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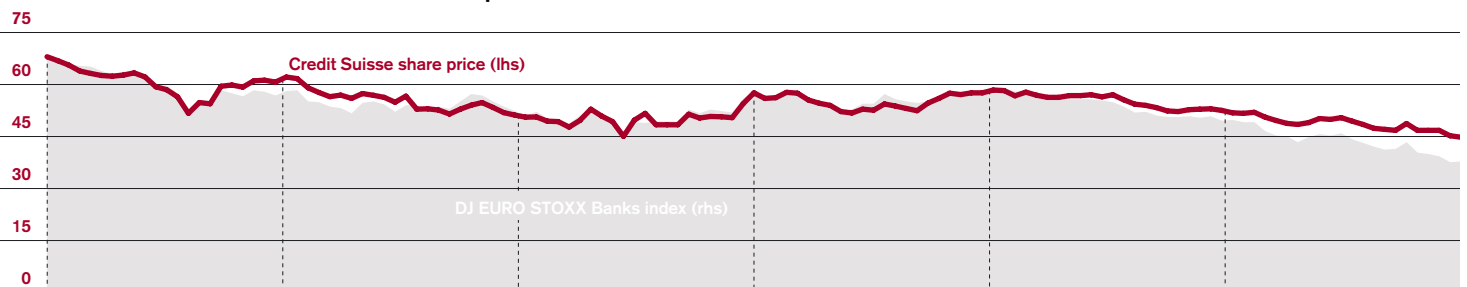
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# Review of the year's events

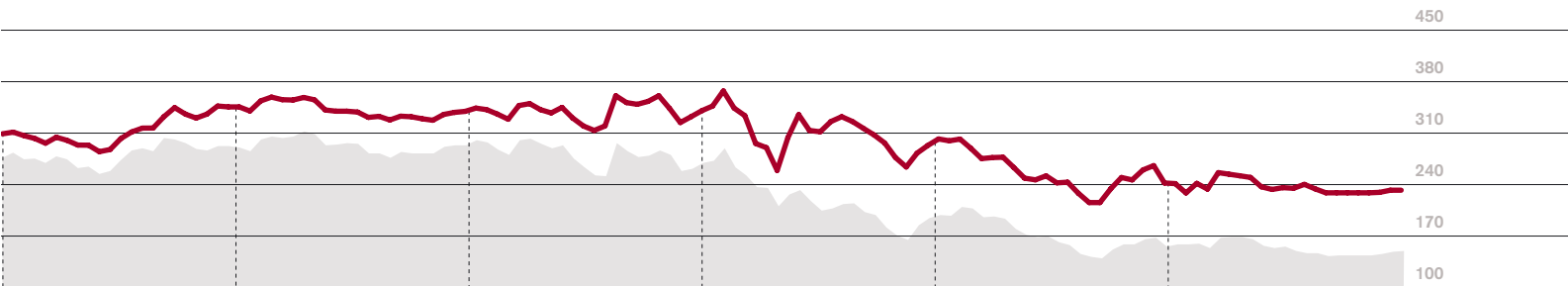
	January	February	March	April	May	June
Credit Suisse	<p><b>Client focus</b> We launched a global key client coverage model, building on the momentum of the integrated bank.</p> <p><b>Regulations</b> We moved to Basel II, agreeing on the use of advanced measurement approaches of risk and capital management.</p> <p><b>Indonesia</b> We started executing trades as a full member of the Indonesia Stock Exchange.</p>	<p><b>Eric Varvel</b> was promoted to the role of CEO of our EMEA region.</p> <p><b>Repricing of positions</b> Some of our asset-backed positions had to be repriced. A material internal control weakness was discovered and has since been fully remedied.</p>	<p><b>Alternative energy</b> We committed USD 300 million to the alternative energy sector through Hudson Clean Energy Partners.</p> <p><b>Australia</b> We strengthened our position in Australia by investing in an equity trading platform on the Australian Stock Exchange.</p> <p><b>Gulf region</b> We announced a strategic alliance with the private equity firm Gulf Capital, to make growth-oriented investments.</p>	<p><b>Robert Shafir</b> took up the position of CEO of the Asset Management division, in addition to his CEO role for the Americas region.</p> <p><b>Latin America</b> Our first private equity fund targeting investment opportunities in Latin America was set up with USD 300 million in investment capital.</p>	<p><b>India</b> We opened a wealth management business in Mumbai to provide our clients with a comprehensive range of investment products and services.</p> <p><b>Indices</b> We launched a Social Awareness Index, enabling our clients to invest in socially aware companies. A Risk Appetite Investable Index was also set up, offering investors exposure to European equities and government bonds.</p>	<p><b>China</b> We obtained approval from the Chinese authorities to establish a joint venture with Founder Securities to provide investment banking services in China. We also established a strategic alliance in Chinese domestic institutional brokerage and wealth management.</p> <p><b>Pakistan</b> We launched operations to offer equity research and research sales to institutional clients.</p>

Performance of Credit Suisse's share price versus the Dow Jones EURO STOXX Banks index



	Global	Credit tightening	Bear Stearns	IMF	Job losses	Inflation worries
Global	<p><b>Stock markets</b> The Dow opened at 13,262 on January 2, while the SMI opened at 8,484. During the year, the two indices fell 34% and 35% respectively.</p> <p><b>World Bank</b> The international body forecast that global growth would slow in 2008, as the volatility in the financial markets hit the world's richest nations.</p>	<p>A Fed survey showed that banks tightened lending standards for businesses and consumers, offering evidence that the credit crunch had spread to sectors beyond real estate.</p> <p><b>Oil prices</b> Crude oil futures closed above the USD 100 threshold for the first time.</p> <p><b>US dollar</b> The US dollar hit a record low against the euro, in a slowing US economy.</p>	<p>The investment bank was acquired by JP Morgan Chase.</p> <p><b>Liquidity</b> Central banks worldwide made funds available to improve liquidity in the banking system. Interest rates were cut by some central banks.</p> <p><b>Mortgage markets</b> The deterioration in the mortgage markets increasingly affected the credit markets and other asset classes, with adverse impacts on the global economy.</p>	<p>The IMF warned that the losses on US-originated loans and securitized assets could reach USD 1 trillion. The IMF raised the estimate to USD 1.4 trillion in October.</p> <p><b>Chinese yuan</b> The Chinese currency broke the 7-yuan threshold against the US dollar for the first time since it was pegged from the dollar in 2005.</p>	<p>The US financial sector lost an estimated 66,000 jobs during the first five months of the year as a result of the market turmoil.</p> <p><b>US consumers</b> The US consumer sentiment index fell to a 28-year low.</p>	<p>Global inflation worries heated up as the prices of oil and other commodities climbed to new records.</p> <p><b>Swiss capital rules</b> The SNB proposed increased capital requirements and new leverage ratios at large Swiss banks. Concrete measures were put in place by the FINMA in October.</p>

July	August	September	October	November	December
<p><b>Middle East</b> We launched a full-scale local equities platform including equity sales, trading and research, to provide innovative products and solutions to our clients in the region.</p> <p><b>Award</b> We were named Best Bank in Switzerland by Euromoney.</p>	<p><b>Funding</b> We successfully completed our long-term funding plan for 2008, despite deteriorating credit and financial markets.</p> <p><b>Asset Management</b> We acquired an 80% stake in AMF to further strengthen our alternative investment franchise.</p>	<p><b>Hans-Ulrich Meister</b> was named CEO Switzerland. Earlier in the year, Karl Landert was appointed Chief Information Officer.</p> <p><b>Bahrain</b> We were granted a license to set up operations in Bahrain, enabling us to establish a branch in Manama.</p>	<p><b>Capital</b> We raised a total of CHF 10 billion from three existing shareholders.</p>	<p><b>Saudi Arabia</b> We acquired a majority stake in Saudi Swiss Securities to deliver the integrated bank's services and products to our clients in the region.</p>	<p><b>Accelerated implementation of bank strategy</b> We announced plans to further improve our risk, capital, cost and earnings position, including an increased focus in Investment Banking on client and flow-trading businesses.</p> <p><b>Asset Management</b> Following a review of our business portfolio, we sold parts of our traditional long-only asset management business.</p>



<p><b>Oil prices</b> The Brent crude oil futures reached a record USD 147.27 per barrel. By year-end, the price had dropped to USD 40.10 per barrel.</p> <p><b>Fannie Mae, Freddie Mac</b> The two largest US mortgage lenders were granted Fed loans at favorable interest rates, but both were nationalized in September.</p>	<p><b>US dollar</b> The US dollar started to appreciate against major currencies, amid the repatriation of liquidity to the US. Toward the end of the year, the dollar started to depreciate.</p> <p><b>Japanese package</b> The Japanese government unveiled a USD 107 billion economic stimulus package including loan guarantees and aid for small businesses. China followed in November with a USD 586 billion package, to focus on infrastructure projects.</p>	<p><b>Lehman Brothers</b> The investment bank declared bankruptcy.</p> <p><b>Investment banks</b> The stand-alone investment banking model in the US ceased to exist. Goldman Sachs and Morgan Stanley received Fed approval to transform into bank holding companies.</p> <p><b>Short-selling</b> A temporary ban on short-selling adversely impacted various trading strategies.</p>	<p><b>US rescue package</b> The US government approved a USD 700 billion rescue package for the financial sector.</p> <p><b>Nationalizations</b> Governments worldwide stepped up emergency measures for financial institutions, including funding and nationalizations.</p> <p><b>State guarantees</b> Governments worldwide raised or introduced guarantees of bank deposits, as well as guarantees of debt securities of eligible financial institutions.</p>	<p><b>Recession</b> Data confirmed that both Europe and Japan were in recession.</p> <p><b>US elections</b> Barack Obama won the US presidential election.</p> <p><b>Rate cuts</b> Central banks continued to cut interest rates.</p> <p><b>Stock markets</b> The Dow reached a year-low, and its lowest level since March 2003.</p> <p><b>G 20</b> Leaders discussed plans to stimulate the global economy, and agreed on principles for a new financial framework.</p>	<p><b>Job losses</b> The US financial sector announced more than 260,000 job cuts during 2008.</p> <p><b>UK property market</b> Mortgage lending fell to a six-year low of GBP 256 billion in 2008, as a result of the credit crunch.</p> <p><b>Stock markets</b> Stock markets worldwide posted their worst annual performance since the Great Depression. The Dow Jones EURO STOXX Banks index lost 64%, while Credit Suisse's shares declined 58%.</p>
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# Vision, mission and principles

Our vision is to become the world's premier and most admired bank, renowned for our expertise in private banking, investment banking and asset management, and most valued for our advice, innovation and execution.

Our mission is to set new standards in partnering with our clients and providing them with integrated financial solutions. As a global bank serving clients in every region of the world, cultural diversity is essential to our success. We strive to create an open, respectful workplace that encourages people to work together and with our clients to deliver superior products, services and results and support the success and prosperity of all our stakeholders.

Three principles guide our employees in all decisions, actions and objectives:

- A relentless focus on the needs of our clients. We know we can only set new standards in partnering with clients if we place them at the center of everything we do and have a complete understanding of their needs and aspirations.

We believe that nothing short of excellence will suffice. Building on our tradition for innovation, we strive to develop new financial solutions and compelling value propositions to address client needs.

- Teamwork must be at the heart of all we do. We are committed to working together as a team across businesses and regions to deliver added value to clients. As an integrated organization, we are well positioned to capitalize on our combined strengths and expertise to provide holistic product offerings and seamless service that set us apart from our peers. Dedication, determination and dialogue are the keys to successful teamwork at Credit Suisse.
- Our reputation is everything. We are committed to maintaining, enhancing and monitoring our reputation by generating value for clients and shareholders, acting with professionalism, integrity and respect and serving as a reliable partner to all our stakeholders.

# Strategy

## Industry trends and competition

In 2008, the financial services industry was shaken by the most severe global financial crisis in recent history. The spill-over effects emerging from the dislocation of the mortgage-backed securities market in 2007 increasingly affected other credit and financial markets during the year, leading to unprecedented levels of market turmoil, volatility and a deterioration in the economic environment, as discussed under II – Operating and financial review – Operating environment. Uncertainties related to the value and risk of complex financial products, assets and liabilities resulted in the near collapse of the funding markets for banks, putting the stability of the global financial system at risk. Vigorous intervention by governments and central banks around the globe was undertaken to rescue financial institutions, reduce systemic risk and reestablish confidence in the markets. With the crisis still ongoing and with numerous temporary government emergency programs in place, the focus of politicians, regulators and industry representatives is increasingly shifting towards a detailed analysis of the reasons of the crisis and the implications for the industry's future and its regulation.

In November 2008, the leaders of the G20 countries gathered in Washington to discuss efforts to strengthen economic growth and deal with the financial crisis. They agreed on common principles for a future capital market architecture, including greater transparency and strengthened accountability, enhanced regulation and supervision, improved international cooperation and reforms of the international financial institutions to give emerging economies and developing countries greater voice and representation. More than 40 concrete proposals have been developed and are currently in discussion, involving organizations like the International Monetary Fund, the Financial Stability Forum, the Institute of International Finance and the Bank for International Settlement. A G20 summit is scheduled for April 2009, and market developments in 2008 and initial regulatory actions point towards a new competitive landscape in the years to come.

The financial services sector witnessed extraordinary changes to the competitive landscape due to consolidation and government intervention. Leading market players filed for bankruptcy protection or were acquired or received regulatory approval to transition to bank holding companies. Going forward, investment banking activities will be subject to tighter regulatory supervision, leading to a more level playing field among domestic and international competitors. A second

major development during 2008 was the far reaching governmental emergency support provided to financial institutions in the form of state guarantees, liquidity, funding, capital injections and full-scale nationalization. In the absence of a binding international collaboration framework and against the backdrop of differing needs, intervention was mainly on a national level, leading to a multi-faceted and heterogeneous landscape, particularly in Europe. While indispensable to stabilize markets, the longer-term implications of increased political influence remain to be seen. In Switzerland, our home market, a more conservative capital regime was introduced for large Swiss banks, including Credit Suisse, requiring increased capital and a leverage ratio.

Due to increased regulatory scrutiny and higher capital requirements, more conservative client behavior, the market's desire for less complex products and substantially lower asset bases, we expect the business environment to remain challenging. In addition, the deterioration of the economic environment will impact the quality of loan portfolios. As a result, we expect large-scale redundancy programs and ongoing reductions in spending on infrastructure investment in the years to come. As banks move to less risky business models, we also expect market participants to review their business portfolios, putting an increased focus on their core franchises. We believe that the current market environment provides opportunities for well capitalized and flexible market participants. Taking a longer term perspective, we believe that the financial services industry will continue to benefit from globalization, individual wealth creation and international capital flows.

## Accelerated implementation of client-focused integrated bank strategy

With our client-focused integrated bank strategy launched in 2006, we feel well positioned to succeed in a changing operating environment. Our strategy was seriously tested in 2008, and although not immune to the market turmoil, we benefited from our diversified business model. The net loss of CHF 8.2 billion in 2008 and net valuation reductions in Investment Banking of CHF 10.9 billion were substantial but our financial strength allowed us to manage through the financial crisis. We focused on three priorities we established in 2007 at an early stage of the crisis:

- Reduce risk: By implementing a comprehensive and aggressive plan to reduce our risks, we continued to man-

age down our exposures throughout 2008. Excluding the US dollar translation impact, our overall 99% position risk declined 18%, primarily as a result of reduced exposures in leveraged finance and commercial real estate. Period-end trading risks measured on the basis of our scaled VaR model decreased 36% to CHF 185 million, compared to CHF 291 million as of the end of 2007.

- Ensure sufficient liquidity: We maintained our conservative liquidity and funding profile throughout the year. Overall, we were a net provider of liquidity to the market in 2008, and we successfully completed our funding plan for 2008. The structure of our unsecured funding remained largely stable, with client deposits and long-term debt as the main sources.
- Maintain a strong capital base: Given all the uncertainties in the market, we placed emphasis on maintaining a strong capital base, also as a key value proposition to our clients. Our consolidated BIS tier 1 ratio was 13.3% as of the end of 2008, compared to 10.0% as of the end of 2007. Our capital position remained strong as we raised net CHF 14.2 billion of tier 1 capital.

With the successful implementation of these priorities, we weathered the challenges in 2008 with limited shareholder dilution and without requiring any capital from the Swiss government. Our efforts to maintain client momentum were effective, particularly in Private Banking, which was solidly profitable throughout 2008 and recorded over CHF 50 billion of net new assets. Following an assessment of the longer term implications of the financial crisis, we announced decisive strategic measures to accelerate the implementation of our client-focused integrated bank strategy. These measures are expected to bring a further substantial reduction of our risk and cost base, thus freeing up capital, helping us to address challenges and to capture opportunities in the new market environment. As part of our strategic plan, we are reducing headcount by approximately 5,300. By the end of 2008, 2,600 of these reductions had taken place and the rest are expected to take place by the middle of 2009. We are on track to lower costs by CHF 2 billion through these strategic measures.

- In Private Banking, we will continue to judiciously invest in growth, both globally and in our Swiss businesses. We have growth plans in place for all regions and will add a significant number of relationship managers to accelerate our asset gathering momentum when markets improve. With our client centricity approach, we will develop and leverage our value propositions for all targeted client segments, with a particular focus on ultra-high-net-worth individuals.

- In Investment Banking, we are repositioning the business, reflecting the fundamental shift of client demand. With an increased emphasis on client and flow-based businesses as well as reduced risk limits for complex and structured products, we expect to reduce volatility and improve capital efficiency. We will reduce risk capital usage, including exiting certain proprietary and principal trading businesses. In 2008, we reduced risk-weighted assets 31% to USD 163 billion on a consistent methodology basis, and we plan further cuts to USD 135 billion by the end of 2009.
- In Asset Management, we focused our resources on alternative investments, asset allocation and the Swiss businesses, all of which are scalable, high-margin businesses that provide excellent investment opportunities for our clients. In the fourth quarter, we decided to close certain money market funds and agreed to sell the majority of our traditional funds business to Aberdeen Asset Management, one of the UK's leading asset managers, for a stake of up to 24.9% in Aberdeen. The new organization also provides further potential to reduce costs.

We remain committed to the client-focused integrated model, which we believe enables us to most effectively deliver best-in-class service to our clients while realizing enhanced operating efficiencies. Collaboration between our businesses provides a source of stable, high-margin revenues. For a more detailed description of our businesses and their performance in 2008, refer to I — Our businesses and II — Operating and financial review.

## Priorities and targets

In 2009 and beyond, we will focus our attention on navigating through the still challenging and changing business environment, implementing the next steps of our accelerated client-focused integrated bank strategy and exploiting market opportunities as they arise. We aim for profitable growth over the business cycles and an improved business mix with a more conservative risk return profile. To achieve this, we remain focused on five strategic priorities for the Group:

- Client focus: We continue to strengthen our key client coverage model and focus on clients with complex and multi-product needs, such as ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. Investment Banking will increase its focus on client and flow-based trading businesses. We will develop our product range according to our clients' needs and move closer to them by further strengthening our footprint globally. In 2008, we launched

a global key client coverage model, building on the momentum of the integrated bank and leveraging the coverage model introduced in 2007 for top clients in Switzerland. We added 340 relationship managers in Private Banking and expanded our presence in markets like China, India, Pakistan, Indonesia and the Gulf region.

- Collaboration: To deliver a unique value proposition to our targeted clients, we encourage close collaboration throughout our organization. Key collaboration initiatives include customized client solutions and increased client and asset referrals between the divisions and businesses. We systematically track our progress by measuring collaboration revenues with a target of above CHF 10 billion by 2012. Throughout the market turmoil we showed resilience in collaboration revenues, particularly for ultra-high-net-worth individuals. Collaboration efforts on the basis of our integrated bank strategy provided us with a source of stable, high-margin revenues throughout 2008. In total, we generated CHF 5.2 billion of collaboration revenues, a decline of only 12% compared to 2007, which benefited from much more favorable market conditions.
- Capital and risk management: In the context of the financial crisis, a strong capital base and a sound liquidity position have become even more important. We deploy capital in a disciplined manner, assessing our aggregated risk taking in relation to our client needs, our financial resources and based on our economic capital framework. We systematically monitor and develop the business portfolio based on through-the-cycle risk/return goals and the added value of the integrated bank strategy. In 2009, Investment Banking continues to reduce the scale of its operations in more complex products, including a general reduction in risk capital usage and the exit of certain proprietary and principal trading activities.
- Efficiency: We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or

reputation. For our core activities we have established a cost/income ratio target of 65%. We foster a culture of cost management and operational excellence. We drive efficiency improvements with the strong involvement of senior management and we pursue plans to further develop our CoE. Since inception of the CoE program four years ago, we have deployed more than 7,000 roles, or 13% of our workforce. We continue to focus on our Operational Excellence program, which has strengthened our culture of continuous improvement and client focus, and which has become a key part of implementing strategic initiatives.

- People: We continue to undertake significant efforts to attract, develop and retain top talent in order to deliver an outstanding integrated value proposition to our clients. We promote cross-divisional and cross-regional career development, as well as lateral recruiting and mobility. We demand the highest ethical standards, consistent with our Code of Conduct. With regard to compensation, we take a prudent and constructive approach, designed to reflect the performance of individuals and the firm and, at the same time, closely align the interests of employees with those of shareholders. We rolled out our global human resources transformation project in 2008 to improve productivity, one of our most comprehensive Operational Excellence initiatives, which will allow for better management of our human capital base.

To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and risk and capital to be achieved across market cycles. As a result of the operating environment, we reviewed and updated our targets at the beginning of 2009. For more detailed information, refer to II – Operating and financial review – Key performance indicators.

# Our businesses

## Private Banking

### Business profile

In Private Banking, we offer a broad range of banking solutions and comprehensive advice to private, corporate and institutional clients. Private Banking comprises two major businesses: Wealth Management and Corporate & Retail Banking. Wealth Management operates worldwide and serves approximately 0.7 million high-net-worth individuals with assets under management exceeding CHF 0.25 million to CHF 1 million, depending on the location. Corporate & Retail Banking serves approximately 1.7 million retail, corporate and institutional clients in Switzerland.

In Wealth Management, we provide customized solutions in protecting, optimizing and financing clients' wealth. We run one of the largest private banking organizations globally, with CHF 646 billion of assets under management as of the end of 2008. We serve our clients through two brands: Credit Suisse and Clariden Leu, Credit Suisse's independent private bank. Clariden Leu is a leading provider of private banking services, mainly in Switzerland, with total assets under management of CHF 94 billion as of the end of 2008. We serve our international clients through a global network of 3,500 dedicated relationship managers, organized by region, markets and client segment (for example, ultra-high-net-worth individuals and entrepreneurs). Relationship managers are supported by a broad range of dedicated product specialists. As of the end of 2008, we were present in almost 200 locations, with 123 offices outside Switzerland in 45 countries.

In Corporate & Retail Banking, we provide premium advice and solutions for financing, investment and retirement planning to private clients and a broad range of corporate banking services to corporate and institutional clients in Switzerland. We serve our clients through 220 branches in Switzerland, four regional contact centers and "Direct Net," our online banking platform. Small and medium-sized enterprises are served by relationship managers based in 40 branches throughout Switzerland and a central business center. Our regional bank, Neue Aargauer Bank, serves clients in the Canton of Aargau. The consumer finance company, BANK-now, is a specialized supplier of private credit offerings and car leasing in the Swiss market through various distribution channels.

### Awards

- In *Euromoney's* global "Private Banking Survey 2008", Credit Suisse was rated best in class for its private bank-

ing services in Central & Eastern Europe, Russia and the United Arab Emirates.

- In 2008, the *Handelsblatt* Elite Report awarded Credit Suisse's Private Banking in Germany and Switzerland the highest distinction of "summa cum laude".
- As part of its "World's Best Global Banks 2008" awards, the *Global Finance* magazine ranked Credit Suisse as "the World's Best Private Bank". In addition, the magazine has awarded Credit Suisse the title "Best Bank in Switzerland" in the World's Best Developed Market Banks Awards 2008.
- Credit Suisse was honored with the "Outstanding Global Private Bank Award" and the "Outstanding Business and Entrepreneur Private Bank Award" by *Private Banker International*.

## Achievements

### Wealth Management

- New offices were opened in Northbrook, Illinois (US), Bologna (Italy) and Tokyo (Japan) to serve the needs of the growing number of high-net-worth and ultra-high-net-worth individuals.
- New branches were opened in Parma (Italy) and in Manchester and Birmingham (England), strengthening our onshore business in these mature markets. We established our wealth management business in Mumbai (India), marking an important milestone in our international growth strategy and underlining our continued investment in emerging markets.
- A branch license was granted in Bahrain, enabling us to respond to the dynamic developments and fast growing demand in this region.

### Corporate & Retail Banking

- First major financial services provider in Switzerland to launch an initiative to improve accessibility of our facilities and services for people with impaired vision, hearing and mobility.
- New tranche issued of the first tax-exempt real estate fund for Swiss pension funds, reflecting the continued strong demand for this product.
- Succession campaign intensified in all Swiss locations. The joint initiative between Corporate & Retail Banking and Wealth Management aims at better supporting our clients as a strategic partner in succession situations.

## Trends and competition

### Wealth Management

Despite the current financial market challenges and the risk of a prolonged economic slowdown, we expect continued long-term growth in global wealth. This growth will be driven by continued economic development in emerging and newly industrialized markets and generational transfers of wealth in more mature markets. In the newly industrialized countries, we also expect a further concentration of wealth and asset accumulation with entrepreneurs, who increasingly seek solutions not only to manage their personal wealth, but also to develop their business over market cycles. In more mature markets, we expect lower growth rates than in emerging markets, but the asset base is larger, with more than two thirds of global wealth located in the US, Japan and Western Europe. While we assume an increasing focus on cross-border business with regard to transparency and regulation, we expect both cross-border and domestic business to grow.

With regard to the client value proposition, these trends have the following implications for service providers:

- Client focus: Banks shift their client focus increasingly beyond free investible assets to address total client wealth, including liabilities as well as illiquid assets, such as real estate or stakes in client companies.
- Client offering: Wealthy and informed clients expect private banking to combine the full range of product and market expertise into leading-edge and tailor-made solutions and services.
- Client targeting: In an increasingly competitive environment, banks have to move beyond asset-based client segmentation to develop specific need-based value propositions for strategically attractive target groups.
- Client proximity: With the industry becoming increasingly global, banks need to be close to their clients and establish both domestic and cross-border capabilities in all major regions.

As suppliers seek to meet increasingly complex client requirements at competitive costs, we expect further consolidation of the wealth management industry. Consolidation will be accelerated by current financial markets. With our continued strong asset gathering, hiring across all regions and our value proposition based on client centricity and the integrated bank, we expect to further strengthen our position in the industry.

### Corporate & Retail Banking

The Swiss corporate and retail banking industry is strongly tied to the overall economic environment in Switzerland. Swiss retail banking clients have comparatively high incomes and

savings rates, resulting in a large demand for personal investment management solutions. Furthermore, the Swiss private mortgage business has developed positively in recent years and this trend is expected to continue despite declining margins. The Swiss economy is broadly diversified and closely linked to the global economy. Corporate banking in Switzerland offers a broad range of services tailored to the needs of the Swiss economy (for example, financing, export and trade solutions).

In the Swiss corporate and retail banking industry, competition has increased significantly in recent years, especially in basic banking products. To meet this competitive pressure, we continue to invest in quality advisory capabilities, product innovation and customized client solutions through an open architecture.

### Strategy and initiatives

Despite the market turmoil in 2008, our lower asset base and generally lower client activity in the near term, we will continue to implement our strategy in six areas: international growth; market share gains in Switzerland; client value proposition; integrated banking; productivity and performance; and attracting and maintaining the best people. With this strategy, we expect to generate further substantial value and maintain our asset gathering momentum and strong income contribution to the Group. We have growth plans in place for all regions and plan to hire relationship managers to operate from a position of strength when markets improve. We will continue to drive efficiency and productivity, building on our programs for operational excellence and efficiency management. Close collaboration and support from Investment Banking and Asset Management will be the drivers for increased revenues from customized and innovative client solutions.

### Products and services

#### Wealth Management

Our service offering is based on three main concepts: the Structured Advisory Process, client value propositions and comprehensive investment services:

- Structured Advisory Process: We analyze our clients' personal financial situation and prepare investment strategies based on an individual risk profile of liquid and illiquid assets and present and future liabilities. Based on this profile, we recommend specific investments in accordance with the investment guidelines of the Credit Suisse Investment Committee. The implementation and monitoring of the client portfolio is carried out by the relationship manager. We completed the global roll-out of our structured advisory process with the roll-out in the US in 2008.

- **Segment specific solutions:** We offer a range of wealth management solutions tailored to specific client segments. For our entrepreneur segment, we offer solutions targeted at specific needs within private and corporate wealth management, including succession planning, tax advisory, financial planning and investment banking services. Clients receive the advice of Credit Suisse's experienced corporate finance advisors, immediate access to a network of international investors in the public and private markets, the preparation and coordination of financial transactions and the maximization of company value. For our ultra-high-net-worth clients with assets under management in excess of CHF 50 million or total wealth exceeding CHF 250 million, we offer tailor-made solutions for individuals and family offices.
- **Investment services:** We offer a comprehensive range of investment advice and discretionary asset management services based on the analysis and recommendations of our global research team. Investment advice covers a range of services from portfolio consulting to advising on individual investments. We continuously strive to offer clients effective portfolio and risk management solutions, including managed investment products. These are products actively managed and structured by our specialists, providing private investors with access to asset classes that otherwise would not be available to them. For clients with more complex requirements, we provide investment portfolio structuring and the implementation of individual strategies, including a wide range of structured products and alternative investments. Discretionary asset management services are available to clients who wish to delegate the responsibility for investment decisions to Credit Suisse. In close collaboration with Investment Banking and Asset Management, we also provide innovative alternative investments with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate.

### **Corporate & Retail Banking**

We offer a broad range of financing products, such as construction loans, fixed and variable rate mortgages, consumer, car and real estate loans, different types of leasing arrangements, and various credit cards provided by Swisscard, a joint venture between Credit Suisse and American Express. Additionally, we provide flexible financial solutions to suit every stage of a private client's life, including private accounts, payment transactions, foreign exchange services, pension products and life insurance. We recently extended our range of basic banking products and services for private clients by introducing the Bonviva banking packages to simplify banking

for our clients. These packages are tailored to clients' needs, and include a client royalty program, offering an attractive range of services and events. The range of savings products available to retail clients includes savings accounts and savings plan funds and insurance. We supply a range of investment products and services specifically designed for retail clients.

To meet the needs of corporate clients, including Swiss subsidiaries of multinational corporations, we offer a full range of solutions: cash management and payment transactions, all forms of traditional and structured lending, capital goods and real estate leasing, investment solutions and specialized services such as corporate finance, trade finance and ship financing. Large corporate clients can benefit from tailor-made financial solutions and advice. We also supply specialized products and services, such as business process outsourcing, multi-currency offerings, straight-through-processing execution and custody services, to small and medium-sized banks, Swiss pension funds and insurance companies.

## **Investment Banking**

### **Business profile**

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising and advisory services, as well as comprehensive investment research. Clients include corporations, governments and institutions around the world. Credit Suisse delivers its global investment banking capabilities via regional and local teams based in all major developed and emerging market centers.

### **Trends and competition**

The extreme disruption in the markets in 2008, particularly during the second half of the year, led to consolidation among financial institutions and the end of the large-scale independent investment banking model in the US financial services industry. The remaining industry participants face increased capital costs, but with fewer competitors, they now have opportunities to increase market share and improve pricing. In this environment, Investment Banking is differentiated by Credit Suisse's strong capital position and integrated bank model, substantial progress in risk reduction and repositioned business platform.

Throughout the year, we moved rapidly to implement our strategy to move to a lower risk and more capital efficient model, making material reductions in our leveraged finance and structured products exposures, and to reduce earnings volatility by increasing revenues from our client and flow-based

businesses. In shifting our business portfolio, we continued to benefit from the response of clients to the market crisis, including a growing preference for less complex, more liquid financial products and above all, for doing business with strong, stable counterparties, such as Credit Suisse. This trend is evident in the client inflows we are seeing in our prime services business, and the record growth in trading volume on our AES® platform.

**Repositioning Investment Banking**

In response to the changed market environment, we announced a further acceleration of our efforts to reposition Investment Banking by

- reducing risk capital usage;
- reducing volatility and improving capital efficiency;
- increasing emphasis on client and flow-based businesses, such as cash equities, electronic trading, prime services, global rates and foreign exchange, high grade debt, US RMBS secondary trading, our commodities trading joint venture with Glencore and our strategic advisory business;
- repositioning certain other businesses in which we have a competitive advantage but seek to reduce risk and volatility, including quantitative and liquid equity trading strate-

gies, secondary convertible trading, emerging markets, US leveraged finance and corporate lending; and

- reducing risk limits for complex and structured products, including substantially reducing or exiting certain businesses such as highly structured derivatives, illiquid principal trading, residential and commercial mortgage origination, CDO, leveraged finance trading, RMBS outside the US and power and emissions trading.

Key measures of our progress include:

- Risk-weighted assets declined 15% since the end of the third quarter, and 31% since the end of 2007, to USD 163 billion, and are targeted to decline to USD 135 billion by year-end 2009.
- End-of-period, one-day 99%-VaR declined 20% in the fourth quarter of 2008 to USD 117 million. Excluding dataset and methodology changes, the decline was 35% to USD 31 million.
- Headcount was reduced by 1,600 since the third quarter to 19,700, with a year-end 2009 target of 17,500.

**Repositioning Investment Banking**

	Key client businesses	Repositioned businesses	Exit businesses
Equities	<ul style="list-style-type: none"> <li>■ Cash equities</li> <li>■ Electronic trading</li> <li>■ Prime services</li> <li>■ Equity derivatives – focus on flow and corporate trades</li> </ul>	<ul style="list-style-type: none"> <li>■ Equity trading – focus on quantitative and liquid strategies</li> <li>■ Convertibles – focus on client flow</li> </ul>	<ul style="list-style-type: none"> <li>■ Highly structured derivatives</li> <li>■ Illiquid principal trading</li> </ul>
Fixed income	<ul style="list-style-type: none"> <li>■ Global rates</li> <li>■ Foreign exchange</li> <li>■ High grade credit/debt capital markets</li> <li>■ US RMBS secondary trading</li> <li>■ Commodities trading (joint venture)</li> </ul>	<ul style="list-style-type: none"> <li>■ Emerging markets – maintain leading business but with more limited risk/credit provision</li> <li>■ US leveraged finance – maintain leading business but focus on smaller/quicker to market deals</li> </ul>	<ul style="list-style-type: none"> <li>■ Mortgage origination</li> <li>■ CDO</li> <li>■ Non-US leveraged finance trading</li> <li>■ Non-US RMBS</li> <li>■ Highly structured derivatives</li> <li>■ Power &amp; emission trading</li> </ul>
Advisory	<ul style="list-style-type: none"> <li>■ Strategic advisory (mergers &amp; acquisitions) and capital markets origination</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate lending – improved alignment of lending with business and ability to hedge</li> </ul>	<ul style="list-style-type: none"> <li>■ Origination of slow to market, capital-intensive financing transactions</li> </ul>
	<p>Develop existing strong market positions</p>	<p>Maintain competitive advantage but reduce risk and volatility</p>	<p>Release capital and resources; reduce volatility</p>

## Products and services

Our comprehensive portfolio of products and services is aimed at the needs of the most sophisticated clients, and we increasingly use integrated platforms to ensure efficiency and transparency. Our activities are organized around two broad functional areas: investment banking and global securities. In investment banking, we work in industry, product and country groups. The industry groups include energy, financial institutions, financial sponsors, industrial and services, healthcare, media and telecom, real estate and technology. The product groups include mergers and acquisitions and financing products. In global securities, we engage in a broad range of activities across fixed income, currencies, commodities, derivatives and cash equities markets, including sales, structuring, trading, financing, prime brokerage, syndication and origination, with a focus on client-based and flow-based businesses, in line with growing client demand for less complex and more liquid products and structures. We are repositioning or exiting certain of the businesses described below.

### Investment banking

#### Equity and debt underwriting

Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues. Debt capital markets originates, syndicates and underwrites corporate and sovereign debt.

#### Advisory services

Advisory services advises clients on all aspects of mergers and acquisitions, corporate sales and restructurings, divestitures and takeover defense strategies. The private fund group holds a market-leading position in raising capital for hedge funds, private equity funds and real estate funds. The fund-linked products group is responsible for the structuring, risk management and distribution of structured mutual fund and alternative investment products and develops innovative products to meet the needs of its clients through specially-tailored solutions.

### Global securities

Credit Suisse provides access to a wide range of debt and equity securities, derivative products and financing opportunities across the capital spectrum to corporate, sovereign and institutional clients. Global securities is structured into the following areas:

#### Fixed income

##### Rates

Interest rate products makes markets in the government bond and associated OTC derivative swap markets of developed

economies. Its products include government bonds, bond options, interest rate swaps, interest rate options and structured interest rate derivatives.

Foreign exchange provides market-making and positioning in products such as spot and options for currencies in developed markets. It also supplies dedicated research and strategy and structured advisory services.

Listed derivatives provides innovative derivative product support, drawing on its global execution capabilities, electronic trading system and sophisticated analytics.

#### Credit

Credit products offers a full range of fixed income products and instruments to clients, ranging from standard debt issues and credit research to fund-linked products, derivatives instruments and structured products that address specific client needs.

Credit derivatives trades and structures credit derivatives on investment grade and high-yield credits. It is a leading dealer in both flow business, which trades single-name credit default swaps on individual credits, credit-linked notes and index swaps and structured products, providing credit hedging solutions to clients.

Investment grade trades domestic corporate and sovereign debt, non-convertible preferred stock and short-term securities such as floating rate notes and CP.

Leveraged finance provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and high-yield debt for non-investment grade corporate and financial sponsor-backed companies.

#### Structured products

Structured products trades, originates, securitizes, syndicates, underwrites and provides research for all forms of securities that are based on underlying pools of assets, including CMBS, RMBS, CDO and ABS. The underwriting business handles securitizations for clients in most industry sectors.

#### Emerging markets

Emerging markets offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.

#### Commodities

Commodities focuses on the power and natural gas trading business, as well as oil, petroleum and metals trading through an alliance with Glencore, one of the world's largest suppliers of a wide range of commodities and raw materials to industrial

consumers. The commodities group also conducts carbon-emissions credit trading and structuring.

#### *Life finance*

Life finance provides high-net-worth individuals and small to medium-sized businesses with financing and risk management solutions associated with purchasing and retaining a life insurance policy.

#### *Global structuring*

Global structuring develops and delivers sophisticated financing products and provides financial advisory services for corporate and institutional clients and develops sophisticated products for investor clients. In addition to identifying opportunities across asset classes, it provides a robust platform for the creation of sophisticated asset-side solutions.

#### *Equity*

Equity sales uses research, offerings and other products and services to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions.

Sales trading links sales and position trading teams. Sales traders are responsible for managing the order flow between client and the marketplace. They also provide clients with research, trading ideas and capital commitments and identify trends in the marketplace in order to obtain the best and most effective execution.

Trading executes client and proprietary orders and makes markets in listed and OTC cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management.

Equity derivatives provides a full range of equity-related products, investment options and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities. Its clients include financial institutions, hedge funds, asset managers and corporations.

Convertibles trading involves both secondary trading and market-making. It also offers the trading of credit default swaps and asset swaps and distributes market information and research.

Prime services provides a wide range of services to hedge funds and institutional clients, including prime brokerage, start-up services, capital introductions, securities lending, synthetics and innovative financing solutions.

AES® is a sophisticated suite of algorithmic trading strategies, tools and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and

hedge funds reduce market impact. AES® is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

#### *Proprietary trading*

Proprietary trading conducts trading in the major global fixed income and equity markets.

#### *Other*

Other products and activities include lending, private equity investments that are not managed by Asset Management, certain real estate investments and the distressed asset portfolios. Lending includes senior bank debt in the form of syndicated loans and commitments to extend credit to investment grade and non-investment grade borrowers.

#### **Research and HOLT**

Credit Suisse's equity and fixed income businesses are supported by the research and HOLT functions.

Equity research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 2,500 companies worldwide and provides macro-economic insights into this constantly changing environment.

HOLT offers one of the fastest and most advanced corporate performance, valuation and strategic analysis frameworks.

#### **Awards**

We received numerous industry awards in 2008, including:

- Credit Suisse's US debt capital markets franchise won *International Financing Review's* "Best US Dollar Bond/Best Investment Grade Corporate Bond", in which Credit Suisse was lead manager of the USD 4 billion multi-tranche five-, ten- and 30- year issue by International Business Machines Corp.
- "Deal of the Year" by *Asia Risk* for the PL100 Emerging Markets Infrastructure Development Trust (EMID) in Australia. PL100 EMID was structured to meet retail investors' needs and demonstrates our commitment to delivering the most comprehensive and innovative products on the street to our clients.
- "Best Investment Bank of the last twenty years" by *Latin-Finance*. In addition, the Bovespa Holdings SA IPO was voted "Best Equity Deal" and the Companhia Vale do Rio Doce SA acquisition of Inco Ltd was voted "Best M&A Deal."
- We were recognized for our leadership in a number of key markets across products in *Euromoney's* annual "Awards for Excellence." We were voted "Best Investment Bank" in Latin America and Vietnam; "Best M&A House" in Latin

America, Indonesia and Denmark; “Best Project Finance House” in North America; “Best Equity House” in Indonesia, Korea and Kazakhstan; “Best Debt House” in the Philippines; and “Best Bank” in Switzerland.

- We ranked number one in *International Securities Finance's* Synthetic Prime Brokerage survey in which 200 hedge funds ranked their top swap providers. Credit Suisse ranked number one in seven of eleven categories.
- Credit Suisse was recognized as the UK, Italy and Switzerland “M&A adviser of the year” by *Acquisitions Monthly*, demonstrating our strong European foothold in the mergers and acquisitions business. In addition, the magazine recognized two transactions we advised on as “Defence of the year” and “Domestic deal of the year.”
- “Deal of the Year” by *Investment Dealers Digest* for the acquisition of TXU Corp. by KKR and Texas Pacific Group, KKR’s acquisition of First Data, and Community Health Systems’ acquisition of Triad Hospitals. Credit Suisse acted as advisor on all of these transactions.

### Achievements

We expanded our ability to serve certain geographic and product markets:

- Credit Suisse commenced investment banking operations in China through a newly formed joint venture with Founder Securities. This is an important milestone in the implementation of Credit Suisse’s Asia Pacific growth strategy to establish a global platform for providing financial services and products.
- Credit Suisse launched operations in Pakistan, offering equity research and research sales to institutional clients. This is evidence of Credit Suisse’s strong commitment to maintaining a leadership position in global emerging markets.
- Equity research announced a new global alliance with Gerson Lehrman Group, a world-leading network of experts. The relationship grants Credit Suisse access to Gerson Lehrman Group’s network of more than 200,000 expert consultants around the world, and reflects our continued efforts to differentiate and grow our leading global equity research brand.

We executed a number of significant transactions in 2008, reflecting the breadth and diversity of our investment banking franchise:

- **Debt capital markets:** We arranged key financings for a diverse set of clients, including International Business Machines Corp. (US information technology services company), Philip Morris International Inc. (US tobacco com-

pany), Fresenius SE (German healthcare company), Oracle Corp. (US software company) and the Republic of Philippines.

- **Equity capital markets:** We executed equity offerings for Companhia Vale do Rio Doce (Brazilian metals and mining company), MetLife, Inc. (US insurance provider), Barclays PLC (UK bank), a rights issue for Banco Santander SA (Spanish bank) and an IPO for Honghua Group Ltd. (Chinese oil rig manufacturer).
- **Mergers and acquisitions:** We advised a number of clients on a number of key transactions that were announced during the year, including the UK Treasury on a series of measures designed to stabilize its domestic financial sector, the merger between Bovespa Holdings SA (Brazilian equity and derivatives exchange) and Bolsa de Mercadorias & Futuros-BM&F SA (Brazilian futures and commodities exchange), the joint venture between ConocoPhillips (US energy company) and Origin Energy Ltd. (Australian energy company), the sale of a minority stake in Alcon, Inc. (Swiss specialty medical company) by Nestlé SA (Swiss diversified food company) to Novartis AG (Swiss healthcare solutions provider), the sale of Wing Lung Bank (Chinese commercial bank) by Wu Jieh Yee Co., Wu Yee Sun Co. and Yee Hong Co. (Chinese holding companies) to China Merchants Bank (Chinese commercial bank), and the divestiture by Temasek Holdings Pte Limited (Singapore government investment holding company) of PowerSeraya Ltd, Senoko Power Ltd and Tuas Power Ltd, wholly-owned power generation companies in Singapore, to Sabre Energy Industries Pte Ltd (subsidiary of a Malaysian utility company), Lion Power Holdings Pte Ltd (a special purpose vehicle owned by a Japanese consortium) and China Huaneng Group (Chinese government investment holding company).

### Asset Management

#### Business profile

In Asset Management, we offer investment solutions and services to clients globally, including governments, institutions, corporations and individuals. We provide access to a wide range of investment classes, building on our global strengths in alternative investments and traditional investment strategies. With more than 200 investment professionals located in Zurich, New York, Los Angeles, London, Frankfurt, Hong Kong, Singapore, Mumbai, Tokyo and Sydney, we focus on providing maximum returns within the investors’ criteria, while maintaining a controlled risk profile, adherence to compliance and best execution.

We had CHF 411.5 billion in assets under management as of the end of 2008. These assets under management include innovative high margin products, such as alternative investments, and sophisticated products within traditional investment strategies.

In alternative investment strategies, we are an industry leading manager, with CHF 146.3 billion in assets under management as of the end of 2008. Alternative investment strategies include private equity, credit strategies, real estate, distressed debt and volatility management and hedge fund strategies, including quantitative strategies and fund of hedge funds.

Traditional investment strategies include multi-asset class solutions and other traditional investment strategies, with assets under management of CHF 265.2 billion. In multi-asset class solutions, we provide innovative products across asset classes to clients around the world and have CHF 126.7 billion in assets under management. We have a global platform, offering clients cross-border multi-asset class solutions. Through other traditional investment strategies and through our strategic collaborations, we provide access to fixed income and money market investments, institutional pension advisory and equity investments. Assets under management as of the end of 2008 were CHF 138.5 billion.

We pursue an active cooperation strategy, and our partnerships and joint ventures provide us with access to key products, markets and distribution channels. As part of the client-focused integrated bank strategy, we are increasingly coordinating and leveraging our activities with Private Banking and Investment Banking. We benefit from their focus on client needs and targeted solutions, and we support them with our product expertise and our global reach.

### **Trends and competition**

The market dislocation has shifted investor focus away from complex products with more risk to simpler, less risky products. Investors were generally more conservative and preferred strong counterparties. Market developments and the flight to quality affected the level of our assets under management, leading to lower commissions and fees. Clients have a renewed need for holistic solutions and are focused on liquidity and transparency. These investor trends and market consolidations are leading to consolidation in the asset management industry. There is also a shift from boutiques to large, stable institutions. As a result of the market environment, the industry faces increased due diligence, lower returns and a challenging fund raising environment for asset managers. We believe the market dislocation and industry consolidation will provide opportunities for us as a stable, liquid firm well positioned to advise clients and provide holistic solutions.

### **Strategy and initiatives**

We continued to implement our strategy to focus on high-margin, scalable businesses and to reduce our cost base. We plan to further develop our alternative investment platform, grow our leading franchises in Switzerland and strengthen our multi-asset class solutions business. In 2008, we also decided to exit the US money market business.

As part of this strategy, we announced in December the sale of the majority of our global investors business in Europe (excluding Switzerland), the US and Asia Pacific in a strategic collaboration with Aberdeen, one of the UK's leading institutional asset managers, for up to a maximum of 24.9% of the share capital of Aberdeen. Credit Suisse will have a seat on the board of directors of Aberdeen. The transaction is subject to regulatory approvals in various jurisdictions, and is expected to close in the second quarter of 2009. The business to be sold comprised assets under management of CHF 67.9 billion as of the end of the fourth quarter (CHF 74.9 billion as of November 30, 2008), as well as 400 employees who will transfer to Aberdeen during the course of the year.

The strategic collaboration between Aberdeen and Credit Suisse will allow our clients to benefit from superior investment performance in core traditional products, and enable us to benefit from Aberdeen's proven capability as a business consolidator. In Switzerland, we will maintain our market-leading asset management franchise, and we expect to realize cost synergies between our multi-asset class solutions business and the Swiss traditional products. We will continue to operate our traditional investment business in Brazil and through our various joint ventures across the globe. We will manage these businesses together with multi-asset class solutions as traditional investment strategies.

We will continue to evaluate our cost structure to ensure operating efficiency while focusing on strengthening our core businesses and investing in attractive products that will position us well in a changing market.

Against this backdrop, we benefit from our integrated bank strategy, as our close relationship with Private Banking and Investment Banking gives us access to additional product expertise, deal flow and distribution channels.

### **Products and services**

Asset Management offers institutional and individual clients a range of products through proprietary and third-party distribution channels.

### **Institutional investors**

We offer discretionary asset management services to institutional clients through segregated or pooled accounts. Advisory services include advice on customized investment opportuni-

ties, as well as new product and risk liability management strategies. A broad range of products and advisory services is offered to institutional clients around the world.

### Individual investors

We offer a wide range of open-end and closed-end funds to individual investors around the world, marketed under the Credit Suisse brand. The largest complex of funds, domiciled in Luxembourg and marketed primarily in Europe, includes a full range of money market, fixed income, equity and balanced investments.

### Asset classes

#### Alternative investment strategies

We are a market leader in alternative investments, with a range of products, including private equity, hedge funds and fund of hedge funds, real estate, leveraged investments, volatility management and quantitative strategies.

We offer a broad array of private equity funds to meet client needs. We have the ability to tailor fund strategies to meet specific private equity needs of our clients through our customized investment fund group. In addition, we also have wide-ranging products. Our mezzanine funds use subordinated debt along with equity to invest in private companies, while our secondary funds capitalize on preferences for early liquidity in existing private equity investments. We also provide investment vehicles in infrastructure, leveraged buyout, commodities and emerging markets such as China and Latin America.

In real estate, we involve different investment styles employing both direct and indirect investments. Our buy and hold strategy attracts investors with a long-term approach to investing. Our core real estate business aims to provide investors with stable and attractive cash flows, while active portfolio management works to reduce volatility. In addition, our capital partners focus on opportunistic investments throughout the world, while our hedge fund actively manages a long/short investment strategy in real estate securities. We also offer institutional investors and clients access to high-quality construction projects in Switzerland.

Our credit strategies business focuses on the volatility of credit risk premiums on various debt instruments, by capitalizing on economic fluctuations that impact premiums. Our leveraged investment group specializes in the management of leveraged financial assets such as loans, high-yield bonds and structured products. Our event-driven distressed fund seeks to generate absolute returns through coordinated long and short investments across the capital structure, while our credit strategies fund pursues interest-rate-neutral strategies.

In the area of hedge funds, we offer single strategy funds as well as fund of hedge funds and customized funds. Our

alpha strategies focus on niche investment products to produce greater returns. Such strategies include, but are not limited to, event-driven investments, emerging markets and long/short investing. Our beta strategies focus on a more risk-averse approach by investing in index products.

We have made direct investments as well as investments in partnerships that make private equity and related investments in various portfolio companies and funds. We offer our employees opportunities to invest side by side, in certain investments.

#### Traditional investment strategies

In the area of multi-asset class solutions, we provide clients around the world with innovative solutions and comprehensive management across asset classes to optimize client portfolios, with services that range from funds to fully customized solutions. Stressing investment principles such as risk management and asset allocation, we take an active, disciplined approach to investing in order to achieve investment balance for our clients. In fixed income, money markets and equity asset classes, we provide clients solutions and comprehensive management directly and through our strategic collaborations and joint ventures.

### Mandates and achievements

In 2008, we were awarded diverse mandates and realized the following opportunities for growth and diversification:

- Credit Suisse and Gulf Capital, a leading alternative investment company incorporated in Abu Dhabi, have reached an agreement, in principle, to enter into a strategic alliance that will make growth-oriented investments in the Gulf region, a key part of our emerging markets platform in the EMEA region.
- Global Infrastructure Partners (GIP) completed fundraising of USD 5.6 billion in its first fund. GIP has made investments in London City Airport, Great Yarmouth Port, East India Petroleum Limited, International Trade Logistics and Biffa PLC.
- We acquired over 80% of AMF for USD 384 million (CHF 423 million). AMF provides capital to asset managers in exchange for a non-voting, limited-term interest in a manager's future revenues. Founded in 2003 and headquartered in New York, AMF has a portfolio that consists of a diversified group of asset managers seeking funding for a broad range of initiatives including owner liquidity, internal equity transfers, management buy-outs and other strategic initiatives.
- Incisive Media's *Hedge Funds Review* named Credit Suisse "Best European Institutional Fund of Hedge Funds Product Provider" at the 2008 European Fund of Hedge Funds Awards. The award spotlighted the Hedge Index

Tracker portfolio, which has a six-year track record and primary objective of tracking the performance of one of the hedge fund industry's leading benchmarks, the Credit Suisse/Tremont Hedge Fund Index.

- The quantitative strategies group raised CHF 4.9 billion in net new assets in the fourth quarter of 2008, bringing total net new assets to over CHF 8.7 billion for 2008.
- Total Return Challenger and Defender funds remained top decile performers in their peer group.

# Organizational and regional structure

## Organizational structure

We operate in three global divisions and reporting segments – Private Banking, Investment Banking and Asset Management. Consistent with our client-focused integrated bank strategy, we coordinate activities in four regions, Switzerland, EMEA, the Americas and Asia Pacific. In addition, Shared Services provides corporate services and business support in the following areas:

- The CFO area includes financial accounting, controlling, product control, tax, treasury, investor relations, new business and global insurance.
- The COO area comprises Bank Efficiency Management, Centers of Excellence, Corporate Communications, Corporate Development, Corporate Real Estate & Services, Human Resources, Operational Excellence, Public Policy and Supply Management.
- The General Counsel area provides legal and compliance support to the business and other areas of Shared Services to protect the reputation of Credit Suisse by ensuring that employees have the necessary tools and expertise to comply with all applicable internal policies and external laws, rules and regulations.
- The CRO area comprises strategic risk management, credit risk management, risk measurement and management and operational risk oversight, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.
- Information Technology leverages technology across the business to facilitate execution and product delivery and innovative systems and platforms to meet the needs of the other areas within Shared Services.

The CEOs of the divisions and regions report directly to the Group CEO, and together with the CFO, CROs and COO, they form the Executive Board of Credit Suisse. For a more detailed discussion of our Executive Board, refer to IV – Corporate governance.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within each region. The regions perform a number of essential functions to coordinate and support the global operations of the three divisions. On a strategic level, they are responsible for corporate development and the establishment of regional business plans, projects and initiatives. They also have an oversight role in monitoring financial performance. Each region is

responsible for the regulatory relationships within its boundaries, as well as for regulatory risk management and the resolution of significant issues in the region as a whole or its constituent countries. Other responsibilities include client and people leadership and the coordination of the delivery of Shared Services and business support in the region.

## Key market regions

### Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ 21,000 people in Switzerland. In the Swiss retail business, we aim for accelerated organic growth. Focus areas include client acquisition and retention, supported by marketing efforts to communicate our increased client focus and the continued optimization of our branch network. In Wealth Management, we offer expert advice and a comprehensive range of investment products and services tailored to different client groups. Leveraging the full spectrum of our cross-divisional capabilities, we aim to offer unique value propositions, such as inheritance consulting, to further drive growth. With regard to Swiss corporate and institutional clients, we aim to continue our growth track by building superior targeted value propositions, covering the full range of client needs through intensive collaboration throughout the integrated Group. Targeted growth segments include international small and medium enterprises, mid-sized institutional investors and financial institutions with transaction banking needs.

### EMEA

EMEA comprises operations in 28 countries and 8,800 employees. Regional management and the majority of the regional support functions are located in London. The geographic coverage includes a diverse market portfolio, ranging from established economies in the UK and Western Europe to developing markets such as the Middle East and Russia. We implement our client-focused integrated strategy at the country level, serving predominantly clients that require tailored and innovative solutions. To leverage our cross-divisional capabilities, we foster collaboration among employees across divisions and borders, encourage mobility and hire key talent. We pursue an active cooperation strategy, particularly with other financial institutions, and continue to drive strategic initiatives across the region. Relevant initiatives include increasing busi-

ness with key clients and building tailored cross-divisional offerings for targeted client segments. We also continue to strengthen our footprint across the region by expanding our geographic coverage and enhancing our product offering.

### **Americas**

Americas comprises our operations in the US, Canada and Latin America with 11,400 employees. In the US, our focus is on diversifying revenues in Investment Banking and reallocating resources to less correlated, high-growth businesses, such as equity derivatives, prime services, rates, foreign exchange and electronic trading. In Private Banking, we see considerable potential to leverage our cross-divisional capabilities as we further develop our onshore wealth management platform. We significantly expanded our US Private Banking presence with the addition of 110 relationship managers in 2008. New product launches in private equity and active growth of hedge funds will help to bolster our alternative investments business. In Canada, we will continue to build on strong momentum in our securities businesses and leverage our banking advisory strength. In Latin America, we will focus on leveraging our

leading market position in Brazil, providing clients with a full range of cross-divisional services and continuing the development of our onshore private banking platform in Mexico.

### **Asia Pacific**

Asia Pacific primarily comprises operations in Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Pakistan, Singapore, Taiwan and Thailand, with 6,600 employees. We aim to substantially increase our presence in larger markets such as Australia, China, India and Japan, broaden the scope of our offerings in other countries and invest in new emerging franchises. We continue to enhance our client focus, striving to be the partner of choice for targeted clients and to further expand our client coverage in areas such as the middle market segment. We remain focused on further developing our value proposition tailored to local client needs in the region, while leveraging our global expertise and market insights with a particular focus on alternative investments, structured products and private capital raising.



## Global reach of Credit Suisse

We have established a strong presence worldwide so as to serve our clients in all geographic regions. We continued to strengthen our global footprint in 2008, spurred on by the long-term increase in capital flows and wealth creation in emerging markets. Offices were opened in Riyadh (Saudi Arabia), New Delhi (India), Birmingham (UK), Karachi (Pakistan), and Bologna and Parma (Italy). Our existing operations were expanded in a number of key growth markets, including India, China and Saudi Arabia. We continued to develop partnerships and joint ventures in the Middle East and Asia. Our four CoEs have further contributed to maximize the efficient use of our resources.

- Credit Suisse locations
- Regional headquarters
- Centers of Excellence



**Regional headquarters**

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# Corporate citizenship

Corporate responsibility provides the foundation for all our activities. Credit Suisse's greatest obligation as a good corporate citizen is to manage its core business responsibly and successfully in the interests of its shareholders, clients and employees. At the same time, we endeavor to meet the needs of other stakeholders, contribute to society and act in a way that promotes sustainability for the good of the environment.

In our business practices, we place particular emphasis on integrity, professionalism and responsible action. To help us achieve this, our Code of Conduct, updated in 2008, contains ten key values that are binding for all staff members. These include our commitment to environmental sustainability and social responsibility. We view both of these factors as being essential to our long-term business success, which is why we set great store by honoring these responsibilities to the best of our ability, even in economically challenging times.

We support sustainable development at several levels. For our clients, we offer products and services focusing on the environment and society. For example, we use our expertise to offer products and advice connected with renewable forms of energy, resource efficiency and climate protection. In addition, we remain committed to fostering the development of microfinance. Risk assessment is another important factor when integrating sustainability into our core business activities. We have processes in place to ensure responsible conduct with regard to environmental and societal risks in our business transactions.

In 1997, we were the first bank in the world to receive ISO 14001 certification for our environmental management system. Credit Suisse has been greenhouse gas neutral in Switzerland since 2006, and in 2008 we continued to work on

further reducing our emissions with the aim of soon becoming one of the first major banks in the world to be greenhouse gas neutral.

The financial crisis posed several challenges for Credit Suisse as an employer in 2008. For instance, we aligned our business activities to the changing needs of our clients and markets, which impacted some businesses and forced us to responsibly reduce our total number of employees. Credit Suisse implements decisions of this magnitude with extreme care. We look for amicable solutions, work closely with employee representatives and offer assistance to those affected. We realize, however, that this is a challenging time for everyone. This is why it is all the more important for us to ensure that our employees see us as a reliable partner who can offer them interesting and enriching career development in the long term, in a non-discriminatory environment based on equal opportunity.

As part of this partnership of understanding, Credit Suisse also encourages and supports employees who want to contribute to society, for example, through our corporate-wide volunteering program. Under our cooperation agreements with a range of partner organizations, Credit Suisse and its employees are able to play a part in protecting the environment and improving the lives of disadvantaged people. In addition, 2008 saw the implementation of four global initiatives that provide targeted assistance to projects in the areas of education, microfinance, climate protection and humanitarian aid.

Further information on our commitment is provided in our Corporate Citizenship Report 2008 and at [www.credit-suisse.com/citizenship](http://www.credit-suisse.com/citizenship).

# Regulation and supervision

## Overview

Our operations are regulated by authorities in each of the jurisdictions in which we have offices, branches and subsidiaries. Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our banking, investment banking and asset management businesses. The supervisory and regulatory regimes of the countries in which we operate will determine to some degree our ability to expand into new markets, the services and products that we will be able to offer in those markets and how we structure specific operations.

There is coordination among our primary regulators in Switzerland, the US and the UK. The principal regulatory structures that apply to our operations are discussed below.

In response to the extremely challenging financial and credit market conditions that began in the second half of 2007, regulators, including our primary regulators, announced that they are reviewing the regulatory framework for financial services firms. We expect regulation of the financial services industry to increase. For information on risks that may arise from an increase in regulation, refer to IX – Additional information – Risk factors.

## Switzerland

Although Credit Suisse Group is not a bank according to the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), and its Implementing Ordinance of May 17, 1972, as amended (Implementing Ordinance), the Group is required, pursuant to the provisions on consolidated supervision of financial groups and conglomerates of the Bank Law, to comply with certain requirements for banks, including with respect to capital adequacy, solvency and risk concentration on a consolidated basis and reporting obligations. Effective January 1, 2009, the Swiss Federal Banking Commission was merged into the FINMA. Our banks in Switzerland are regulated by the FINMA on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by the FINMA pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by the FINMA pursuant to the SESTA.

The FINMA is the highest bank supervisory authority in Switzerland and is independent from the SNB. Under the Bank Law, the FINMA is responsible for the supervision of the Swiss banking system. The SNB is responsible for implementing the government's monetary policy relating to banks and securities dealers and for ensuring the stability of the financial system.

Our banks in Switzerland are subject to close and continuous prudential supervision and direct audits by the FINMA. Under the Bank Law, our banks are subject to inspection and supervision by an independent auditing firm recognized by the FINMA, which is appointed by the bank's board of directors and required to perform annual audits of the bank's financial statements and to assess whether the bank is in compliance with laws and regulations, including the Bank Law, the Implementing Ordinance and FINMA regulations.

Under the Bank Law, a bank must maintain an adequate ratio between its capital resources and its total risk-weighted assets. This requirement applies to the Group on a consolidated basis. For purposes of complying with Swiss capital requirements, bank regulatory capital is divided into tier 1 and tier 2 capital.

Our regulatory capital is calculated on the basis of US GAAP, with certain adjustments required by, or agreed with, the FINMA. The Group is required by the FINMA to maintain a minimum regulatory capital ratio, set by the BIS and Swiss capital adequacy regulations, of 8% measured on a consolidated basis, calculated by dividing total eligible capital, adjusted for certain deductions, by aggregate risk-weighted assets.

We became subject to the requirements of the Basel II capital adequacy standards on January 1, 2008, subject to a "Swiss finish" under the Capital Adequacy Ordinance. In November 2008, we agreed to a decree issued by the FINMA requiring that we comply with new capital adequacy ratios, in lieu of the "Swiss finish", and leverage capital requirements by the year 2013. The new capital adequacy target will be in a range between 50% and 100% above the Pillar I requirements under Basel II. In addition, the decree includes leverage capital requirements that require us to maintain by 2013 a ratio of core eligible capital to total assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank legal entity level. Total assets are adjusted for purposes of calculating the leverage ratio, and adjustments relate to assets from Swiss lending activities and assets excluded in determining regulatory core capital. These requirements, which will be phased in, are intended to be counter-

cyclical, with the expected capital adequacy target level 100% above the Pillar I requirements, and a leverage ratio above the minimum 3% or 4%, during good times. For further information on our capital, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management.

Banks are required to maintain a specified liquidity ratio under Swiss law. According to the FINMA's decree, the Group is required to maintain adequate levels of liquidity on a consolidated basis and is not required to comply with the detailed calculations for banks.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank's eligible capital, taking into account counterparty risks and risk mitigation instruments.

Under the Bank Law and SESTA, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer confidentiality laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering, terrorist financing activities or tax fraud or prevent the disclosure of information to courts and administrative authorities.

Our securities dealer activities in Switzerland are conducted primarily through the Bank and are subject to regulation under SESTA, which regulates all aspects of the securities dealer business in Switzerland, including regulatory capital, risk concentration, sales and trading practices, record-keeping requirements and procedures and periodic reporting procedures. Securities dealers are supervised by the FINMA.

Our asset management activities in Switzerland, which include the establishment and administration of mutual funds registered for public distribution, are conducted under the supervision of the FINMA.

## US

Our operations are subject to extensive federal and state regulation and supervision in the US. Our direct US offices are composed of a New York branch (New York Branch), a Florida international administrative office and representative offices in New York and California. Each of these offices is licensed with, and subject to examination and regulation by, the state banking authority in the state in which it is located.

The New York Branch is licensed by the Superintendent of Banks of the State of New York (Superintendent), examined by the New York State Banking Department, and subject to laws and regulations applicable to a foreign bank operating a

New York branch. Under the New York Banking Law, the New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if the New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to take possession of the business and property of the New York Branch under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with the New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of creditors (unaffiliated with us) that arose out of transactions with the branch. After the claims of those creditors were paid out of the business and property of the New York Branch, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver.

Under New York Banking Law, the New York Branch is generally subject to the single borrower lending limits expressed as a percentage of the worldwide capital of the Bank.

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Board of Governors of the FRB in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the FRB. The New York Branch is subject to Fed requirements on deposits and restrictions on the payment of interest on demand deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the US FDIC.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the FRB has determined that such activity is consistent with sound banking practice. US federal banking laws also subject a state branch or agency to single borrower lending limits based on the capital of the entire foreign bank.

The FRB may terminate the activities of a US branch or agency of a foreign bank if it finds that the foreign bank: (i) is not subject to comprehensive supervision in its home country; or (ii) has violated the law or engaged in an unsafe or unsound banking practice in the US.

A major focus of US policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing. These laws and regulations impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist

financing, verify the identity of customers and comply with economic sanctions. Any failure to maintain and implement adequate programs to combat money laundering and terrorist financing, and violations of such economic sanctions, laws and regulations, could have serious legal and reputational consequences. We take our obligations to prevent money laundering and terrorist financing very seriously, while appropriately respecting and protecting the confidentiality of clients. We have policies, procedures and training intended to ensure that our employees comply with “know your customer” regulations and understand when a client relationship or business should be evaluated as higher risk for us.

On March 23, 2000, Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law and, as a result, may engage in a substantially broader range of non-banking activities in the US, including insurance, securities, private equity and other financial activities. Credit Suisse Group is still required to obtain the prior approval of the FRB (and potentially other US banking regulators) before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of any US bank, bank holding company or many other US depository institutions and their holding companies, and the New York Branch is also restricted from engaging in certain tying arrangements involving products and services. If Credit Suisse Group or the Bank ceases to be well-capitalized or well-managed under applicable FRB rules, or otherwise fails to meet any of the requirements for financial holding company status, it may be required to discontinue certain financial activities or terminate its New York Branch. Credit Suisse Group’s ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies, while the CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. In addition, the Department of the Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities Rulemaking Board (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the FINRA (formed in July 2007 by the merger of the former National Association of Securities Dealers, Inc. and the member regulation, enforcement and arbitration functions of the NYSE), and by state securities authorities. For futures activities, bro-

ker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association.

Our broker-dealers are registered with the SEC and in all 50 states, the District of Columbia and Puerto Rico, and our futures commission merchants and commodity trading advisors are registered with the CFTC. Our investment banking business is subject to regulation covering all aspects of our securities and futures activities, including: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public.

Our broker-dealers are also subject to the SEC’s net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Certain of our broker-dealers are also subject to the net capital requirements of various self-regulatory organizations.

As registered futures commission merchants, certain of our broker-dealers are subject to the capital and other requirements of the CFTC.

The investment banking and asset management businesses include legal entities registered and regulated as investment advisers by the SEC. The SEC-registered mutual funds that we advise are subject to the Investment Company Act of 1940. For pension fund customers, we are subject to the Employee Retirement Income Security Act of 1974 and similar state statutes. We are subject to the Commodity Exchange Act for investment vehicles we advise that are commodity pools.

## EU

Since it was announced in 1999, the EU’s Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country.

The Capital Requirements Directive, implemented in various EU countries including the UK, applies the Basel II capital framework for banking groups operating in the EU.

On November 1, 2007, the national implementing legislation for the MiFID became effective in various EU countries. MiFID establishes high-level organizational and business conduct standards that apply to all investment firms. These include new standards for managing conflicts of interest, best execution, customer classification and suitability requirements for customers. MiFID sets standards for regulated markets (i.e., exchanges) and multilateral trading facilities and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other investment services and activities, MiFID provides a “passport” for investment firms, enabling them to conduct cross-border activities and establish branches throughout Europe on the basis of authorization from their home state regulator.

## UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the FSMA. The FSA regulates banking, insurance, investment business and the activities of mortgage intermediaries. The FSA generally adopts a risk-based approach, supervising all aspects of a firm’s business, including capital resources, systems and controls and management structures, the conduct of its business, anti-money laundering and staff training. The FSA has wide investigatory and enforcement powers, including the power to require information and documents from financial services businesses, appoint investigators, apply to the court for injunctions or restitution orders, prosecute criminal offenses, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted.

As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and

anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate and are broadly comparable in scope and purpose to the regulatory capital and customer protection requirements imposed under US law.

The London branch of Credit Suisse (London Branch), Credit Suisse International and Credit Suisse (UK) Limited are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the FSA must first determine whether a firm satisfies the threshold conditions for authorization, including the requirement for the firm to be fit and proper. In addition to regulation by the FSA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary Code of Conduct published by the Bank of England which FSA-regulated firms are expected to follow when conducting wholesale money market business.

The FSA requires banks operating in the UK to maintain adequate liquidity. The FSA cannot set capital requirements for the London Branch, but requires Credit Suisse International and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the Capital Requirements Directive.

On November 1, 2007, MiFID became effective in the UK and applies to our authorized entities in the UK. The London Branch will be required to continue to comply principally with its Swiss home country regulation.

Our London broker-dealer subsidiaries and asset management companies are authorized under the FSMA and are subject to regulation by the FSA. In deciding whether to authorize an investment firm in the UK, the FSA will consider threshold conditions for suitability, including the general requirement for a firm to be fit and proper. The FSA is responsible for regulating most aspects of an investment firm’s business, including its regulatory capital, sales and trading practices, use and safekeeping of customer funds and securities, record-keeping, margin practices and procedures, registration standards for individuals carrying on certain functions, anti-money laundering systems and periodic reporting and settlement procedures.