS market remained difficult, and there were continued valuation reductions on

RMBS and CMBS. Valuations of RMBS reflected the deterioration in the US housing sector, increased payment defaults and the related actions of the ratings agencies. Valuations of CMBS primarily reflected widening credit spreads and concerns of decelerating economic growth.

Within more volatile markets, equity and fixed income trading volumes were higher in 2007 than in 2006. Also, global equity underwriting, IPO and mergers and acquisitions activity was robust and generally higher than the year before but slowed down in the second half. Global debt underwriting was on the level of 2006, but the strong decline in the second half of 2007 reflected the turmoil in credit markets and more conservative credit standards applied by banks and other financial institutions.

Credit Suisse

In 2007, we reported net income of CHF 7,760 million, down 31% against 2006, which included income from discontinued operations of CHF 3,070 million. Income from continuing operations was CHF 7,760 million, down 6%. Diluted earnings per share were CHF 6.96 and return on equity was 18.0%.

Results

	in			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net interest income	8,453	6,566	6,918	29	(5)
Commissions and fees	19,329	17,647	14,323	10	23
Trading revenues	6,148	9,428	5,634	(35)	67
Other revenues	5,805	4,962	3,614	17	37
Net revenues	39,735	38,603	30,489	3	27
Provision for credit losses	240	(111)	(144)	–	(23)
Compensation and benefits	16,219	15,697	13,974	3	12
General and administrative expenses	6,916	6,445	7,378	7	(13)
Commission expenses	2,612	2,272	1,880	15	21
Total other operating expenses	9,528	8,717	9,258	9	(6)
Total operating expenses	25,747	24,414	23,232	5	5
Income from continuing operations before taxes	13,748	14,300	7,401	(4)	93
Income tax expense	1,250	2,389	927	(48)	158
Minority interests	4,738	3,630	1,948	31	86
Income from continuing operations	7,760	8,281	4,526	(6)	83
Income from discontinued operations	0	3,070	1,310	(100)	134
Extraordinary items	0	(24)	0	100	–
Cumulative effect of accounting changes	–	–	14	–	–
Net income	7,760	11,327	5,850	(31)	94
Earnings per share (CHF)					
Basic earnings per share from continuing operations	7.43	7.53	3.98	(1)	89
Basic earnings per share	7.43	10.30	5.17	(28)	99
Diluted earnings per share from continuing operations	6.96	7.19	3.90	(3)	84
Diluted earnings per share	6.96	9.83	5.02	(29)	96
Return on equity (%)					
Return on equity	18.0	27.5	15.4	–	–
Return on tangible equity ¹	24.5	40.6	26.5	–	–
BIS statistics					
Risk-weighted assets (CHF million)	312,068	253,676	232,891	23	9
Tier 1 capital (CHF million)	34,737	35,147	26,348	(1)	33
Total capital (CHF million)	45,102	46,764	31,918	(4)	47
Tier 1 ratio (%)	11.1	13.9	11.3	–	–
Total capital ratio (%)	14.5	18.4	13.7	–	–

¹ Based on tangible shareholders' equity, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity. Management believes that the return on tangible shareholders' equity is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Results summary

In 2007, net income was CHF 7,760 million, down CHF 3,567 million, or 31%, against 2006, which included income from discontinued operations of CHF 3,070 million. Income from continuing operations was CHF 7,760 million in 2007, down CHF 521 million, or 6%, compared to 2006. Private Banking achieved record net revenues despite market turbulence and cautious investor behavior in the second half of 2007. Our results in Investment Banking reflected the adverse effects from the turmoil in the mortgage and credit markets, although our focus on risk management enabled us to perform relatively well. Asset Management was impacted by valuation reductions on securities purchased from our money market funds. Before these valuation reductions, Asset Management results were strong. Our results also benefited from fair value gains due to the widening credit spreads on Credit Suisse debt. Income tax expense benefited from the recognition of previously unrecognized deferred tax assets. Our tax rate was also favorably impacted by normal business-driven tax related items, including non-taxable income, the streamlining of certain legal entity structures and the geographic mix of pre-tax income, which was offset by an increase in the valuation allowance on deferred tax assets attributable to lower business results in certain entities.

Diluted earnings per share from continuing operations were CHF 6.96 compared to CHF 7.19 in 2006. Return on equity was 18.0% compared to 27.5% in 2006, which included income from discontinued operations. Our capital remained strong, with a BIS tier 1 ratio of 11.1% as of the end of 2007, compared to 13.9% as of the end of 2006.

Revaluing of certain asset-backed securities positions

As announced on February 19, 2008, in connection with ongoing internal control processes, we identified mismarks and pricing errors by a small number of traders in certain ABS positions in CDO trading in our structured product business within Investment Banking, and immediately undertook an internal review of this business.

As a result of this internal review, which is now complete, we recorded total valuation reductions of CHF 2.86 billion (USD 2.65 billion) as a result of revaluing these positions. A significant portion of the reductions reflected adverse market developments in the first quarter of 2008. These valuation reductions include a CHF 1,177 million reduction in net revenues and a CHF 789 million reduction in net income from the amounts we previously reported for the fourth quarter and full-year 2007, and such reductions are reflected in the consolidated financial statements and related discussion of our financial condition, results of operations and cash flows and other information included in this Annual Report.

The internal review, commissioned by our Executive Board and assisted by outside counsel, commenced after the release of our unaudited 2007 condensed consolidated financial statements. Based on the results of the internal review and the conclusions of outside counsel, we have determined that these mismarks and pricing errors were, in part, the result of intentional misconduct by a small number of traders. These employees have either been terminated or have been suspended and are in the process of being disciplined under local employment law. The controls we had in place to prevent or detect these

Credit Suisse reporting structure

Credit Suisse					
Core Results				Minority interests without significant economic interest	
Private Banking		Investment Banking	Asset Management		Corporate Center
Wealth Management	Corporate & Retail Banking				

Credit Suisse and Core Results

in	Core Results			Minority interests without SEI			Credit Suisse		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Statements of income (CHF million)									
Net revenues	34,953	34,940	28,415	4,782	3,663	2,074	39,735	38,603	30,489
Provision for credit losses	240	(111)	(144)	0	0	0	240	(111)	(144)
Compensation and benefits	16,103	15,644	13,974	116	53	0	16,219	15,697	13,974
General and administrative expenses	6,850	6,395	7,346	66	50	32	6,916	6,445	7,378
Commission expenses	2,612	2,272	1,880	0	0	0	2,612	2,272	1,880
Total other operating expenses	9,462	8,667	9,226	66	50	32	9,528	8,717	9,258
Total operating expenses	25,565	24,311	23,200	182	103	32	25,747	24,414	23,232
Income from continuing operations before taxes	9,148	10,740	5,359	4,600	3,560	2,042	13,748	14,300	7,401
Income tax expense	1,250	2,389	927	0	0	0	1,250	2,389	927
Minority interests	138	70	(94)	4,600	3,560	2,042	4,738	3,630	1,948
Income from continuing operations	7,760	8,281	4,526	0	0	0	7,760	8,281	4,526
Income from discontinued operations	0	3,070	1,310	0	0	0	0	3,070	1,310
Extraordinary items	0	(24)	0	0	0	0	0	(24)	0
Cumulative effect of accounting changes	–	–	14	–	–	0	–	–	14
Net income	7,760	11,327	5,850	0	0	0	7,760	11,327	5,850
Statement of income metrics (%)									
Compensation/revenue ratio	46.1	44.8	49.2	–	–	–	40.8	40.7	45.8
Non-compensation/revenue ratio	27.1	24.8	32.5	–	–	–	24.0	22.6	30.4
Cost/income ratio	73.1	69.6	81.6	–	–	–	64.8	63.2	76.2
Pre-tax income margin	26.2	30.7	18.9	–	–	–	34.6	37.0	24.3
Effective tax rate	13.7	22.2	17.3	–	–	–	9.1	16.7	12.5
Net income margin from continuing operations	22.2	23.7	15.9	–	–	–	19.5	21.5	14.8
Net income margin	22.2	32.4	20.6	–	–	–	19.5	29.3	19.2

mismarks and pricing errors, including the supervision and monitoring of the valuations of these positions by trading and the related price testing and supervision by product control, were not effective. Our price testing of these positions included modeling techniques that failed to accurately value these positions as of December 31, 2007. As a result, management concluded that a material weakness in internal control over financial reporting existed as of December 31, 2007.

In connection with the completion of our internal review, we have been actively engaged in the development and implementation of a remediation plan to address this material weakness in internal control over financial reporting. We have re-assigned trading responsibility for the CDO trading business and are enhancing related control processes. Our remediation plan also includes improving the effectiveness of supervisory reviews, formalizing escalation procedures, improving the coordination among trading, product control and risk management, adding additional resources, improving training and enhancing the tools and other technical resources available to our personnel.

Our Executive Board continues to assign the highest priority to the prompt remediation of this material weakness and reports regularly on these remediation efforts to the Audit Committee and Board of Directors.

Notwithstanding the existence of this material weakness in internal control over financial reporting, we have performed alternative procedures since mid-February 2008, including an extensive review of the valuations of these positions in our CDO trading business as of December 31, 2007, led by senior personnel. We are confident that as a result of the alternative procedures performed, our financial statements in this Annual Report are fairly presented, in all material respects, in conformity with US GAAP.

For further information, refer to V – Consolidated financial statements – Credit Suisse Group – Controls and procedures and VII – Consolidated financial statements – Credit Suisse (Bank) – Controls and procedures.

Capital and risk trends

Our consolidated BIS tier 1 ratio under Basel I was 11.1% as of the end of 2007, a decrease from 13.9% as of the end of 2006. The decrease was driven primarily by an increase in risk-weighted assets. As of the end of 2007, the BIS tier 1 ratio under Basel II would have been approximately 120 basis points lower.

In March 2007, we completed the share buyback program approved by the shareholders at the Annual General Meeting (AGM) in 2005. Under this program, we repurchased a total of 87.8 million common shares in the amount of CHF 6.0 billion, of which 11.4 million common shares in the amount of CHF 1.0 billion were repurchased during 2007. We cancelled 53.8 million common shares from this share buyback program, which did not impact total shareholders' equity, as the reduction in common shares, additional paid-in capital and retained earnings were offset in full by a reduced balance of treasury shares.

At the AGM in May 2007, the shareholders approved a new share repurchase program of up to CHF 8 billion over a maximum of three years. During 2007, we repurchased 46.1 million common shares in the amount of CHF 3.9 billion under the new share buyback program. As of March 7, 2008, we had repurchased a total of CHF 4.1 billion, or 52%, of the approved CHF 8.0 billion. As a result of the challenging operating environment, we reduced our share buyback activity in the second half of 2007. Our ability to complete the share buyback program in 2008 is dependent on market conditions.

In 2007, our overall position risk, measured on the basis of our economic capital model, decreased 4% compared to 2006, mainly driven by reductions in real estate and structured assets and fixed income trading exposures partly offset by increased international lending and counterparty, equity trading and investments and emerging markets exposures. Average Value-at-Risk (VaR) for our trading books increased to CHF 115 million, primarily reflecting the increased market volatility.

For further information on capital and risk trends, refer to III – Balance sheet, Off-balance sheet, Treasury and Risk.

Core Results

Core Results include the results of our three segments and the Corporate Center. Credit Suisse's results also include revenues and expenses from the consolidation of certain private equity funds and other entities in which we do not have a significant economic interest (SEI) in such revenues and expenses. The consolidation of these entities does not affect net income as the amounts recorded in net revenues and total

operating expenses are offset by corresponding amounts reported as minority interests. In addition, our income tax expense is not affected by these revenues and expenses. These minority interest-related revenues and expenses are reported as "Minority interests without SEI" in the "Credit Suisse and Core Results" table above.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis. The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions. Corporate services and business support in finance, operations, including human resources, legal and compliance, risk management and information technology are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

Credit Suisse centrally manages its funding activities. New securities for funding and capital purposes are issued primarily by the Bank. The Bank lends these funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to support business initiatives. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital. Transfer pricing, using market rates, is used to record interest income and expense in each of the segments for this capital and funding. Included in this allocation are gains and losses recorded on the fair value of our own debt.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking, Investment Banking and Asset Management segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the three segments, however, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. In 2007, these related principally to the activities of Clariden Leu, Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking. Prior to 2007,

BANK-now was a subsidiary of the Bank and accordingly its results of operations through the end of 2006 were included in the Bank's consolidated statements of income. Core Results also includes certain Group corporate center activities that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group. For further information on the Bank refer to Note 39 – Supplementary subsidiary guarantee information in V – Consolidated financial statements – Credit Suisse Group and VII – Consolidated financial statements – Credit Suisse (Bank).

Differences between Group and Bank businesses

Entity	Principal business activity
Clariden Leu ¹	Banking and securities
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau)
BANK-now ²	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising consolidated capital

¹ Formed as of January 1, 2007 by the merger of the private banks Clariden Bank, Bank Leu, Bank Hofmann and BGP Banca di Gestione Patrimoniale, and the securities dealer Credit Suisse Fides. ² Formed as of January 3, 2007 as a subsidiary of Credit Suisse Group. The operations comprising BANK-now were previously recorded in the Bank.

Comparison of consolidated statements of income

in	Group			Bank		
	2007	2006	2005	2007	2006	2005
Statements of income (CHF million)						
Net revenues	39,735	38,603	30,489	37,304	36,612	29,131
Total operating expenses	25,747	24,414	23,232	24,904	23,908	22,979
Income from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes	13,748	14,300	7,401	12,173	12,801	6,286
Income tax expense	1,250	2,389	927	846	2,137	659
Minority interests	4,738	3,630	1,948	5,013	3,620	2,064
Income from continuing operations before extraordinary items and cumulative effect of accounting changes	7,760	8,281	4,526	6,314	7,044	3,563
Income from discontinued operations, net of tax	0	3,070	1,310	0	0	0
Extraordinary items, net of tax	0	(24)	0	0	(24)	0
Cumulative effect of accounting changes, net of tax	–	–	14	–	–	12
Net income	7,760	11,327	5,850	6,314	7,020	3,575

Comparison of consolidated balance sheets

end of	Group		Bank	
	2007	2006	2007	2006
Balance sheet statistics (CHF million)				
Total assets	1,360,680	1,255,956	1,333,742	1,226,764
Total liabilities	1,317,481	1,212,370	1,302,408	1,200,719

Capitalization

end of	Group		Bank	
	2007	2006	2007	2006
Capitalization (CHF million)				
Due to banks	90,864	97,514	106,979	104,724
Customer deposits	335,505	290,864	307,598	280,200
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	300,381	288,444	300,476	288,442
Long-term debt	160,157	147,832	157,282	144,021
Other liabilities	430,574	387,716	430,073	383,332
Total liabilities	1,317,481	1,212,370	1,302,408	1,200,719
Total shareholder's equity	43,199	43,586	31,334	26,045
Total capitalization	1,360,680	1,255,956	1,333,742	1,226,764

Capital adequacy

end of	Group		Bank	
	2007	2006	2007	2006
Capital (CHF million)				
Tier 1 capital	34,737	35,147	32,254	26,600
of which non-cumulative perpetual preferred securities	4,136	2,167	3,514	1,065
Total BIS regulatory capital	45,102	46,764	44,318	38,441
Capital ratios (%)				
Tier 1 ratio	11.1	13.9	11.0	11.4
Total capital ratio	14.5	18.4	15.1	16.5

Dividends of the Bank to Credit Suisse Group

end of	2007	2006
Per share issued (CHF)		
Dividend	59.10	0.23
Net income	82.40	83.80

Registered shares of CHF 100.00 nominal value each. As of December 31, 2007, total share capital consisted of 43,996,652 registered shares.

Core Results

For 2007, income from continuing operations was CHF 7,760 million. Private Banking results were strong with profitable growth throughout 2007. In Investment Banking, we performed relatively well, but results reflected valuation reductions from the turmoil in the mortgage and credit markets. Asset Management was adversely impacted by valuation reductions from securities purchased from our money market funds. Before these valuation reductions, Asset Management results were strong.

Results

	in			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net interest income	8,314	6,408	6,890	30	(7)
Commissions and fees	19,360	17,754	14,373	9	24
Trading revenues	6,148	9,375	5,623	(34)	67
Other revenues	1,131	1,403	1,529	(19)	(8)
Net revenues^{1, 2}	34,953	34,940	28,415	–	23
Provision for credit losses	240	(111)	(144)	–	(23)
Compensation and benefits	16,103	15,644	13,974	3	12
General and administrative expenses	6,850	6,395 ³	7,346 ⁴	7	(13)
Commission expenses	2,612	2,272	1,880	15	21
Total other operating expenses	9,462	8,667	9,226	9	(6)
Total operating expenses	25,565	24,311	23,200	5	5
Income from continuing operations before taxes	9,148	10,740	5,359	(15)	100
Income tax expense	1,250	2,389	927	(48)	158
Minority interests	138	70	(94)	97	–
Income from continuing operations	7,760	8,281	4,526	(6)	83
Income from discontinued operations	0	3,070	1,310	(100)	134
Extraordinary items	0	(24)	0	100	–
Cumulative effect of accounting changes	–	–	14	–	–
Net income	7,760	11,327	5,850	(31)	94
Statement of income metrics (%)					
Compensation/revenue ratio	46.1	44.8	49.2	–	–
Non-compensation/revenue ratio	27.1	24.8	32.5	–	–
Cost/income ratio	73.1	69.6	81.6	–	–
Pre-tax income margin	26.2	30.7	18.9	–	–
Effective tax rate	13.7	22.2	17.3	–	–
Net income margin from continuing operations	22.2	23.7	15.9	–	–
Net income margin	22.2	32.4	20.6	–	–
Number of employees (full-time equivalents)					
Number of employees	48,100	44,900	44,600	7	1

¹ Includes valuation reductions in Asset Management of CHF 920 million in 2007 from securities purchased from our money market funds. ² Includes valuation reductions in Investment Banking of CHF 3,187 million in 2007 relating to leveraged finance and structured products. ³ Includes CHF 508 million of credits from insurance settlements for litigation and related costs in Investment Banking. ⁴ Includes CHF 960 million charge to increase the reserve for certain private litigation matters in Investment Banking.

Results summary

Net income in 2007 was CHF 7,760 million, down CHF 3,567 million, or 31%, compared to 2006, which included income from discontinued operations of CHF 3,070 million. In 2007, income from continuing operations was CHF 7,760 million, down CHF 521 million, or 6%, against 2006. Net revenues were flat at CHF 34,953 million. Total operating expenses were CHF 25,565 million, up CHF 1,254 million, or 5%.

Our Core Results for 2007 reflected strong performance in the first half of the year, which benefited from overall favorable markets, but were impacted by the turmoil in the mortgage and credit markets during the second half of 2007, which emerged from the dislocation of the US subprime mortgage market. Private Banking continued its profitable growth, with record income from continuing operations and net revenues. In Investment Banking, our equity and advisory businesses performed well, but our fixed income businesses were affected by weaker revenues including significant valuation reductions on structured products and leveraged loan commitments. Asset Management was impacted by significant valuation reductions on securities purchased from our money market funds, but results were strong before these valuation reductions.

Our results also included fair value gains on Credit Suisse debt, substantially all of which were recorded in Investment Banking. Total operating expenses increased mainly due to higher performance-related compensation, partly offset by an increase in deferred share-based compensation for 2007. Income tax expense benefited from the recognition of previously unrecognized deferred tax assets. Our tax rate was also favorably impacted by normal business-driven tax related items, including non-taxable income, the streamlining of certain legal entity structures and the geographic mix of pre-tax income, which was offset by an increase in the valuation allowance on deferred tax assets attributable to lower business results in certain entities. We had net new asset inflows of CHF 50.4 billion, mostly reflecting inflows of CHF 50.2 billion in Wealth Management.

Overall, our performance in 2007 demonstrated the benefit of our diversified business mix in a more demanding operating environment.

Results detail

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Net revenues

In managing the business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, individual revenue categories may not be indicative of performance.

2007 vs 2006: From CHF 34,940 million to CHF 34,953 million

The slight increase reflected a strong performance in Private Banking, offset by lower results driven by valuation reductions on the structured products and leveraged finance businesses in Investment Banking and on securities purchased from our money market funds in Asset Management. Net revenues benefited from lower funding costs, including fair value gains due to the widening of credit spreads on Credit Suisse debt.

In Private Banking, net revenues were strong despite ongoing market turbulence and cautious investor behavior. Net interest income increased, benefiting mainly from lower funding costs and higher liability volumes and margins, offset in part by decreased asset margins due to ongoing competitive pressure. Total non-interest income increased mainly as a result of higher commissions and fees, particularly from recurring revenues from managed investment products and performance-based fees from Hedging-Griffo at Wealth Management and minority interests of a consolidated joint venture in our Corporate & Retail Banking business.

In Investment Banking, our equity and advisory businesses performed well, but our fixed income businesses were affected by weaker revenues including valuation reductions on structured products and leveraged loan commitments. Valuation reductions on our structured products and leveraged finance businesses were CHF 3,187 million in 2007. These valuation reductions include the revaluing of certain ABS positions in our CDO trading business. Fixed income trading revenues were significantly lower compared to 2006, reflecting significant valuation reductions, partly offset by strong performances in the interest rate products, fixed income proprietary trading and foreign exchange businesses. Equity trading benefited from strong performances in our global cash, prime services and derivative businesses. Fixed income and equity trading also benefited from fair value gains of CHF 1,111 million on Credit Suisse debt. Our advisory and equity underwriting businesses had higher revenues compared to 2006.

In Asset Management, net revenues were down, mainly reflecting valuation reductions of CHF 920 million from securities purchased from our money market funds. Before these valuation reductions, net revenues showed continued growth. Asset management and administrative fees were strong, reflecting growth in average assets under management during 2007, particularly in alternative investments and balanced assets. Performance-based fees increased significantly, primarily from Hedging-Griffo. Private equity revenues increased, reflecting the strength of our private equity franchise and lower funding costs. Private equity and other investment-related gains increased, primarily due to fair value gains on our investments.

2006 vs 2005: Up 23% from CHF 28,415 million to CHF 34,940 million

In Private Banking, net revenues increased mainly due to the higher commissions and fees driven by higher asset-based fees related to the higher level of assets under management and higher transaction-based fees reflecting the stronger client activity. In addition, net interest income increased, primarily driven by higher liability volumes and margins.

In Investment Banking, net revenues increased driven by significantly higher fixed income and equity trading results.

In Asset Management, net revenues were slightly higher, mainly reflecting increased assets under management partly offset by lower private equity and other investment-related gains.

Provision for credit losses

2007 vs 2006: From CHF (111) million to CHF 240 million

The increase was due primarily to higher provisions relating to a guarantee provided in a prior year to a third-party bank by Investment Banking and fewer releases of provisions.

2006 vs 2005: From CHF (144) million to CHF (111) million

With the favorable credit environment, we benefited from net releases in 2006.

Operating expenses

Compensation and benefits

2007 vs 2006: Up 3% from CHF 15,644 million to CHF 16,103 million

The increase was due primarily to higher performance-related compensation and increased deferred compensation expense from prior-year share awards. Performance-related compensation reflected an increase in deferred share-based compensation for 2007. Salaries and benefits increased reflecting the higher headcount.

2006 vs 2005: Up 12% from CHF 13,974 million to CHF 15,644 million

The increase was due primarily to higher performance-related compensation in Investment Banking and Private Banking reflecting improved results. Compensation expenses in 2005 included CHF 630 million, recorded in Corporate Center, relating to a change in accounting for share-based compensation awards.

General and administrative expenses

2007 vs 2006: Up 7% from CHF 6,395 million to CHF 6,850 million

The increase was primarily due to credits from insurance settlements of CHF 508 million in Investment Banking. This increase was partially offset by realignment costs of CHF 172 million in Asset Management in 2006. Excluding these credits from insurance settlements and realignment costs, general and administrative expenses increased CHF 119 million, or 2%, reflecting increased professional fees but lower costs across other expense categories. Professional fees increased, reflecting the international expansion and marketing and sales activities in Wealth Management and delayed or cancelled transactions in Investment Banking due to market conditions in the second half of 2007. Asset Management expenses were down primarily due to realignment costs incurred in 2006.

2006 vs 2005: Down 13% from CHF 7,346 million to CHF 6,395 million

General and administrative expenses included credits from insurance settlements for litigation and related costs of CHF 508 million in 2006 and the reserve for certain private litigation matters of CHF 960 million in 2005. In addition, in 2006, realignment costs of CHF 172 million were recognized in Asset Management. Excluding these items, general and administrative expenses increased CHF 345 million, or 5%, primarily from increased travel and entertainment, occupancy costs and professional fees.

Commission expenses

2007 vs 2006: Up 15% from CHF 2,272 million to CHF 2,612 million

The increase primarily reflected increased trading and business volumes.

2006 vs 2005: Up 21% from CHF 1,880 million to CHF 2,272 million

The increase primarily reflected increased trading and business volumes.

Tax**2007 vs 2006: Down 48% from CHF 2,389 million to CHF 1,250 million**

The effective tax rate was 13.7% in 2007 compared to 22.2% in 2006. The reduction in the effective tax rate was due to the recognition of previously unrecognized deferred tax assets of CHF 512 million. Our tax rate was also favorably impacted by normal business-driven tax related items, including non-taxable income, the streamlining of certain legal entity structures and the geographic mix of pre-tax income, which was offset by an increase in the valuation allowance on deferred tax assets of CHF 690 million attributable to lower business results in certain entities.

2006 vs 2005: Up 158% from CHF 927 million to CHF 2,389 million

The effective tax rate was 22.2% in 2006 compared to 17.3% in 2005. The lower rate in 2005 mainly reflected the impact of the change in our accounting for share-based compensation awards.

Personnel

The number of employees increased by approximately 3,200 full-time equivalents compared to the end of 2006. The increase was driven primarily by recruitment in Investment Banking and additional relationship managers in targeted markets of Wealth Management. In late 2007 and continuing in 2008, we selectively reduced headcount in certain Investment Banking businesses to reflect market conditions. For additional information on personnel, refer to IV – Corporate governance.

Key performance indicators

To benchmark our achievements, we have defined a set of integrated bank key performance indicators (KPI) for which we have targets to be achieved over a three to five year period across market cycles. Although market conditions have been challenging, we continue to be optimistic in achieving our targets over the longer term.

Performance

For return on equity, we target an annual rate of return of above 20%. In 2007, our return on equity was 18.0%.

For total shareholder return, we target superior share price appreciation plus dividends compared to our peer group. For 2007, total shareholder return was (17.8)%.

Growth

For earnings per share, we target a double-digit annual percentage growth. Diluted earnings per share growth from continuing operations was (3.2)% in 2007.

For net new assets, we target a growth rate above 6%. In 2007, we had a net new asset growth rate of 3.4%.

In 2008, we announced a target for integrated bank collaboration revenues in excess of CHF 10 billion by 2010. For 2007, integrated bank collaboration revenues were CHF 5.9 billion.

Efficiency

We targeted efficiency improvements within a top quartile performance compared to the industry. Our Core Results cost/income ratio was 73.1% for 2007.

In 2008, we announced a target for our Core Results cost/income ratio of 65% by 2010.

Capital strength

For the BIS tier 1 ratio, we targeted a minimum level of 10%. The BIS tier 1 ratio under Basel I was 11.1% as of the end of 2007. As of the end of 2007, the BIS tier 1 ratio under Basel II would have been approximately 120 basis points lower. For the BIS tier 1 ratio under Basel II, we target a minimum level of 10%.

in / end of	2007	2006	2005
Performance (%)			
Return on equity	18.0	27.5	15.4
Total shareholder return	(17.8)	30.5	44.2
Growth			
Diluted earnings per share growth from continuing operations (%)	(3.2)	84.4	(7.8)
Net new asset growth (%)	3.4	7.2	5.4
Collaboration revenues (CHF billion)	5.9	4.9	–
Efficiency (%)			
Core Results cost/income ratio	73.1	69.6	81.6
Capital strength (%)			
Basel I BIS tier 1 ratio	11.1	13.9	11.3

Private Banking

In 2007, we achieved record net revenues despite market turbulence and cautious investor behavior during the second half of the year. Income from continuing operations before taxes was a record CHF 5,486 million, up CHF 890 million, or 19%, from 2006.

Results

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	13,522	11,678	10,495	16	11
Provision for credit losses	(59)	(73)	(71)	(19)	3
Compensation and benefits	4,529	4,038	3,588	12	13
General and administrative expenses	2,670	2,382	2,325	12	2
Commission expenses	896	735	687	22	7
Total other operating expenses	3,566	3,117	3,012	14	3
Total operating expenses	8,095	7,155	6,600	13	8
Income from continuing operations before taxes	5,486	4,596	3,966	19	16
Statement of income metrics (%)					
Compensation/revenue ratio	33.5	34.6	34.2	-	-
Non-compensation/revenue ratio	26.4	26.7	28.7	-	-
Cost/income ratio	59.9	61.3	62.9	-	-
Pre-tax income margin	40.6	39.4	37.8	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	4,668	5,172	5,572	(10)	(7)
Pre-tax return on average utilized economic capital (%) ¹	118.4	90.4	72.3	-	-
Net revenue detail (CHF million)					
Net interest income	4,788	4,095	3,716	17	10
Total non-interest income	8,734	7,583	6,779	15	12
Net revenues	13,522	11,678	10,495	16	11
Balance sheet statistics (CHF million)					
Total assets	376,800	340,741	298,117	11	14
Net loans	175,506	163,670	158,147	7	3
Goodwill	975	791	793	23	0
Number of employees (full-time equivalents)					
Number of employees	23,200	22,200	-	5	-

¹ Calculated using a return excluding interest costs for allocated goodwill.

Results summary

During 2007, we faced a challenging operating environment during the second half of the year, characterized by market volatility and cautious investor behavior. However, we continued to make progress in executing several growth initiatives to strengthen the global franchise, including the completion of the acquisition of Hedging-Griffo as of November 1, 2007. We built up teams in our key markets, enhanced our operating platform and fostered product innovation.

Income from continuing operations before taxes was a record CHF 5,486 million, up CHF 890 million, or 19%, compared to 2006. Net revenues were also a record CHF 13,522 million, up CHF 1,844 million, or 16%. Net interest income increased, benefiting mainly from lower funding costs and higher liability volumes and margins, offset in part by decreasing asset margins, still faced with ongoing competitive pressure. Total non-interest income increased mainly as a result of higher commissions and fees, particularly recurring revenues from managed investment products in Wealth Management and minority interests of a consolidated joint venture in our Corporate & Retail Banking business. Provision for credit losses resulted in net releases of CHF 59 million, compared to net releases of CHF 73 million in 2006. Total operating expenses were CHF 8,095 million, up CHF 940 million, or 13%, compared to 2006. This increase was mainly driven by higher personnel and business costs associated with the international expansion of our Wealth Management business,

higher commission expenses, higher marketing and sales activities and expenses related to the minority interests of the consolidated joint venture.

Assets under management as of the end of 2007 were CHF 995.4 billion, CHF 55.1 billion, or 5.9%, higher than at the end of 2006, reflecting the asset gathering during the year, positive market performance and the Hedging-Griffo acquisition, offset in part by negative foreign exchange-related movements and corporate cash now reported only in client assets. Net new assets were CHF 53.5 billion for 2007, compared to CHF 52.2 billion for 2006, with Wealth Management contributing CHF 50.2 billion and Corporate & Retail Banking contributing CHF 3.3 billion.

In 2006, income from continuing operations before taxes increased to CHF 4,596 million, or 16%, compared to 2005. Net revenues were CHF 11,678 million, up 11%. Net interest income increased 10%, primarily reflecting higher liability volumes and margins. Total non-interest income increased mainly as a result of higher commissions and fees, driven by higher asset-based fees related to the higher level of assets under management and higher transaction-based fees reflecting the stronger client activity. Provision for credit losses resulted in net releases of CHF 73 million, compared to net releases of CHF 71 million in 2005. Total operating expenses were CHF 7,155 million, up 8%, compared to 2005, mainly driven by higher performance-related compensation reflecting the better results and increased personnel costs associated with the international expansion of our Wealth Management business.

Wealth Management

During 2007, we continued to profitably grow our business and strengthen our franchise in key markets. Despite the challenging operating environment, we achieved record net revenues and net new assets were CHF 50.2 billion. For 2007, income from continuing operations before taxes was also a record CHF 3,865 million, up CHF 628 million, or 19%, from 2006.

Results

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	9,583	8,181	7,125	17	15
Provision for credit losses	3	(19)	25	-	-
Compensation and benefits	3,177	2,780	2,367	14	17
General and administrative expenses	1,770	1,571	1,493	13	5
Commission expenses	768	612	579	25	6
Total other operating expenses	2,538	2,183	2,072	16	5
Total operating expenses	5,715	4,963	4,439	15	12
Income from continuing operations before taxes	3,865	3,237	2,661	19	22
Statement of income metrics (%)					
Compensation/revenue ratio	33.2	34.0	33.2	-	-
Non-compensation/revenue ratio	26.5	26.7	29.1	-	-
Cost/income ratio	59.6	60.7	62.3	-	-
Pre-tax income margin	40.3	39.6	37.3	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	1,592	1,709	1,912	(7)	(11)
Pre-tax return on average utilized economic capital (%) ¹	245.2	193.9	142.4	-	-
Balance sheet statistics (CHF million)					
Total assets	268,871	229,731	183,213	17	25
Net loans	76,265	69,156	65,580	10	5
Goodwill	794	610	613	30	0
Number of employees (full-time equivalents)					
Number of employees	14,300	13,400	-	7	-
Number of relationship managers					
Number of relationship managers	3,140	2,820	2,710	11	4

¹ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Net revenue detail (CHF million)					
Net interest income	2,446	1,916	1,625	28	18
Total non-interest income	7,137	6,265	5,500	14	14
Net revenues	9,583	8,181	7,125	17	15
Net revenue detail (CHF million)					
Recurring	6,395	5,193	4,590	23	13
Transaction-based	3,188	2,988	2,535	7	18
Net revenues	9,583	8,181	7,125	17	15
Gross and net margin on assets under management (bp)					
Recurring	77	71	73	-	-
Transaction-based	38	41	40	-	-
Gross margin	115	112	113	-	-
Net margin (pre-tax)	47	44	42	-	-

Operating environment

Our operating environment during 2007 reflected weaker client activity compared to 2006. The second half of the year proved more challenging due to significant market volatility and increased investor caution resulting from turmoil in the credit markets. Increased risk aversion drove client activity. Investors sought to rebalance their portfolios by reducing their allocations to higher risk assets. Shifts were most notably from equities into fixed income and money market products as equity markets were volatile, particularly in the second half of 2007. The further weakening of the US dollar against the Swiss franc created additional instability.

However, the overall sound global economy provided opportunities for our clients. During the end of 2007, growth in the mature US and European economies started to slow down, but growth in the emerging markets continued and helped to mitigate the economic deceleration.

Sales volumes of investment products were above 2006, with increases particularly in funds, while demand for structured products remained stable, with growth adversely impacted by the market conditions during the second half of 2007. Our business environment remained healthy on a global level, benefiting from the continued growth in the number of high-net-worth clients, particularly in Europe and Asia.

Results summary

In 2007, income from continuing operations before taxes was a record CHF 3,865 million, up CHF 628 million, or 19%, compared to 2006. Net revenues were a record CHF 9,583 million, up CHF 1,402 million, or 17%, driven by an improvement in recurring revenues. Recurring revenues, which represented 67% of net revenues, increased CHF 1,202 million, or 23%, reflecting higher net interest income, mainly from lower funding costs and higher liability volumes and margins, as well as higher commissions and fees, particularly from managed investment products and performance-based fees. Transaction-based revenues increased CHF 200 million, or 7%, mainly due to higher brokerage fees, client foreign exchange and product issuing fees. Total operating expenses were CHF 5,715 million, up CHF 752 million, or 15%. The 14% increase in compensation and benefits was mainly due to the ongoing strategic investment in the global franchise and higher performance-related compensation. The 16% growth in total other operating expenses was driven by higher infrastructure and business costs related to international expansion in our key markets, commission expenses and higher marketing and sales activities.

Assets under management as of the end of 2007 were CHF 838.6 billion, up CHF 54.4 billion, or 6.9%, from 2006, reflecting the asset gathering during the year, positive market performance and the Hedging-Griffo acquisition, offset in part by negative foreign exchange-related movements and corpo-

rate cash now reported only in client assets. Net new assets were CHF 50.2 billion in 2007, with strong contributions from Asia, Europe and the Middle East.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. In 2007, the pre-tax income margin was 40.3%, up 0.7 percentage points from 2006.

Net new asset growth rate (KPI)

Our target over market cycles is a growth rate over 6%. We achieved a growth rate of 6.4% in 2007, compared to 7.3% in

2006. The slower growth in net new assets reflected the stable net new assets, compared to the strong growth in assets under management and our focus on profitable growth.

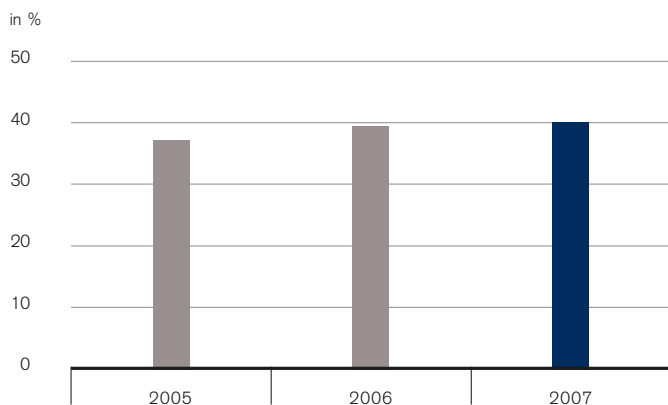
Gross margin

Our gross margin in 2007 was 115 basis points, compared to 112 basis points in 2006. In 2007, the recurring margin increased by six basis points, compared to 2006. This improvement was mainly due to higher net interest income, particularly from lower funding costs and higher commissions and fees. The transaction-based margin decreased three basis points, reflecting a greater increase in average assets under management than the increase in transaction-based revenues.

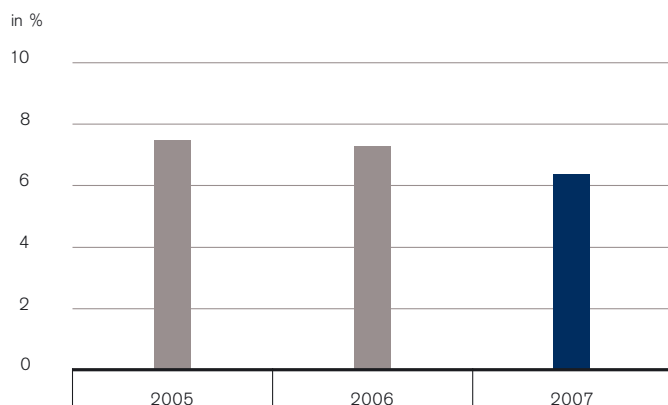
Results detail

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Pre-tax income margin



Net new asset growth



Net revenues

Recurring

Recurring revenues arise from recurring net interest income, commissions and fees, including performance-based fees, related to assets under management and custody assets, as well as fees for general banking products and services.

2007 vs 2006: Up 23% from CHF 5,193 million to CHF 6,395 million

The increase was driven by higher net interest income, mostly from lower funding costs and higher liability volumes and margins, and higher commissions and fees, mainly from managed investment products and performance-based fees from Hedging-Griffo.

2006 vs 2005: Up 13% from CHF 4,590 million to CHF 5,193 million

The increase was due mainly to higher commissions and fees, due to the strong growth in assets under management, and higher net interest income, mainly driven by higher liability volumes and margins.

Transaction-based

Transaction-based revenues arise primarily from brokerage fees, product issuing fees, client foreign exchange income and other transaction-based income.

2007 vs 2006: Up 7% from CHF 2,988 million to CHF 3,188 million

The increase was mainly driven by higher brokerage fees, client foreign exchange and product issuing fees, partly offset by lower revenues in the US due to the market dislocation in the second half of 2007.

2006 vs 2005: Up 18% from CHF 2,535 million to CHF 2,988 million

The increase was mainly due to higher brokerage and product issuing fees, reflecting stronger client activity.

Assets under management

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Assets under management (CHF billion)					
Assets under management	838.6	784.2	693.3	6.9	13.1
of which discretionary assets	182.7	177.6	161.3	2.9	10.1
of which advisory assets	655.9	606.6	532.0	8.1	14.0
Growth in assets under management (CHF billion)					
Net new assets	50.2	50.5	42.8	–	–
Acquisitions and divestitures	14.1	0.0	–	–	–
Market movements and investment performance	38.1	51.1	–	–	–
Currency	(23.1)	(9.5)	–	–	–
Other	(24.9) ¹	(1.2)	–	–	–
Total other effects	4.2	40.4	82.7	–	–
Growth in assets under management	54.4	90.9	125.5	–	–
Growth in assets under management (%)					
Net new assets	6.4	7.3	7.5	–	–
Total other effects	0.5 ¹	5.8	14.6	–	–
Growth in assets under management	6.9	13.1	22.1	–	–

¹ The reduction in assets under management also reflects CHF 21.6 billion of corporate cash now reported only in client assets.

Provision for credit losses

2007 vs 2006: From CHF (19) million to CHF 3 million

Provision for credit losses reflected a low level of net provisions. 2006 included releases from the resolution of a single exposure.

2006 vs 2005: From CHF 25 million to CHF (19) million

2006 benefited from net releases, mainly due to the resolution of a single exposure.

Operating expenses

Compensation and benefits

2007 vs 2006: Up 14% from CHF 2,780 million to CHF 3,177 million

The increase mainly reflected growth in headcount, particularly strategic hiring made in the front office, higher salaries and related benefits as well as higher performance-related compensation, including higher deferred compensation expense from prior-year share awards. Performance-related compensation reflected an increase in deferred share-based compensation for 2007.

2006 vs 2005: Up 17% from CHF 2,367 million to CHF 2,780 million

The increase in costs primarily reflected higher personnel costs primarily from strategic hiring in the front office and higher salaries and benefits, as well as higher performance-related compensation expenses reflecting the improved results.

General and administrative expenses

2007 vs 2006: Up 13% from CHF 1,571 million to CHF 1,770 million

The increase mainly reflected higher front- and back-office infrastructure costs due to the international expansion and higher marketing and sales activities.

2006 vs 2005: Up 5% from CHF 1,493 million to CHF 1,571 million

The increase was mainly related to costs associated with the business growth in our international locations and higher non-credit-related provisions.

Commission expenses

2007 vs 2006: Up 25% from CHF 612 million to CHF 768 million

The increase was related to higher commission and fee revenues and business volumes.

2006 vs 2005: Up 6% from CHF 579 million to CHF 612 million

The increase was related to higher commission and fee revenues.

Personnel

During 2007, we strengthened our teams mainly in Asia, Latin America, Europe and the Middle East. As of the end of 2007, we had 3,140 relationship managers, an increase of 320 since 2006, driven mainly by Europe and Asia. Since 2005, the number of relationship managers increased by 430, primarily in Europe, Asia and the Americas.

Corporate & Retail Banking

The robust economic environment in Switzerland during 2007 provided a stable environment to further grow our business. We achieved record net revenues and record income from continuing operations before taxes of CHF 1,621 million, up CHF 262 million, or 19%, compared to 2006.

Results

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	3,939	3,497	3,370	13	4
Provision for credit losses	(62)	(54)	(96)	15	(44)
Compensation and benefits	1,352	1,258	1,221	7	3
General and administrative expenses	900	811	832	11	(3)
Commission expenses	128	123	108	4	14
Total other operating expenses	1,028	934	940	10	(1)
Total operating expenses	2,380	2,192	2,161	9	1
Income from continuing operations before taxes	1,621	1,359	1,305	19	4
Statement of income metrics (%)					
Compensation/revenue ratio	34.3	36.0	36.2	-	-
Non-compensation/revenue ratio	26.1	26.7	27.9	-	-
Cost/income ratio	60.4	62.7	64.1	-	-
Pre-tax income margin	41.2	38.9	38.7	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	3,076	3,463	3,660	(11)	(5)
Pre-tax return on average utilized economic capital (%) ¹	52.8	39.4	35.7	-	-
Balance sheet statistics (CHF million)					
Total assets	107,929	111,010	114,904	(3)	(3)
Net loans	99,241	94,514	92,567	5	2
Goodwill	181	181	180	0	1
Number of employees (full-time equivalents)					
Number of employees	8,900	8,800	-	1	-

¹ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Net revenue detail (CHF million)					
Net interest income	2,342	2,179	2,092	7	4
Total non-interest income	1,597	1,318	1,278	21	3
Net revenues	3,939	3,497	3,370	13	4
Number of branches					
Number of branches	216	215	215	0	0

Operating environment

Swiss economic fundamentals remained robust during 2007. Consumer confidence remained high reflecting the decrease in the unemployment rate and overall favorable economic prospects. Concerns over inflation persisted during the year. The SNB gradually increased key interest rates until 3Q07 and then held interest rates steady in 4Q07. Compared to 2006, volumes of interest-related asset and liability products grew, reflecting the positive operating environment and consumer sentiment. Liability margins increased, but we faced continued asset margin pressure from strong market competition and a move by clients from fixed to variable interest rate products.

Results summary

In 2007, income from continuing operations before taxes was a record CHF 1,621 million, up CHF 262 million, or 19%, compared to 2006. Net revenues were a record CHF 3,939 million, up CHF 442 million, or 13%. Net interest income increased CHF 163 million, or 7%, mainly due to higher liability volumes and margins and lower funding costs, which were partially offset by decreasing asset margins. Total non-interest income was significantly higher, mainly driven by the increase in commissions and fees related to minority interests of a consolidated joint venture. Net releases of provision for credit losses were CHF 62 million, compared to net releases of CHF 54 million in 2006. Total operating expenses were CHF 2,380 million, up CHF 188 million, or 9%, mainly due to higher compensation and benefits as well as expenses related to the minority interests of a consolidated joint venture. Net new assets were CHF 3.3 billion, mainly benefiting from inflows in the institutional pension fund business and retail banking.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. In 2007, our pre-tax income margin was 41.2%, up 2.3 percentage points from 2006.

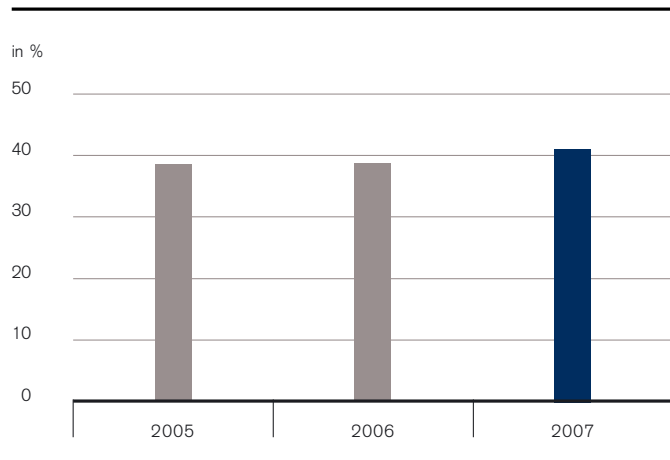
Cost/income ratio

In 2007, the cost/income ratio was 60.4%, compared to 62.7% in 2006.

Pre-tax return on average utilized economic capital

In 2007, the pre-tax return on average utilized economic capital was 52.8%, compared to 39.4% in 2006.

Pre-tax income margin



Results detail

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Net revenues

Net interest income

2007 vs 2006: Up 7% from CHF 2,179 million to CHF 2,342 million

The increase was mainly due to higher liability volumes and margins and lower funding costs, partially offset by lower asset margins impacted by the ongoing competitive pressure.

2006 vs 2005: Up 4% from CHF 2,092 million to CHF 2,179 million

The increase was mainly due to higher liability volumes and margins, partially offset by lower asset margins.

Total non-interest income

2007 vs 2006: Up 21% from CHF 1,318 million to CHF 1,597 million

The increase was mainly due to higher commissions and fees, primarily related to minority interests of a consolidated joint venture.

2006 vs 2005: Up 3% from CHF 1,278 million to CHF 1,318 million

The increase was mainly due to higher asset-based commissions and fees.

Provision for credit losses

2007 vs 2006: From CHF (54) million to CHF (62) million

We reported net releases in 2007 supported by the favorable credit environment.

2006 vs 2005: From CHF (96) million to CHF (54) million

With the favorable credit environment, we benefited from net releases in 2006.

Operating expenses

Compensation and benefits

2007 vs 2006: Up 7% from CHF 1,258 million to CHF 1,352 million

The increase was driven by higher personnel costs related to increased headcount and higher salaries and related benefits, partially offset by lower performance-related compensation due to an increase in deferred share-based compensation for 2007.

2006 vs 2005: Up 3% from CHF 1,221 million to CHF 1,258 million

The increase was mainly driven by higher personnel costs from salary increases and related benefits and higher performance-related compensation reflecting the better results.

General and administrative expenses

2007 vs 2006: Up 11% from CHF 811 million to CHF 900 million

Higher costs were mainly due to increased expenses related to minority interests of a consolidated joint venture, offset in part by releases of non-credit-related provisions in 2007.

2006 vs 2005: Down 3% from CHF 832 million to CHF 811 million

The decrease reflected effective cost management, which more than offset higher expenses associated with the integrated bank branding implementation.

Commission expenses

2007 vs 2006: Up 4% from CHF 123 million to CHF 128 million

The increase in commission expenses was due to higher commission and fee revenues and increased business volumes.

2006 vs 2005: Up 14% from CHF 108 million to CHF 123 million

The increase in commission expenses was due to higher commission and fee revenues.

Investment Banking

During 2007, Investment Banking had income from continuing operations before taxes of CHF 3,649 million. Net revenues of CHF 18,958 million declined from 2006 levels due to lower fixed income results, including valuation reductions of CHF 3,187 million in the structured products and leveraged finance businesses as a result of dislocations in the credit and mortgage markets during the year.

Results

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	18,958	20,469	15,547	(7)	32
Provision for credit losses	300	(38)	(73)	–	(48)
Compensation and benefits	10,191	10,261	8,621	(1)	19
General and administrative expenses	3,435	3,077 ¹	4,396 ²	12	(30)
Commission expenses	1,383	1,218	1,004	14	21
Total other operating expenses	4,818	4,295	5,400	12	(20)
Total operating expenses	15,009	14,556	14,021	3	4
Income from continuing operations before taxes	3,649	5,951	1,599	(39)	272
Statement of income metrics (%)					
Compensation/revenue ratio	53.8	50.1	55.5	–	–
Non-compensation/revenue ratio	25.4	21.0	34.7	–	–
Cost/income ratio	79.2	71.1	90.2	–	–
Pre-tax income margin	19.2	29.1	10.3	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	18,940 ³	18,026	15,002	5	20
Pre-tax return on average utilized economic capital (%) ⁴	20.4 ³	35.4	13.0	–	–
Balance sheet statistics (CHF million)					
Total assets	1,140,740	1,046,557	957,513	9	9
Net loans	64,892	44,285	34,762	47	27
Goodwill	7,465	7,809	8,246	(4)	(5)
Number of employees (full-time equivalents)					
Number of employees	20,600	18,700	–	10	–

¹ Includes CHF 508 million of credits from insurance settlements for litigation and related costs. ² Includes CHF 960 million charge to increase the reserve for certain private litigation matters. ³ Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. For further information, refer to III – Balance Sheet, Off-balance sheet, Treasury and Risk – Risk management – Revaluation impact on risk metrics. ⁴ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in			% change	
	2007	2006	2005	07 / 06	06 / 05
Net revenue detail (CHF million)					
Debt underwriting	1,864 ¹	2,206	1,484	(16)	49
Equity underwriting	1,444	1,270	931	14	36
Total underwriting	3,308	3,476	2,415	(5)	44
Advisory and other fees	2,253	1,900	1,475	19	29
Total underwriting and advisory	5,561	5,376	3,890	3	38
Fixed income trading	6,084 ²	9,598	7,004	(37)	37
Equity trading	7,751	5,881	4,340	32	36
Total trading	13,835 ³	15,479	11,344	(11)	36
Other	(438) ⁴	(386)	313	13	–
Net revenues	18,958	20,469	15,547	(7)	32
Average one-day, 99% Value-at-Risk (CHF million)					
Interest rate and credit spread	72	56	62	29	(10)
Foreign exchange	26	19	13	37	46
Commodity	17	10	6	70	67
Equity	80	59	41	36	44
Diversification benefit	(81)	(65)	(56)	25	16
Average one-day, 99% Value-at-Risk	114 ⁵	79	66	44	20

¹ Includes CHF 380 million of net valuation reductions (including hedges) on ABS CDO origination assets and CHF 31 million of fee revenues from the leveraged finance business. ² Includes CHF 1,067 million of net valuation reductions (including fees, hedges and interest on funded positions) on CMBS and RMBS, CHF 311 million of net valuation reductions (including fees, hedges, interest on funded positions and recoveries) on leveraged finance loan commitments and CHF 905 million of net valuation reductions (including hedges) on ABS CDO warehouse and synthetic CDO assets. ³ Fixed income and equity trading also benefited from fair value gains of CHF 1,111 million due to the widening credit spreads on Credit Suisse debt. ⁴ Includes CHF 555 million of net valuation reductions (including fees, hedges, interest on funded positions and recoveries) on bridge loan commitments. ⁵ Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. For further information, refer to III – Balance Sheet, Off-balance sheet, Treasury and Risk – Risk management – Revaluation impact on risk metrics.

Operating environment

The operating environment in 2007 was challenging following the dislocation of the US subprime mortgage market that began towards the end of the first quarter. The effect of this dislocation broadened in the second half of the year to other sectors and asset classes. Credit markets in the first half of the year remained generally positive with higher levels of activity, but credit spreads started to widen sharply in the second half of the year reflecting reduced investor demand in most of our credit-related businesses. Market participants scaled back risk and reduced leverage, resulting in pronounced changes in market values and increased volatility in equities, interest rates and foreign exchange. Certain businesses, including interest rate products, continued to benefit from declining interest rates, a steeper yield curve and an overall flight to quality. Equity market volumes rose to record levels during the year and volatility was high. Although most major indices were down in the fourth quarter, they ended the year higher.

Results summary

For 2007, income from continuing operations before taxes was CHF 3,649 million, down CHF 2,302 million, or 39%, compared to 2006. Net revenues were CHF 18,958 million, down CHF 1,511 million, or 7%, compared to 2006. We achieved higher revenues in equity trading, advisory and other fees and equity underwriting, but had significantly lower revenues in fixed income trading and debt underwriting, reflecting the severe market dislocations in the second half of 2007. Total operating expenses increased 3%, primarily reflecting credits from insurance settlements for litigation and related costs of CHF 508 million recorded in 2006. The weakening of the average rate of the US dollar against the Swiss franc adversely affected revenues and favorably impacted expenses. Net revenues were down 5% and total operating expenses were up 7% in US dollar terms.

Results in 2007 were negatively impacted by the dislocation in the structured products and credit markets in the second half of the year, which led to significantly lower fixed income trading results compared to 2006, partly offset by

strong performances in emerging markets trading and interest rate products in the US and Europe. Our debt underwriting revenues were also negatively impacted by the adverse market conditions in the structured products and credit markets. Equity trading benefited from strong performances in the global cash, prime services, derivatives and proprietary trading businesses. Fixed income and equity trading also benefited from fair value gains of CHF 1,111 million due to widening credit spreads on Credit Suisse debt.

Our advisory and other fees and equity underwriting businesses had higher revenues compared to 2006. Provision for credit losses increased due primarily to higher provisions relating to a guarantee provided in a prior year to a third-party bank.

Impact on results of the events in the mortgage and credit markets

In 2007, the dislocation in the structured products and credit markets led to significantly lower revenues in our leveraged finance and structured products businesses, primarily CMBS, RMBS and CDO. Our leveraged finance and structured products businesses had net valuation reductions of CHF 3,187 million in 2007, including the revaluing of certain ABS positions in CDO trading in our structured products business.

Exposures

CHF billion	end of 2007
Origination-related positions¹	
Unfunded commitments	25.3
Funded positions	10.7
Leveraged finance	36.0
Commercial mortgages	25.9
Trading-related book positions²	
US subprime	1.6
US Alt-A	2.8
US prime	1.4
European/Asian	2.9
Residential mortgages	8.7
ABS and indices	3.2
Synthetic ABS CDO	(1.1)
Cash CDOs	(0.5)
CDO US subprime³	1.6

¹ Exposures shown gross. ² Exposures shown net. ³ Reflects the valuation reductions on certain ABS positions.

Net valuation reductions

CHF million	in 2007
Leveraged finance ¹	835
CMBS ²	554
RMBS ²	513
CDO ³	1,285
Total	3,187

¹ Including fees, hedges, interest on funded positions and recoveries. ² Including fees, hedges and interest on funded positions. ³ Including hedges.

Leveraged finance

Leveraged finance revenues, including both origination and trading activities, totaled CHF 1.0 billion in 2007 compared to CHF 2.6 billion in 2006, reflecting the market dislocation in the second half of 2007.

2007 revenues included net valuation reductions (including fees, hedges, interest on funded positions and recoveries) of CHF 835 million. Our gross valuation reductions (net of fees and terminations) were CHF 1,469 million. Our unfunded non-investment-grade loan commitments (both leveraged loan and bridge) were CHF 25.3 billion (USD 22.4 billion) as of the end of 2007. Our funded non-investment-grade loans (both leveraged loan and bridge) were CHF 10.7 billion (USD 9.5 billion) as of the end of 2007. The majority of our funded and unfunded loan commitments exposure is to large cap issuers with historically stable cash flows and substantial assets.

Structured products

Our structured products businesses had losses of CHF 796 million in 2007 compared to revenues of CHF 3.1 billion in 2006.

Our CMBS business had net valuation reductions (including fees, hedges and interest on funded positions) of CHF 554 million in 2007. Our gross valuation reductions (net of fees) were CHF 1,237 million. Our CMBS origination gross exposure was CHF 25.9 billion (USD 22.9 billion) as of the end of 2007. The vast majority of our loans are secured by historically stable, high-quality, income-producing real estate to a diverse range of borrowers in the US, Europe and Asia.

Our RMBS business had net valuation reductions (including fees, hedges and interest on funded positions) of CHF 513 million in 2007. Within our RMBS business, we had net US subprime exposure of CHF 1.6 billion (USD 1.4 billion) as of the end of 2007. Our other RMBS non-agency exposure was CHF 7.1 billion (USD 6.3 billion) as of the end of 2007. Of this amount, our US Alt-A exposure was CHF 2.8 billion (USD 2.5 billion) as of the end of 2007. The RMBS business

League table positions

	in / end of		
	2007	2006	2005
League table rank / market share (% – rounded)¹			
Global fee pool ²	7 / 5%	4 / 6%	7 / 5%
High-yield ³	2 / 11%	3 / 12%	3 / 11%
Investment-grade ³	13 / 3%	13 / 3%	10 / 4%
Asset-backed ³	10 / 5%	8 / 5%	– / –%
Mortgage-backed ³	4 / 7%	5 / 7%	– / –%
Total debt underwriting ³	11 / 4%	8 / 5%	6 / 5%
IPO ²	3 / 8%	4 / 7%	1 / 10%
Follow-on ²	7 / 6%	7 / 6%	10 / 3%
Convertible ²	9 / 5%	11 / 4%	10 / 4%
Total equity underwriting ²	7 / 6%	7 / 6%	8 / 5%
Announced mergers and acquisitions ³	6 / 20%	6 / 19%	10 / 11%
Completed mergers and acquisitions ³	8 / 18%	8 / 15%	8 / 14%

¹ Volume-based, except global fee pool ² Dealogic ³ Thomson Financial

is managed as a trading book on a net basis, and the related gross long and short positions are monitored as part of our risk management activities and price testing procedures.

Our ABS CDO origination, warehousing and synthetic businesses had net valuation reductions (including hedges) of CHF 1,285 million in 2007. These valuation reductions include the revaluing of certain ABS positions in our CDO trading business. Our CDO business had net US subprime exposure of CHF 1.6 billion (USD 1.4 billion) as of the end of 2007, reflecting the revaluing of these ABS positions. The CDO business is managed as a trading book on a net basis, and the related gross long and short positions are monitored as part of our risk management activities and price testing procedures.

For further information refer to – Credit Suisse – Revaluing of certain asset-backed securities positions.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin of 30% or greater. The 2007 pre-tax income margin was 19.2% compared to 29.1% in 2006.

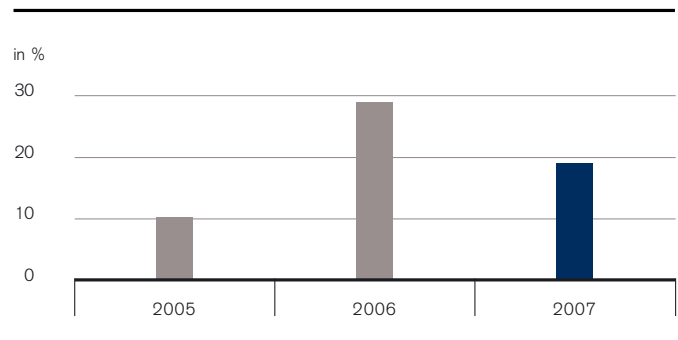
Compensation/revenue ratio

The 2007 compensation/revenue ratio was 53.8% compared to 50.1% in 2006, with discretionary bonus representing a significant portion. Compensation and benefits for a given year are determined by the strength and breadth of the business results, staffing levels and the impact of share-based compensation programs.

Value-at-Risk

The 2007 average one-day, 99% VaR was CHF 114 million compared to CHF 79 million in 2006. 2007 VaR does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business. For further information

Pre-tax income margin



on VaR for Credit Suisse, refer to III – Balance sheet, Off-balance sheet, Treasury and Risk – Risk management.

Pre-tax return on average utilized economic capital

The 2007 pre-tax return on average utilized economic capital was 20.4% compared to 35.4% in 2006.

Results detail

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Net revenues

Debt underwriting

2007 vs 2006: Down 16% from CHF 2,206 million to CHF 1,864 million

The decrease was primarily due to weaker performance in the structured products businesses, which were negatively impacted by valuation reductions on our CDO assets. The dislocation in the credit markets resulted in lower levels of high-yield and leveraged-lending issuance activity in 2007, but leveraged finance underwriting revenues increased slightly due to the strong performance in the first half of 2007.

2006 vs 2005: Up 49% from CHF 1,484 million to CHF 2,206 million

The increase primarily reflected higher results in leveraged finance amid more favorable market conditions and higher industry volumes, increased market share and strength in the financial sponsor client sector. The investment-grade capital markets business had good revenue growth compared to 2005 in line with the focus on profitability of this business.

Equity underwriting

2007 vs 2006: Up 14% from CHF 1,270 million to CHF 1,444 million

The increase was due primarily to record industry-wide equity issuance volumes, resulting from higher activity in IPOs, convertible issuances and follow-on offerings, and improved market share.

2006 vs 2005: Up 36% from CHF 931 million to CHF 1,270 million

The improvement was primarily due to record industry-wide equity issuance volumes resulting from improvement in both the IPO and convertibles markets.

Advisory and other fees

2007 vs 2006: Up 19% from CHF 1,900 million to CHF 2,253 million

Record revenues reflected a significant increase in industry-wide mergers and acquisitions activity and increased market share. Revenues from the private fund group, which raises capital for hedge funds, private equity funds and real estate funds, were solid, but lower than the prior year, reflecting the decline in financial sponsor activity in the second half of 2007.

2006 vs 2005: Up 29% from CHF 1,475 million to CHF 1,900 million

The increase was primarily due to a significant increase in industry-wide mergers and acquisitions activity and increased market share. The advisory and other fees results also reflected significantly higher revenues from the private fund group.

Fixed income trading

2007 vs 2006: Down 37% from CHF 9,598 million to CHF 6,084 million

The decrease was driven by weaker results, including valuation reductions in both the structured products and leveraged finance businesses. The structured products results reflected valuation reductions on our residential and commercial loan, CDO warehouse and synthetic CDO assets, stemming from price declines, decreased liquidity in the market and limited trading activity. The leveraged finance losses reflected fair value reductions on our loan commitments. The commodities business recorded lower revenues due to poor trading performance in the power and gas sectors. These results were partly offset by solid performances in emerging markets trading and interest rate products in the US and Europe. In addition, fixed income trading benefited from fair value gains of CHF 1,000 million on Credit Suisse debt.

2006 vs 2005: Up 37% from CHF 7,004 million to CHF 9,598 million

The increase primarily reflected strong performances in the CMBS, emerging markets, leveraged finance and global foreign exchange businesses. Investment Banking expanded its RMBS business, and revenues in 2006 were slightly higher compared to 2005, despite softer market conditions in the US towards the end of 2006. The commodities business delivered solid revenues.

Equity trading

2007 vs 2006: Up 32% from CHF 5,881 million to CHF 7,751 million

Record revenues reflected strong performances in our cash, prime services and equity derivatives businesses. The global cash business benefited from increased deal activity, higher trading volumes and a strong performance by our AES[®] business. Prime services had a strong year, with growth in client balances as well as new client mandates. Equity derivatives had solid performances in all regions. The results were partially offset by lower revenues in our equity proprietary trading and convertibles businesses. In addition, equity trading benefited from fair value gains of CHF 111 million on Credit Suisse debt.

2006 vs 2005: Up 36% from CHF 4,340 million to CHF 5,881 million

The increase reflected higher revenues in all key business areas. The cash business benefited from an increase in deal activity in most regions, stronger secondary markets and continued strong performance from the AES[®] business. Equity

proprietary trading had a strong performance across most strategies and regions amid positive market conditions.

Other

2007 vs 2006: Down from CHF (386) million to CHF (438) million

The decrease was due to valuation reductions on our bridge commitments, partly offset by higher gains from private equity-related investments not managed as part of Asset Management.

2006 vs 2005: Down from CHF 313 million to CHF (386) million

The decrease reflected lower gains from private equity-related investments not managed as part of Asset Management and losses on credit default swaps used to hedge the loan portfolio compared to gains on such credit default swaps in 2005.

Provision for credit losses

2007 vs 2006: From CHF (38) million to CHF 300 million

The increase was due primarily to higher provisions relating to a guarantee provided in a prior year to a third-party bank.

2006 vs 2005: From CHF (73) million to CHF (38) million

The releases reflected the favorable credit environment.

Operating expenses

Compensation and benefits

2007 vs 2006: Down 1% from CHF 10,261 million to CHF 10,191 million

The decrease included lower performance-related compensation costs resulting from lower revenues and higher deferred share-based compensation for 2007. This decrease was mostly offset by higher salaries and deferred compensation expense for prior-year share awards.

2006 vs 2005: Up 19% from CHF 8,621 million to CHF 10,261 million

This was due primarily to higher performance-related compensation in line with higher revenues.

General and administrative expenses

2007 vs 2006: Up 12% from CHF 3,077 million to CHF 3,435 million

The increase reflected the 2006 credits from insurance settlements of CHF 508 million. Excluding these credits, general and administrative expenses declined CHF 150 million, or 4%, reflecting the progress made on cost management initiatives in 2007. Market conditions in the second half of 2007 and related delayed or cancelled transactions increased professional fees and travel and entertainment expenses, with lower recoveries from client-related travel.

2006 vs 2005: Down 30% from CHF 4,396 million to CHF 3,077 million

The decrease reflected the 2005 charge for increased reserves for certain private litigation matters of CHF 960 million and the 2006 credits from insurance settlements of CHF 508 million. Excluding these charges, general and administrative expenses increased 4%, due primarily to higher professional fees from increased deal activity, the Centers of Excellence start-up initiatives and higher premises and equipment expenses.

Commission expenses

2007 vs 2006: Up 14% from CHF 1,218 million to CHF 1,383 million

This was due primarily to higher commissions in line with higher business activity.

2006 vs 2005: Up 21% from CHF 1,004 million to CHF 1,218 million

This was due primarily to higher commissions in line with higher business activity.

Personnel

The increase in headcount in 2007 from 2006 levels was due to broad-based recruitment in fixed income, equity and investment banking. In late 2007 and continuing in 2008, we selectively reduced headcount in certain Investment Banking businesses to reflect market conditions.

Asset Management

Our 2007 results were impacted by the challenges in short-term fixed income markets in the second half of 2007. Income from continuing operations before taxes was CHF 354 million, which included valuation reductions of CHF 920 million from securities purchased from our money market funds. Before these valuation reductions, income from continuing operations was CHF 1,274 million.

Results

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	2,577 ¹	2,861	2,801	(10)	2
Provision for credit losses	(1)	1	0	–	–
Compensation and benefits	1,205	1,129 ²	947	7	19
General and administrative expenses	609	853 ³	553	(29)	54
Commission expenses	410	370	295	11	25
Total other operating expenses	1,019	1,223	848	(17)	44
Total operating expenses	2,224	2,352	1,795	(5)	31
Income from continuing operations before taxes	354	508	1,006	(30)	(50)
Statement of income metrics (%)					
Compensation/revenue ratio	46.8	39.5	33.8	–	–
Non-compensation/revenue ratio	39.5	42.7	30.3	–	–
Cost/income ratio	86.3	82.2	64.1	–	–
Pre-tax income margin	13.7	17.8	35.9	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	1,677	1,479	1,155	13	28
Pre-tax return on average utilized economic capital (%) ⁴	24.3	41.8	94.9	–	–
Balance sheet statistics (CHF million)					
Total assets	27,784	20,448	21,572	36	(5)
Goodwill	2,442	2,423	2,567	1	(6)
Number of employees (full-time equivalents)					
Number of employees	3,600	3,400	–	6	–

¹ Includes valuation reductions of CHF 920 million from securities purchased from our money market funds. ² Includes CHF 53 million of severance costs relating to the realignment. ³ Includes CHF 140 million of intangible asset impairments and CHF 32 million of professional fees relating to the realignment. ⁴ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Net revenue detail (CHF million)					
Fixed income and money market	373	321	300	16	7
Equity	408	430	438	(5)	(2)
Balanced	771	674	688	14	(2)
Private equity ¹	312	236	198	32	19
Diversified strategies ²	380	273	206	39	33
Fund and alternative solutions ³	353	341	276	4	24
Alternative investments	1,045	850	680	23	25
Other	219	84	(3)	161	–
Net revenues before private equity and other investment-related gains and securities purchased from our money market funds	2,816	2,359	2,103	19	12
Private equity and other investment-related gains	681	502	698	36	(28)
Net revenues before securities purchased from our money market funds	3,497	2,861	2,801	22	2
Securities purchased from our money market funds	(920)	0	0	–	–
Net revenues	2,577	2,861	2,801	(10)	2
Gross and net margin on assets under management (bp)					
Gross margin before private equity and other investment-related gains and securities purchased from our money market funds	39	37	41	–	–
Gross margin on private equity and other investment-related gains	10	8	14	–	–
Gross margin before securities purchased from our money market funds	49	45	55	–	–
Gross margin on securities purchased from our money market funds	(13)	0	0	–	–
Gross margin	36	45	55	–	–
Net margin (pre-tax)	5	8	20	–	–

¹ Includes private equity fees and commissions and alternative investment joint ventures. ² Includes real estate, leveraged investments and Volaris. ³ Includes fund of hedge funds and quantitative strategies.

Operating environment

The operating environment for the asset management industry was favorable in the first half of 2007, reflecting strong economic growth and solid net new assets. The second half of 2007 reflected more challenging markets with higher general risk levels, especially in credit markets, higher volatility and a flight to quality. Opportunities in the first half of 2007 were seen across asset classes, but in the second half of 2007, they were primarily seen in emerging markets and alternative investments, with challenging real estate, mortgage and credit sectors. Hedge fund performance was generally positive despite the turmoil in credit markets in the second half of 2007.

Financial markets during the second half of 2007 were dominated by announcements of valuation reductions by financial institutions with exposures to the US subprime market. Credit spreads widened and liquidity deteriorated. Short-term fixed income markets in particular were challenging, resulting in significant valuation reductions from securities purchased from our money market funds.

Results summary

In 2007, income from continuing operations before taxes was CHF 354 million, down CHF 154 million, or 30%, compared to 2006, reflecting valuation reductions of CHF 920 million

from securities purchased from our money market funds, mostly offset by increased revenues from alternative investments and balanced assets and higher private equity and other investment-related gains. Our results were also positively impacted by the completion of the acquisition of Hedging-Griffo as of November 1, 2007. Before these valuation reductions, income from continuing operations was CHF 1,274 million (refer to the table "Results before securities purchased from our money market funds").

Net revenues were CHF 2,577 million, down CHF 284 million, or 10%, compared to 2006. Net revenues before securities purchased from our money market funds were CHF 3,497 million, an increase of CHF 636 million, or 22%, compared to 2006. Asset management and administrative fees were strong, reflecting growth in average assets under management during 2007, particularly in alternative investments and balanced assets. Performance-based fees increased significantly, primarily from Hedging-Griffo. Private equity commission income increased, reflecting the strength of our private equity franchise. Private equity and other investment-related gains were CHF 681 million, up CHF 179 million, or 36%, primarily due to fair value gains on our investments. Total operating expenses were CHF 2,224 million, a decrease of CHF 128 million, or 5%, compared to 2006, which included realignment costs of CHF 225 million.

Assets under management were CHF 691.3 billion as of the end of 2007, up from CHF 669.9 billion as of the end of

2006, reflecting CHF 16.6 billion in assets under management from Hedging-Griffo, positive market movements of CHF 14.9 billion and net new assets of CHF 3.6 billion, partially offset by negative foreign exchange-related movements of CHF 12.2 billion. Net new assets included inflows of CHF 25.4 billion in alternative investments, CHF 6.7 billion in balanced assets and CHF 4.7 billion in fixed income assets, mostly offset by outflows of CHF 28.4 billion in money market assets and CHF 5.1 billion in equities.

Securities purchased from our money market funds

In the second half of 2007, we repositioned our money market funds by purchasing securities from these funds with the intent to eliminate structured investment vehicle (SIV), ABS CDO and US subprime exposure. As of the end of 2007, there were no US subprime positions and no material SIV or CDO positions in our money market funds. The securities transactions were executed in order to address liquidity concerns caused by the US market's extreme conditions. The securities were purchased at amortized cost from the funds as mandated by regulation. We had no legal obligation to purchase these securities. Valuation reductions on these securities were CHF 920 million in 2007. As of the end of 2007, the fair value of our balance sheet exposure from these secu-

Results before securities purchased from our money market funds

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	3,497	2,861	2,801	22	2
Provision for credit losses	(1)	1	0	-	-
Compensation and benefits	1,205	1,129	947	7	19
Total other operating expenses	1,019	1,223	848	(17)	44
Total operating expenses	2,224	2,352	1,795	(5)	31
Income from continuing operations before taxes	1,274	508	1,006	151	(50)
Statement of income metrics (%)					
Compensation/revenue ratio	34.5	39.5	33.8	-	-
Non-compensation/revenue ratio	29.1	42.7	30.3	-	-
Cost/income ratio	63.6	82.2	64.1	-	-
Pre-tax income margin	36.4	17.8	35.9	-	-
Gross and net margin on assets under management (bp)					
Gross margin	49	45	55	-	-
Net margin (pre-tax)	18	8	20	-	-

Securities purchased from our money market funds

	Purchased in 2007	Gains/ (losses) in 2007	Sold	Matured/ restruc- tured	Fair value end of 2007
CP, bonds and other securities issued by (CHF million)					
SIVs	5,290	(461)	(104)	(2,244)	2,481
ABS vehicles	1,031	(325)	(584)	904 ¹	1,026
Corporates	2,965	(134)	(213)	(2,204)	414
Total	9,286	(920)	(901)	(3,544)	3,921

¹ Includes securities of CHF 1,001 million, at amortized cost, received in lieu of payment from a restructured asset-backed vehicle. The fair value of these securities as of the end of 2007 was CHF 576 million.

Revenue details on securities purchased from our money market funds

	in / end of 2007
Revenue details (CHF million)	
Realized gains/(losses)	(113)
Unrealized gains/(losses)	(807)
Securities purchased from our money market funds	(920)

rities was CHF 3.9 billion, compared to CHF 9.3 billion purchased in the second half of the year. The majority of this exposure is mortgage-backed and CHF 419 million is US sub-prime-related.

Of the CHF 3.9 billion balance sheet exposure, CHF 2.5 billion are securities issued by SIVs, of which the two largest positions totaled CHF 1.7 billion, with corresponding aggregate unrealized losses of CHF 435 million. Of the remaining CHF 798 million issued by SIVs, we had corresponding aggregate unrealized losses of CHF 26 million.

We hold ABS totaling CHF 1.0 billion, of which CHF 576 million were received in lieu of payment on a restructured asset-backed vehicle, with a corresponding unrealized loss of CHF 138 million. Of the remaining CHF 450 million, the largest position totaled CHF 228 million, with corresponding unrealized losses of CHF 96 million. Of the CHF 222 million issued by other vehicles, we had corresponding aggregate unrealized losses of CHF 91 million.

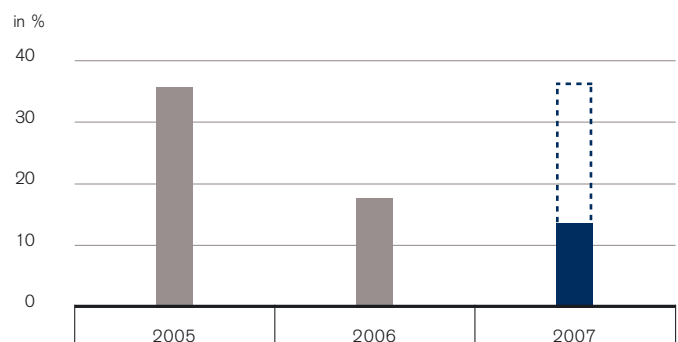
Of the CHF 414 million of corporate securities, most are floating-rate notes, with corresponding unrealized and realized losses of CHF 134 million.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 35%. In 2007, the pre-tax margin was 13.7%, compared to 17.8% in 2006. The pre-tax margin before securities purchased from our money market funds was 36.4%, compared to 17.8% in 2006.

Pre-tax income margin



--- Pre-tax income margin before securities purchased from our money market funds.

Assets under management

	in / end of			% change	
	2007	2006	2005	07 / 06	06 / 05
Assets under management (CHF billion)					
Fixed income and money market	178.7	208.3	174.1	(14.2)	19.6
Equity	38.1	47.0	47.7	(18.9)	(1.5)
Balanced	284.0	270.2	254.6	5.1	6.1
Private equity ¹	34.8	30.2	25.5	15.2	18.4
Diversified strategies ²	66.2	46.4	39.5	42.7	17.5
Fund and alternative solutions ³	64.4	60.7	48.0	6.1	26.5
Alternative investments	165.4	137.3	113.0	20.5	21.5
Other	25.1	7.1	0.0	253.5	–
Assets under management	691.3	669.9	589.4	3.2	13.7
of which discretionary assets	593.3	573.7	500.3	3.4	14.7
of which advisory assets	98.0	96.2	89.1	1.9	8.0
Growth in assets under management (CHF billion)					
Net new assets	3.6	50.8	19.6	–	–
Acquisitions and divestitures	16.6	6.4	–	–	–
Market movements and investment performance	14.9	30.6	–	–	–
Currency	(12.2)	(7.2)	–	–	–
Other	(1.5) ⁴	(0.1)	–	–	–
Total other effects	17.8	29.7	107.3	–	–
Growth in assets under management	21.4	80.5	126.9	–	–
Growth in assets under management (%)					
Net new assets	0.5	8.6	4.2	–	–
Total other effects	2.7 ⁴	5.0	23.2	–	–
Growth in assets under management	3.2	13.6	27.4	–	–
Private equity investments (CHF billion)					
Private equity investments	3.3	2.5	1.4	32.0	78.6

The classification of assets is based upon the classification of the fund manager.

¹ Includes alternative investment joint ventures. ² Includes real estate, leveraged investments and Volaris. ³ Includes fund of hedge funds and quantitative strategies. ⁴ Includes outflows as a result of the sale of the insurance business.

Net new asset growth rate

In 2007, the growth rate decreased to 0.5% from 8.6% in 2006, primarily reflecting the outflows in money market assets.

Gross margin

The gross margin on assets under management was 36 basis points in 2007, compared to 45 basis points in 2006. The gross margin on assets under management before private equity and other investment-related gains and securities purchased from our money market funds was 39 basis points in 2007, compared to 37 basis points in 2006.

Results detail

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Net revenues

Net revenues before private equity and other investment-related gains and securities purchased from our money market funds include asset management fees, performance fees and fees from fund administration services provided to clients. Private equity and other investment-related gains include realized and unrealized gains and losses on investments and performance-related carried interest.

Fixed income and money market, equity, balanced and other

2007 vs 2006: Up 17% from CHF 1,509 million to CHF 1,771 million

The increase was mainly due to higher other revenues from year-end performance-based fees of CHF 70 million from Hedging-Griffo and higher assets under management from emerging markets. Revenues from our balanced funds increased due to higher asset management, performance and administrative fees in multi-asset class solutions. The increase in fixed income and money market revenues was due to higher average assets under management in the first half of 2007, primarily reflecting strong asset inflows into our money market funds. Lower equity revenues reflected the decline in average equity assets under management.

2006 vs 2005: Up 6% from CHF 1,423 million to CHF 1,509 million

The increase was mainly due to increased assets under management, particularly money market and balanced assets. Other revenues increased due to increased management fees from emerging markets.

Alternative investments

2007 vs 2006: Up 23% from CHF 850 million to CHF 1,045 million

The increase was primarily from diversified strategies and private equity revenues. Diversified strategies revenues reflected increased management fees on our real estate investment portfolios in Switzerland and higher revenues from our leveraged investment group. Private equity revenues increased, with higher commissions and fees, reflecting the strength of our private equity franchise, and lower funding costs. Fund and alternative solutions revenues increased slightly, with higher revenues in quantitative and single-manager strategies, partially offset by lower revenues from multi-manager strategies. Overall, alternative investments revenues benefited from lower funding costs.

2006 vs 2005: Up 25% from CHF 680 million to CHF 850 million

Revenues increased across all product lines. Diversified strategies revenues increased, reflecting higher management fees from our real estate business. Revenues in our private equity business were led by strong commissions and fees, while revenues increased in fund and alternative solutions, driven by higher asset management and administrative fees from our mutual funds.

Private equity and other investment-related gains

2007 vs 2006: Up 36% from CHF 502 million to CHF 681 million

2007 had strong private equity and other investment-related gains, led by gains on Nycomed and Specialized Technology Resources and the IPO of E-House. Gains were also recognized on Advanstar Holdings Corp., CommVault Systems, Inc. and Laramie Energy, LLC.

2006 vs 2005: Down 28% from CHF 698 million to CHF 502 million

The decrease reflected the strong private equity gains in 2005.

Operating expenses

Compensation and benefits

2007 vs 2006: Up 7% from CHF 1,129 million to CHF 1,205 million

The increase was primarily due to higher performance-related compensation due to the higher revenues in the alternative investments business, higher salary and related benefits and increased deferred share-based compensation from prior-year share awards. Performance-related compensation reflected an increase in deferred share-based compensation for 2007. 2006 compensation included CHF 53 million of severance costs related to our realignment.

2006 vs 2005: Up 19% from CHF 947 million to CHF 1,129 million

The increase reflected ongoing efforts to hire investment talent and build product development and distribution capabilities, performance-related compensation and severance and other costs associated with our realignment.

General and administrative expenses

2007 vs 2006: Down 29% from CHF 853 million to CHF 609 million

The decrease was mainly due to a CHF 140 million write-down of intangible assets and CHF 32 million of professional fees related to our realignment and a CHF 22 million provision relating to a non-proprietary third-party hedge fund product, all in 2006.

2006 vs 2005: Up 54% from CHF 553 million to CHF 853 million

The increase was mainly driven by the realignment costs of CHF 172 million, the CHF 22 million provision and higher information technology and occupancy costs.

Commission expenses

2007 vs 2006: Up 11% from CHF 370 million to CHF 410 million

Commission expenses increased due to higher assets under management.

2006 vs 2005: Up 25% from CHF 295 million to CHF 370 million

The increase reflected higher assets under management.

Personnel

In 2007, headcount was up 200 from 2006. In 2007, we continued to hire investment talent and build product development and distribution capabilities. The acquisition of Hedging-Griffo added 80 employees.

Corporate Center

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Summary

The following provides a comparison of our 2007 results versus 2006 and 2006 results versus 2005.

Income from continuing operations before taxes

2007 vs 2006: From CHF (315) million to CHF (341) million

The slight decrease primarily reflected additional consolidation adjustments.

2006 vs 2005: From CHF (1,212) million to CHF (315) million

The increase primarily reflected a charge in 2005 of CHF 630 million resulting from a change in our accounting for share-based compensation awards subject to a non-competition pro-

vision that have scheduled vesting beyond an employee's eligibility for early retirement. This non-cash charge represented the acceleration of compensation expense for share-based awards granted in 2005, principally to employees in the Investment Banking and Asset Management segments, that otherwise would have been recorded generally over vesting periods of three to five years. 2005 also included CHF 128 million of charges relating to the integration of the banking businesses.

Results

	in			% change	
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net revenues	(104)	(68)	(428)	53	(84)
Provision for credit losses	0	(1)	0	100	–
Compensation and benefits	178	216	818	(18)	(74)
General and administrative expenses	136	83	72	64	15
Commission expenses	(77)	(51)	(106)	51	(52)
Total other operating expenses	59	32	(34)	84	–
Total operating expenses	237	248	784	(4)	(68)
Income from continuing operations before taxes	(341)	(315)	(1,212)	8	(74)

Results summary

in / end of period	Private Banking								
	Wealth Management			Corporate & Retail Banking					
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Statements of income (CHF million)									
Net revenues	9,583	8,181	7,125	3,939	3,497	3,370	13,522	11,678	10,495
Provision for credit losses	3	(19)	25	(62)	(54)	(96)	(59)	(73)	(71)
Compensation and benefits	3,177	2,780	2,367	1,352	1,258	1,221	4,529	4,038	3,588
General and administrative expenses	1,770	1,571	1,493	900	811	832	2,670	2,382	2,325
Commission expenses	768	612	579	128	123	108	896	735	687
Total other operating expenses	2,538	2,183	2,072	1,028	934	940	3,566	3,117	3,012
Total operating expenses	5,715	4,963	4,439	2,380	2,192	2,161	8,095	7,155	6,600
Income from continuing operations before taxes	3,865	3,237	2,661	1,621	1,359	1,305	5,486	4,596	3,966
Income tax expense	-	-	-	-	-	-	-	-	-
Minority interests	-	-	-	-	-	-	-	-	-
Income from continuing operations	-	-	-	-	-	-	-	-	-
Income from discontinued operations	-	-	-	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	-	-	-
Statement of income metrics (%)									
Compensation/revenue ratio	33.2	34.0	33.2	34.3	36.0	36.2	33.5	34.6	34.2
Non-compensation/revenue ratio	26.5	26.7	29.1	26.1	26.7	27.9	26.4	26.7	28.7
Cost/income ratio	59.6	60.7	62.3	60.4	62.7	64.1	59.9	61.3	62.9
Pre-tax income margin	40.3	39.6	37.3	41.2	38.9	38.7	40.6	39.4	37.8
Effective tax rate	-	-	-	-	-	-	-	-	-
Net income margin from continuing operations	-	-	-	-	-	-	-	-	-
Net income margin	-	-	-	-	-	-	-	-	-
Utilized economic capital and return									
Average utilized economic capital (CHF million)	1,592	1,709	1,912	3,076	3,463	3,660	4,668	5,172	5,572
Pre-tax return on average utilized economic capital (%) ⁹	245.2	193.9	142.4	52.8	39.4	35.7	118.4	90.4	72.3
Post-tax return on average utilized economic capital from continuing operations (%) ⁹	-	-	-	-	-	-	-	-	-
Post-tax return on average utilized economic capital (%) ⁹	-	-	-	-	-	-	-	-	-
Balance sheet statistics (CHF million)									
Total assets	268,871	229,731	183,213	107,929	111,010	114,904	376,800	340,741	298,117
Net loans	76,265	69,156	65,580	99,241	94,514	92,567	175,506	163,670	158,147
Goodwill	794	610	613	181	181	180	975	791	793
Number of employees (full-time equivalents)									
Number of employees	14,300	13,400	-	8,900	8,800	-	23,200	22,200	-

¹ Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of minority interests without SEI. ² Balance sheet statistics include assets related to discontinued operations. ³ Includes valuation reductions of CHF 3,187 million relating to leveraged finance and structured products. ⁴ Includes valuation reductions of CHF 920 million from securities purchased from our money market funds. ⁵ Includes CHF 53 million of severance costs relating to the realignment. ⁶ Includes CHF 140 million of intangible asset impairments and CHF 32 million of professional fees relating to the realignment. ⁷ Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. For further information, refer to III – Balance Sheet, Off-balance sheet, Treasury and Risk – Risk management – Revaluation impact on risk metrics. ⁸ Includes diversification benefit. ⁹ Calculated using a return excluding interest costs for allocated goodwill.

Investment Banking			Asset Management			Corporate Center			Core Results ¹			Credit Suisse		
2007	2006	2005	2007	2006	2005	2007	2006	2005 ²	2007	2006	2005	2007	2006	2005
18,958 ³	20,469	15,547	2,577 ⁴	2,861	2,801	(104)	(68)	(428)	34,953	34,940	28,415	39,735	38,603	30,489
300	(38)	(73)	(1)	1	0	0	(1)	0	240	(111)	(144)	240	(111)	(144)
10,191	10,261	8,621	1,205	1,129 ⁵	947	178	216	818	16,103	15,644	13,974	16,219	15,697	13,974
3,435	3,077	4,396	609	853 ⁶	553	136	83	72	6,850	6,395	7,346	6,916	6,445	7,378
1,383	1,218	1,004	410	370	295	(77)	(51)	(106)	2,612	2,272	1,880	2,612	2,272	1,880
4,818	4,295	5,400	1,019	1,223	848	59	32	(34)	9,462	8,667	9,226	9,528	8,717	9,258
15,009	14,556	14,021	2,224	2,352	1,795	237	248	784	25,565	24,311	23,200	25,747	24,414	23,232
3,649	5,951	1,599	354	508	1,006	(341)	(315)	(1,212)	9,148	10,740	5,359	13,748	14,300	7,401
-	-	-	-	-	-	-	-	-	1,250	2,389	927	1,250	2,389	927
-	-	-	-	-	-	-	-	-	138	70	(94)	4,738	3,630	1,948
-	-	-	-	-	-	-	-	-	7,760	8,281	4,526	7,760	8,281	4,526
-	-	-	-	-	-	-	-	-	0	3,070	1,310	0	3,070	1,310
-	-	-	-	-	-	-	-	-	0	(24)	0	0	(24)	0
-	-	-	-	-	-	-	-	-	-	-	14	-	-	14
-	-	-	-	-	-	-	-	-	7,760	11,327	5,850	7,760	11,327	5,850
53.8	50.1	55.5	46.8	39.5	33.8	-	-	-	46.1	44.8	49.2	40.8	40.7	45.8
25.4	21.0	34.7	39.5	42.7	30.3	-	-	-	27.1	24.8	32.5	24.0	22.6	30.4
79.2	71.1	90.2	86.3	82.2	64.1	-	-	-	73.1	69.6	81.6	64.8	63.2	76.2
19.2	29.1	10.3	13.7	17.8	35.9	-	-	-	26.2	30.7	18.9	34.6	37.0	24.3
-	-	-	-	-	-	-	-	-	13.7	22.2	17.3	9.1	16.7	12.5
-	-	-	-	-	-	-	-	-	22.2	23.7	15.9	19.5	21.5	14.8
-	-	-	-	-	-	-	-	-	22.2	32.4	20.6	19.5	29.3	19.2
18,940 ⁷	18,026	15,002	1,677	1,479	1,155	899 ⁸	1,574 ⁸	1,767 ⁸	26,156	25,994	23,009	26,156	25,994	23,009
20.4 ⁷	35.4	13.0	24.3	41.8	94.9	-	-	-	36.2	43.7	25.5	53.8	57.4	34.3
-	-	-	-	-	-	-	-	-	30.6	33.7	21.3	30.6	33.7	21.3
-	-	-	-	-	-	-	-	-	30.6	45.4	27.1	30.6	45.4	27.1
1,140,740	1,046,557	957,513	27,784	20,448	21,572	(201,947)	(167,794)	54,568	1,343,377	1,239,952	1,331,770	1,360,680	1,255,956	1,339,052
64,892	44,285	34,762	-	-	-	136	172	12,762	240,534	208,127	205,671	240,534	208,127	205,671
7,465	7,809	8,246	2,442	2,423	2,567	-	-	1,326	10,882	11,023	12,932	10,882	11,023	12,932
20,600	18,700	-	3,600	3,400	-	700	600	-	48,100	44,900	44,600	48,100	44,900	44,600

Assets under Management

Assets under management

Assets under management comprise assets which are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the customer fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the segment in which the investment advice is provided, as well as in the segment in which distribution takes place. Any duplication of assets managed on behalf of other segments is deducted at the Group level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

As of December 31, 2007, the Group's assets under management amounted to CHF 1,554.7 billion, up CHF 69.6 billion, or 4.7%, compared to December 31, 2006, reflecting net new asset inflows in Wealth Management, positive market movements and the acquisition of Hedging-Griffo. The increase was partially offset by adverse foreign exchange-related movements and corporate cash now only recorded in client assets.

Assets under management and client assets

	end of				% change		
	2007	2006	2005	2004	07 / 06	06 / 05	05 / 04
Assets under management (CHF billion)							
Wealth Management	838.6	784.2	693.3	567.8	6.9	13.1	22.1
Corporate & Retail Banking	156.8	156.1	144.3	123.7	0.0	8.2	16.7
Private Banking	995.4	940.3	837.6	691.5	5.9	12.3	21.1
Asset Management	691.3	669.9	589.4	462.5	3.2	13.7	27.4
Assets managed on behalf of other segments	(132.0)	(125.1)	(107.6)	(86.0)	5.5	16.3	25.1
Assets under management	1,554.7	1,485.1	1,319.4	1,068.0	4.7	12.6	23.5
of which discretionary assets	678.8	656.2	578.4	443.7	3.4	13.5	30.4
of which advisory assets	875.9	828.9	741.0	624.3	5.7	11.9	18.7
Client assets (CHF billion)							
Wealth Management	928.8	848.0	743.4	–	9.5	14.1	–
Corporate & Retail Banking	230.6	221.7	208.5	–	4.0	6.3	–
Private Banking	1,159.4	1,069.7	951.9	780.0	8.4	12.4	22.0
Asset Management	721.7	676.4	596.0	468.5	6.7	13.5	27.2
Assets managed on behalf of other segments	(132.0)	(125.1)	(107.6)	(86.0)	5.5	16.3	25.1
Client assets	1,749.1	1,621.0	1,440.3	1,162.5	7.9	12.5	23.9

Growth in assets under management

in	2007	2006	2005
Growth in assets under management (CHF billion)			
Wealth Management	50.2	50.5	42.8
Corporate & Retail Banking	3.3	1.7	7.6
Private Banking	53.5	52.2	50.4
Asset Management	3.6	50.8	19.6
Assets managed on behalf of other segments	(6.7)	(7.6)	(12.6)
Net new assets	50.4	95.4	57.4
Wealth Management	4.2 ¹	40.4	82.7
Corporate & Retail Banking	(2.5)	10.1	13.0
Private Banking	1.7	50.5	95.7
Asset Management	17.8 ²	29.7	107.3
Assets managed on behalf of other segments	(0.3)	(9.9)	(9.0)
Other effects	19.2	70.3	194.0
Wealth Management	54.4	90.9	125.5
Corporate & Retail Banking	0.8	11.8	20.6
Private Banking	55.2	102.7	146.1
Asset Management	21.4	80.5	126.9
Assets managed on behalf of other segments	(7.0)	(17.5)	(21.6)
Growth in assets under management	69.6	165.7	251.4
Growth in assets under management (%)			
Wealth Management	6.4	7.3	7.5
Corporate & Retail Banking	2.1	1.2	6.1
Private Banking	5.7	6.2	7.3
Asset Management	0.5	8.6	4.2
Assets managed on behalf of other segments	5.4	7.1	14.7
Net new assets	3.4	7.2	5.4
Wealth Management	0.5 ¹	5.8	14.6
Corporate & Retail Banking	(1.6)	7.0	10.5
Private Banking	0.2	6.0	13.8
Asset Management	2.7 ²	5.0	23.2
Assets managed on behalf of other segments	0.2	9.2	10.5
Other effects	1.3	5.3	18.2
Wealth Management	6.9	13.1	22.1
Corporate & Retail Banking	0.5	8.2	16.6
Private Banking	5.9	12.2	21.1
Asset Management	3.2	13.6	27.4
Assets managed on behalf of other segments	5.6	16.3	25.2
Growth in assets under management	4.7	12.5	23.6

¹ The reduction in assets under management also reflects CHF 21.6 billion of corporate cash now reported only in client assets. ² Includes outflows as a result of the sale of the insurance business.

Assets under management by currency

end of period	USD	EUR	CHF	Other	Total
2007 (CHF billion)					
Wealth Management	333.8	244.3	156.1	104.4	838.6
Asset Management	206.4	105.9	297.9	81.1	691.3
2007 (% of total)					
Wealth Management	39.8	29.1	18.6	12.5	100.0
Asset Management	29.9	15.3	43.1	11.7	100.0

In Private Banking, assets under management were up CHF 55.1 billion, or 5.9%, compared to the end of 2006. In Asset Management, the increase was CHF 21.4 billion, or 3.2%, compared to the end of 2006.

Net new assets

Net new assets include individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management. Furthermore, changes due to currency and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

We recorded net new asset inflows of CHF 50.4 billion in 2007. Private Banking contributed CHF 53.5 billion to net new assets, an increase of CHF 1.3 billion from 2006. Asset Management had net new asset inflows of CHF 3.6 billion, with CHF 25.4 billion of net new assets in alternative investments, CHF 6.7 billion in balanced assets and CHF 4.7 billion in fixed income assets mostly offset by outflows of CHF 28.4 billion in money market assets.

Client assets

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Critical accounting estimates

In order to prepare the consolidated financial statements in accordance with US GAAP, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgment and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the consolidated financial statements are prudent, reasonable and consistently applied. For further information on significant accounting policies and new accounting pronouncements, refer to Note 1 – Summary of significant accounting policies and Note 2 – Recently issued accounting standards in V – Consolidated financial statements – Credit Suisse Group. Note references are to the consolidated financial statements of the Group. For financial information related to the Bank, see the corresponding note in the consolidated financial statements of the Bank.

We believe that the critical accounting estimates discussed below involve the most complex judgments and assessments.

Fair value

A significant portion of our assets and liabilities are carried at fair value. The fair value of the majority of these financial instruments is based on quoted prices in active markets or observable inputs.

In addition, we hold financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market

participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain high-yield debt securities, distressed debt securities, certain CDOs, certain OTC derivatives, certain asset-backed and mortgage-backed securities, non-traded equity securities and private equity and other long-term investments.

We have availed ourselves of the simplification in accounting offered under Statement of Financial Accounting Standards (SFAS) No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" (SFAS 159), primarily in the Investment Banking and Asset Management segments. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." That is, for instruments for which there was an inability to achieve hedge accounting and we are economically hedged, we have elected the fair value option. Also, where we manage an activity on a fair value basis but previously have been unable to achieve fair value accounting, we have utilized the fair value option to align our risk management accounting to our financial reporting.

Control processes are applied to ensure that the fair value of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

These control processes include the review and approval of new instruments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

In connection with ongoing control processes, we identified mismarks and pricing errors by a small number of traders in certain ABS positions in our CDO trading business in Investment Banking. For further information, refer to Credit Suisse – Revaluing of certain asset-backed securities.

In conjunction with the adoption of SFAS 159, on January 1, 2007, we early adopted SFAS No. 157, “Fair Value Measurements”. For further information on fair value, refer to Note 2 – Recently issued accounting standards and Note 33 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

Variable interest entities

As a normal part of our business, we engage in various transactions that include entities which are considered variable interest entities (VIE). A VIE is an entity that typically lacks sufficient equity to finance its activities without additional subordinated financial support or is structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under Financial Accounting Standards Board (FASB) Interpretation (FIN) No. 46, as revised by FIN No. 46(R), “Consolidation of Variable Interest Entities – an interpretation of ARB No. 51” (FIN 46(R)), which requires that the primary beneficiary consolidate the VIE. The primary beneficiary is the party that will absorb the majority of expected losses, receive the majority of the expected residual returns, or both. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, initially and if certain events occur that require us to reassess whether consolidation is required, can require the exercise of significant management judgment. For further information on VIEs, refer to Note 32 – Transfer and servicing of financial assets in V – Consolidated financial statements – Credit Suisse Group.

Contingencies and loss provisions

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence of future events.

Litigation contingencies

From time to time, we are involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of our businesses. It is inherently difficult to predict the outcome

of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated in accordance with SFAS No. 5 “Accounting for contingencies” (SFAS 5). Charges, other than those taken periodically for costs of defense, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, our defenses and experience in similar cases or proceedings as well as our assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. For further information on legal proceedings, refer to IX – Additional information – Legal proceedings and Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group.

Allowances and provisions for losses

As a normal part of our business, we are exposed to credit risks through our lending relationships, commitments and letters of credit as well as counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the risk that a borrower or counterparty is unable to meet its financial obligations. In the event of a default, we generally incur a loss equal to the amount owed by the counterparty, less a recovery amount resulting from foreclosure, liquidation of collateral or restructuring of the counterparty’s obligation. Allowances for loan losses are described in Note 1 – Summary of significant accounting policies and Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group. The allowances for loan losses are considered adequate to absorb credit losses existing at the dates of the consolidated balance sheets. These allowances are for probable credit losses inherent in existing exposures in accordance with SFAS 5 and credit exposures specifically identified as impaired.

Inherent loan loss allowance

The inherent loan loss allowance is for all credit exposures not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss in accordance with SFAS 5. The loan valuation allowance is established by analyzing historical and current default probabilities, historical recovery assumptions and internal risk ratings. The methodol-

ogy for investment banking adjusts the rating-specific default probabilities to incorporate not only historic third-party data over a period but also those implied from current quoted credit spreads.

Many factors are evaluated in estimating probable credit losses inherent in existing exposures. These factors include: the volatility of default probabilities; rating changes; the magnitude of the potential loss; internal risk ratings; geographic, industry and other economic factors; and imprecision in the methodologies and models used to estimate credit risk. Overall, credit risk indicators are also considered, such as trends in internal risk-rated exposures, classified exposures, cash-basis loans, recent loss experience and forecasted write-offs, as well as industry and geographic concentrations and current developments within those segments or locations. Our current business strategy and credit process, including credit approvals and limits, underwriting criteria and workout procedures, are also important factors.

Significant judgment is exercised in the evaluation of these factors. For example, estimating the amount of potential loss requires an assessment of the period of the underlying data. Data that does not capture a complete credit cycle may compromise the accuracy of loss estimates. Determining which external data relating to default probabilities should be used and when they should be used, also requires judgment. The use of market indices and ratings that do not sufficiently correlate to our specific exposure characteristics could also affect the accuracy of loss estimates. Evaluating the impact of uncertainties regarding macroeconomic and political conditions, currency devaluations on cross-border exposures, changes in underwriting criteria, unexpected correlations among exposures and other factors all require significant judgment. Changes in our estimates of probable credit losses inherent in the portfolio could have an impact on the provision and result in a change in the allowance.

Specific loan loss allowances

We make provisions for specific credit losses on impaired loans based on regular and detailed analysis of each loan in the portfolio. This analysis includes an estimate of the realizable value of any collateral, the costs associated with obtaining repayment and realization of any such collateral, the counterparty's overall financial condition, resources and payment record, the extent of our other commitments to the same counterparty and prospects for support from any financially responsible guarantors.

The methodology for calculating specific allowances involves judgments at many levels. First, it involves the early identification of deteriorating credits. Extensive judgment is required in order to properly evaluate the various indicators of

financial condition of a counterparty and likelihood of repayment. The failure to identify certain indicators or give them proper weight could lead to a different conclusion about the credit risk. The assessment of credit risk is subject to inherent limitations with respect to the completeness and accuracy of relevant information (for example, relating to the counterparty, collateral or guarantee) that is available at the time of the assessment. Significant judgment is exercised in determining the amount of the provision. Whenever possible, independent, verifiable data or our own historical loss experience is used in models for estimating loan losses. However, a significant degree of uncertainty remains when applying such valuation techniques. Under our loan policy, the classification of loan status also has a significant impact on the subsequent accounting for interest accruals.

For loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management, refer to III – Balance sheet, Off-balance sheet, Treasury and Risk – Risk Management.

Goodwill impairment

As a result of acquisitions, we have recorded goodwill as an asset in our consolidated balance sheets, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. Goodwill was CHF 10.9 billion and CHF 11.0 billion as of December 31, 2007 and 2006, respectively. The decrease in goodwill in 2007 was primarily due to foreign exchange fluctuations in goodwill denominated in US dollars.

Recorded goodwill is not amortized, rather it is reviewed for possible impairment on an annual basis and at any other time that events or circumstances indicate that the carrying value of goodwill may not be recoverable. Circumstances that could trigger an impairment test include, but are not limited to: a significant adverse change in the business climate or legal factors; an adverse action or assessment by a regulator; unanticipated competition; loss of key personnel; the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise disposed of; results of testing for recoverability of a significant asset group within a reporting unit; and recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.

For the purpose of testing goodwill for impairment, each reporting unit is assessed individually. A reporting unit is an operating segment or one level below an operating segment, also referred to as a component. A component of an operating segment is deemed to be a reporting unit if the component constitutes a business for which discrete financial information

is available and management regularly reviews the operating results of that component. In Private Banking, Wealth Management and Corporate & Retail Banking are considered to be reporting units, and Investment Banking is considered to be one reporting unit. In Asset Management, the two primary business areas, traditional asset management and alternative investments, are considered to be reporting units. If the fair value of a reporting unit exceeds its carrying value, there is no goodwill impairment. Factors considered in determining the fair value of reporting units include, among other things: an evaluation of recent acquisitions of similar entities in the market place; current share values in the market place for similar publicly traded entities, including price multiples; recent trends in our share price and those of competitors; estimates of our future earnings potential; and the level of interest rates.

Estimates of our future earnings potential, and that of the reporting units, involve considerable judgment, including management's view on future changes in market cycles, the anticipated result of the implementation of business strategies, competitive factors and assumptions concerning the retention of key employees. Adverse changes in the estimates and assumptions used to determine the fair value of the Group's reporting units may result in a goodwill impairment charge in the future.

During 2007 and 2006, no goodwill impairment charges were recorded. For further information on goodwill, refer to Note 19 – Goodwill in V – Consolidated financial statements – Credit Suisse Group.

Taxes

Uncertainty of income tax positions

The Group has applied the guidance contained in FIN No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48), to evaluate income tax positions.

Significant judgment is required in determining whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Further judgment is then required to determine the amount of benefit eligible for recognition in the consolidated financial statements.

For further information on FIN 48, refer to Note 2 – Recently issued accounting standards and Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Deferred tax valuation allowances

Deferred tax assets and liabilities are recognized for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases at the dates of the consolidated balance sheets.

The realization of deferred tax assets on temporary differences is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. The realization of such deferred tax assets on net operating losses is dependent upon the generation of taxable income during the periods prior to their expiration, if applicable. Management periodically evaluates whether deferred tax assets can be realized. If management considers it more likely than not that all or a portion of a deferred tax asset will not be realized, a corresponding valuation allowance is established. In evaluating whether deferred tax assets can be realized, management considers projected future taxable income, the scheduled reversal of deferred tax liabilities and tax planning strategies.

This evaluation requires significant management judgment, primarily with respect to projected taxable income. The estimate of future taxable income can never be predicted with certainty. It is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control. Substantial variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits, could lead to changes in deferred tax assets being realizable, or considered realizable, and would require a corresponding adjustment to the valuation allowance.

As of December 31, 2007 and 2006, we had deferred tax assets resulting from temporary differences and from net operating losses that could reduce taxable income in future periods. The consolidated balance sheets as of December 31, 2007 and 2006, included gross deferred tax assets of CHF 7.7 billion and CHF 6.3 billion, respectively, and gross deferred tax liabilities of CHF 1.3 billion and CHF 1.1 billion, respectively. The increase from 2006 to 2007 was primarily due to the increase in deferred tax assets on net operating losses. Due to uncertainty concerning our ability to generate the necessary amount and mix of taxable income in future periods, a valuation allowance was recorded against deferred tax assets in the amount of CHF 1.4 billion and CHF 0.7 billion as of December 31, 2007 and 2006, respectively, which related primarily to deferred tax assets on net operating loss carry-forwards and loans.

For further information on deferred tax assets, refer to Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Pension plans

The Group

The Group covers pension requirements, in both Swiss and non-Swiss locations, through various defined benefit pension plans and defined contribution pension plans.

Our funding policy with respect to the non-Swiss pension plans is consistent with local government and tax requirements. In certain non-Swiss locations, the amount of our contribution to defined contribution pension plans is linked to the return on equity of the respective segments and, as a result, the amount of our contribution may differ materially from year to year.

The calculation of the expense and liability associated with the defined benefit pension plans requires an extensive use of assumptions, which include the discount rate, expected return on plan assets and rate of future compensation increases as determined by us. Management determines these assumptions based upon currently available market and industry data and historical performance of the plans and their assets. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. Any such differences could have a significant impact on the amount of pension expense recorded in future years.

Following the implementation of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" (SFAS 158), the funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The actuarial gains and losses, prior service costs and net transition assets or obligations are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI).

The projected benefit obligations (PBO) of our total defined benefit pension plans include an amount related to future salary increases of CHF 1,296 million. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to future salary increases. The difference between the fair value of plan assets and the ABO was an overfunding of CHF 1,601 million for 2007.

We are required to estimate the expected return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of income. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns

based on the plan asset mix and observed historical returns. In calculating pension expense and in determining the expected rate of return, we use the market-related value of assets.

The expected weighted-average rate of return on plan assets as of September 30, 2007 and September 30, 2006, was 5% for the Swiss plans and 7.2% for the international plans. For the year ended December 31, 2007, if the expected rate of return had been increased 1%, net pension expense for the Swiss plans would have decreased CHF 115 million and net pension expense for the international plans would have decreased CHF 22 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows of its benefit payments. The average discount rate used for Swiss plans increased 0.7% from 3.3% as of September 30, 2006, to 4.0% as of September 30, 2007, due mainly to an increase in Swiss bond market rates. The average discount rate used for international plans increased 0.7% from 5.2% as of September 30, 2006, to 5.9% as of September 30, 2007, due mainly to an increase in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2007, a 1% decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,700 million and an increase in pension expense of CHF 141 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,357 million and a decrease in the pension expense of CHF 35 million. A 1% decline in the discount rate for the international plans would have resulted in an increase in the PBO of CHF 679 million and an increase in pension expense of CHF 70 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 498 million and a decrease in the pension expense of CHF 56 million.

Recognized actuarial losses are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which is approximately 10 years for the Swiss plans and 7 to 25 years for the international plans. The expense associated with the amortization of net actuarial losses for the years ended December 31, 2007, 2006 and 2005 was CHF 122 million, CHF 121 million and CHF 48 million, respectively. The amortization of recognized actuarial losses for the year ending December 31, 2008, which is assessed at the beginning of the plan year, is expected to be CHF 27 million, net of tax. The amount by which the actual return on plan assets differs from our esti-

mate of the expected return on those assets further impacts the amount of net recognized actuarial losses, resulting in a higher or lower amount of amortization expense in periods after 2008.

For further information on our pension benefits, refer to Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by Credit Suisse Group. Various legal entities within the Group participate in the plan, and the plan is set up as an independent trust domiciled in Zurich. Credit Suisse Group accounts for the plan as a single employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. Following the implementation of SFAS 158, the funded status of the plan is recorded in the consolidated balance sheets. The previously unrecognized actuarial gains and losses and prior service costs are recognized in equity as a component of AOCI.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expense or balance sheet amounts related to the plan are recognized by the Bank.

The Bank covers pension requirements in non-Swiss, or international, locations through the participation in various pension plans, which are accounted for as single-employer defined benefit pension plans or defined contribution pension plans.

As of the measurement date of September 30, 2007, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return on plan assets would have been 5.0%. As of the measurement date of September 30, 2007, the weighted-average expected long-term rate of return on plan assets for the international single-employer defined benefit pension plans was 7.3%.

For additional information on how the assumptions are determined, refer to The Group.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. As of the measurement date of September 30, 2007, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net

periodic pension cost would have been 4.0% and 3.3%, respectively. As of the measurement date of September 30, 2007, the weighted average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 5.9% and 5.2%, respectively. A 1% decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 670 million and an increase in pension expense of CHF 68 million, and a 1% increase in the discount rate would have resulted in a decrease in PBO of CHF 492 million and a decrease in pension expense by CHF 54 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The expense associated with the amortization of unrecognized net actuarial losses and prior service cost for the years ended December 31, 2007, 2006 and 2005 was CHF 76 million, CHF 72 million and CHF 49 million, respectively. The amortization of recognized actuarial losses for the year ending December 31, 2008, which is assessed at the beginning of the plan year, is expected to be CHF 25 million, net of tax.

For further information with respect to the Bank's pension benefits associated with the Credit Suisse Group plan and international single-employer defined benefit and defined contribution pension plans, refer to Note 27 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank).