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Parent company financial statements – Credit Suisse (Bank)

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Report of the Statutory Auditors to the General Meeting of

Credit Suisse, Zurich

As statutory auditors of Credit Suisse, we have audited the accounting records and the financial statements (income statement, balance sheet and notes) for the year ended December 31, 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of retained earnings comply with Swiss law and Credit Suisse's Articles of Association.

We recommend that the financial statements submitted to you be approved.

KPMG Klynveld Peat Marwick Goerdeler SA

Philipp Rickert
Auditor in Charge

Hieronymus T. Dormann

Zurich, Switzerland
March 18, 2008

Financial review

The Credit Suisse (Bank) Parent company (the Parent company) recorded net operating income of CHF 12,804 million in 2007, compared to CHF 12,122 million in 2006. After deduction of operating expenses totaling CHF 6,893 million, representing a decrease of 2% in comparison with 2006, gross operating profit was CHF 824 million, or 16%, higher than in 2006 and amounted to CHF 5,911 million.

Depreciation of non-current assets of CHF 1,251 million, and valuation adjustments, provisions and losses of CHF 514 million, resulted in profit before extraordinary items and taxes of CHF 4,146 million. The Parent company recorded net profit of CHF 3,625 million in 2007, reflecting a decrease of CHF 62 million, or 2%, compared to 2006.

Net interest income for 2007 decreased CHF 34 million, or 1%, to CHF 4,755 million compared to 2006. Net commission and service fee activities increased CHF 840 million, or 17%, to CHF 5,695 million. Net trading income increased CHF 434 million, or 39%, to CHF 1,554 million compared to

2006. The Parent company reported net other ordinary income of CHF 800 million, a decrease of CHF 558 million, or 41%, compared to 2006.

Operating expenses were down CHF 142 million, or 2%, to CHF 6,893 million compared to 2006. Personnel expenses increased by CHF 218 million, or 4%, to CHF 5,205 million. Property, equipment and administrative costs totaled CHF 1,688 million, a decrease of CHF 360 million, or 18%, compared to 2006.

Depreciation of non-current assets amounted to CHF 1,251 million, an increase of CHF 796 million, or 175%, compared to 2006. Valuation adjustments, provisions and losses amounted to CHF 514 million compared to CHF 30 million in 2006.

At the AGM on April 25, 2008, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 2,600 million.

Statements of income

	Reference to notes	in
	2007	2006
Interest income (CHF million)		
Interest and discount income	27,470	18,474
Interest and dividend income from trading portfolio	2,190	1,957
Interest and dividend income from financial investments	137	909
Interest expense	(25,042)	(16,551)
Net interest income	4,755	4,789
Commission and service fee activities (CHF million)		
Commission income from lending transactions	854	573
Securities and investment commissions	4,859	4,200
Other commission and fee income	704	538
Commission expense	(722)	(456)
Net commission and service fee activities	5,695	4,855
Net trading income	3	1,120
Other ordinary income (CHF million)		
Income from the disposal of financial investments	451	160
Income from participations	855	933
Income from real estate	33	38
Other ordinary income	362	437
Other ordinary expenses	(901)	(210)
Net other ordinary income	800	1,358
Net operating income	12,804	12,122
Operating expenses (CHF million)		
Personnel expenses	5,205	4,987
Property, equipment and administrative costs	1,688	2,048
Total operating expenses	6,893	7,035
Gross operating profit	5,911	5,087
Depreciation of non-current assets	1,251	455
Valuation adjustments, provisions and losses	514	30
Profit before extraordinary items and taxes	4,146	4,602
Extraordinary income	3	308
Extraordinary expenses	3	0
Taxes	(829)	(959)
Net profit	3,625	3,687

Balance sheets

	Reference to notes	2007	end of 2006
Assets (CHF million)			
Cash and other liquid assets		4,027	2,193
Money market papers		9,177	2,238
Due from banks		247,714	247,234
Due from customers		241,880	143,258
Mortgages		96,256	88,851
Securities and precious metals trading portfolio		58,288	36,925
Financial investments		8,198	27,308
Participations		17,827	17,820
Tangible fixed assets		2,911	2,837
Intangible assets		806	1,274
Accrued income and prepaid expenses		4,246	3,082
Other assets		24,272	16,006
Total assets		715,602	589,026
of which subordinated assets		534	333
of which assets in respect of participations and qualified shareholders		368,907	289,304
Liabilities and shareholder's equity (CHF million)			
Liabilities in respect of money market papers		61,546	56,271
Due to banks		204,934	180,427
Due to customers, savings and investment deposits		32,943	35,220
Due to customers, other deposits		286,970	207,322
Medium-term notes		941	710
Bonds and mortgage-backed bonds		60,127	50,490
Accrued expenses and deferred income		8,367	7,144
Other liabilities		19,995	16,282
Valuation adjustments and provisions	7	1,527	523
Total liabilities		677,350	554,389
Share capital	8	4,400	4,400
General legal reserves		18,849	18,849
Other reserves		610	610
Retained earnings carried forward		10,768	7,091
Net profit		3,625	3,687
Total shareholder's equity	10	38,252	34,637
Total liabilities and shareholder's equity		715,602	589,026
of which subordinated liabilities		17,776	15,056
of which liabilities in respect of participations and qualified shareholders		156,730	98,936

Off-balance sheet business

end of	2007	2006
CHF million		
Contingent liabilities	151,983	71,483
Irrevocable commitments	108,950	109,399
Liabilities for calls on shares and other equity instruments	18	18
Confirmed credits	183	374
Fiduciary transactions	30,185	29,535
Derivative financial instruments (CHF million)		
Gross positive replacement values	59,377	33,177
Gross negative replacement values	55,029	32,311
Contract volume	4,485,016	3,368,836

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire Group.

Contingent liabilities to other Bank entities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the Bank Parent company's exposure is not defined as an amount but relates to

specific circumstances as the solvability of subsidiaries or the performance of a service.

Further, as shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank Parent company has a joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.

Notes to the financial statements

1 Description of business activities

The Bank Parent company is a Swiss Bank with total assets of CHF 715.6 billion and shareholder's equity of CHF 38.3 billion as of December 31, 2007.

The Bank is a 100% subsidiary of Credit Suisse Group. For a description of its business activities, refer to I – Information on the company.

2 Accounting and valuation policies

Basis for accounting

The Bank Parent company's stand alone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks, the respective Implementing Ordinance and the Federal Banking Commission Guidelines (Swiss GAAP statutory).

The Bank's consolidated financial statements are prepared in accordance with US GAAP. For a detailed description of the Bank's accounting and valuation principles, refer to Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank).

For significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view), refer to Note 36 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view) in VII – Consolidated financial statements – Credit Suisse (Bank). Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank).

Foreign currency translations

For US GAAP purposes, foreign currency translation adjustments for available-for-sale securities are reported in accumulated other comprehensive income/(loss), which is part of total shareholder's equity, whereas for Swiss GAAP statutory they are included in the income statement.

Share-based compensation

Under US GAAP, share-based compensation plans are treated as equity awards. Under Swiss GAAP statutory, such plans are treated as liability awards.

Derivatives used for hedging purposes

Cash flow hedges

For US GAAP purposes, the effective portion of a cash flow hedge is reported in accumulated other comprehensive income. For Swiss GAAP statutory purposes, the effective portion of a cash flow hedge is reported in the compensation account, which is part of other assets or other liabilities.

Fair value hedges

Under US GAAP, the full amount of unrealized losses on derivatives classified as hedging instruments and the corresponding gains on available-for-sale securities as hedged items are recognized in income. Under Swiss GAAP statutory, the amount representing the portion above historical cost of financial investments as hedged item is recorded in the compensation account.

Deferred taxes

US GAAP allows the recognition of deferred tax assets on net operating loss carry forwards. Such recognition is not allowed for Swiss GAAP statutory purposes.

Participations

The portfolio valuation method is applied to the participation positions.

Undisclosed reserves

Unlike US GAAP, Swiss GAAP statutory financial statements may include and be influenced by undisclosed reserves. Undisclosed reserves arise from economically unnecessary write-downs on fixed assets and participations or through market-related price increases, which are not reflected in the income statement. Such undisclosed reserves arise from recording excessive provisions and loan loss reserves. In addition, such

undisclosed reserves arise if provisions and loan reserves, which are no longer necessary, are not written back to income.

Notes on risk management

For information on the Bank Parent company's policy with regard to risk management and the use of financial deriva-

tives, refer to III – Balance sheet, Off-balance sheet, Treasury and Risk and Note 28 – Derivatives and hedging activities in VII – Consolidated financial statements – Credit Suisse (Bank).

3 Additional information on the parent company income statement

in	2007	2006
Net trading income (CHF million)		
Income/(loss) from trading in interest-related instruments	(1,015)	471
Income/(loss) from trading in equity instruments	248	(507)
Income from foreign exchange and banknote trading	1,837	1,325
Income from precious metal trading	43	53
Other gain/(loss) from trading	441	(222)
Total net trading income	1,554	1,120

in	2007	2006
Extraordinary income and expenses (CHF million)		
Gains realized on the disposal of participations	308	12
Other extraordinary income	0	137
Extraordinary income	308	149
Losses realized on the disposal of participations	0	(105)
Extraordinary expenses	0	(105)
Total net extraordinary income and expenses	308	44

4 Pledged assets and assets under reservation of ownership

end of	2007	2006
Pledged assets and assets under reservation of ownership (CHF million)		
Assets pledged and assigned as collateral	15,017	4,171
Actual commitments secured	2,481	1,586

5 Securities borrowing and securities lending, repurchase and reverse repurchase agreements

end of	2007	2006
Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)		
Due from banks	36,649	34,486
Due from customers	17,434	26,774
Cash collateral due from securities borrowed and reverse repurchase agreements	54,083	61,260
Due to banks	32,915	32,522
Due to customers	1,202	4,098
Cash collateral due to securities lent and repurchase agreements	34,117	36,620
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	11,343	5,646
of which transfers with the right to repledge or resell	11,343	5,646
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to sell or repledge	173,326	165,143
of which resold or repledged	127,582	108,066

6 Liabilities due to own pension plans

Liabilities due to the Bank Parent company's own pension funds as of December 31, 2007 and 2006 of CHF 668 million and CHF 764 million, respectively, are reflected in various liability accounts in the Bank Parent company's balance sheets.

7 Valuation adjustments and provisions

in	Total 2006	Specific write-downs	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2007
Valuation adjustments and provisions (CHF million)						
Provisions for deferred taxes	140	0	1	129	(1)	269
Valuation adjustments and provisions for default risks	1,187	(215)	25	266	(295)	968
Valuation adjustments and provisions for other risks ¹	111	(16)	(3)	28	(16)	104
Other provisions ^{2,3}	272	(39)	(12)	1,027	(94)	1,154
Subtotal	1,570	(270)	10	1,321	(405)	2,226
Total valuation adjustments and provisions	1,710	(270)	11	1,450	(406)	2,495
Less direct charge-offs against specific assets	(1,187)					(968)
Total valuation adjustments and provisions as shown in the balance sheet	523					1,527

¹ Provisions are not discounted due to short-term nature. ² Provisions in respect of litigation claims were CHF 50 million and CHF 87 million as of December 31, 2007 and 2006, respectively. ³ No provisions for defined benefit pension cost included.

8 Composition of share capital and authorized capital

	2007		2006	
	Quantity	Total nominal value CHF million ¹	Quantity	Total nominal value CHF million ¹
Registered shares (at CHF 100)				
Capital on January 1	43,996,652	4,400	43,996,652	4,400
Capital on December 31	43,996,652	4,400	43,996,652	4,400

¹ The dividend eligible capital equals the total nominal value.

9 Major shareholders and groups of shareholders

end of	2007			2006		
	Quantity	Total nominal value CHF million	Share %	Quantity	Total nominal value CHF million	Share %
Major shareholders and groups of shareholders						
Credit Suisse Group ¹	43,996,652	4,400	100%	43,996,652	4,400	100%

¹ Credit Suisse Group was informed through disclosure notifications on September 19 and 20, 2006 that AXA S.A.'s holdings of Credit Suisse Group shares have exceeded 5% of the voting rights entered in the Commercial Register. All outstanding shares have the same voting rights.

10 Shareholder's equity

	2007	2006
Shareholder's equity (CHF million)		
Share capital	4,400	4,400
General legal reserves	18,849	18,624
Other reserves	610	610
Retained earnings	10,778	9,977
of which carried forward from previous year	7,091	6,469
of which net annual profit	3,687	3,508
Total shareholder's equity as of January 1	34,637	33,611
Other changes	0	(191) ¹
Dividend	(10)	(2,470)
Net annual profit	3,625	3,687
Total shareholder's equity as of December 31 (before profit allocation)	38,252	34,637
Share capital	4,400	4,400
General legal reserves	18,849	18,849
Other reserves	610	610
Retained earnings	14,393	10,778
of which carried forward from previous year	10,768	7,091
of which net annual profit	3,625	3,687
Total shareholder's equity as of December 31 (before profit allocation)	38,252	34,637

¹ Movements in equity due to the transfer of assets and liabilities.

11 Assets from and liabilities to affiliated companies and loans to members of the Bank parent company's governing bodies

end of	2007	2006
Assets from and liabilities to affiliated companies and loans to members of the parent company's governing bodies (CHF million)		
Assets from affiliated companies	8,367	6,218
Liabilities to affiliated companies	21,393	6,388
Loans to members of the parent company's governing bodies	36	43

12 Significant transactions with related parties

Transactions with related parties (such as securities transactions, payment transfer services, borrowings and compensation for deposits) are carried out at arm's length.

13 Fire insurance value of tangible fixed assets

end of	2007	2006
Fire insurance value of tangible fixed assets (CHF million)		
Real estate	3,115	3,033
Other fixed assets	396	346

14 Liabilities for future payments in connection with operating leases

end of	2007	2006
Liabilities for future payments in connection with operating leases (CHF million)		
Total	902	819

15 Fiduciary transactions

end of	2007	2006
Fiduciary transactions (CHF million)		
Fiduciary placements with third-party institutions	30,183	29,457
Fiduciary placements with affiliated and associated banks	0	76
Fiduciary loans and other fiduciary transactions	2	2
Total fiduciary transactions	30,185	29,535

16 Number of employees

end of	2007	2006
Number of employees (full-time equivalents)		
Switzerland	17,400	17,100
Abroad	4,400	3,400
Total number of employees	21,800	20,500

17 Foreign currency translation rates

in / end of	2007	2006
Average rate		
1 USD / 1 CHF	1.20	1.25
1 EUR / 1 CHF	1.64	1.57
1 GBP / 1 CHF	2.40	2.31
100 JPY / 1 CHF	1.02	1.08
Closing rate		
1 USD / 1 CHF	1.13	1.22
1 EUR / 1 CHF	1.66	1.61
1 GBP / 1 CHF	2.25	2.40
100 JPY / 1 CHF	1.00	1.03

18 Outsourcing of services

Where the outsourcing of services through agreements with external service providers is considered significant under the terms of Swiss Federal Banking Commission Circular 99/2 "Outsourcing," those agreements comply with all regulatory

requirements with respect to business and banking secrecy, data protection and customer information. At the Bank, outsourcing of services is in compliance with Circular 99/2.

Proposed appropriation of retained earnings

end of	2007
Retained earnings (CHF million)	
Retained earnings carried forward	10,768
Net annual profit	3,625
Retained earnings available for appropriation	14,393
Dividend	2,600
Allocations to general legal reserves	239
Balance to be carried forward	11,554