CREDIT SUISSE GROUP
Form 20-F
March 20, 2008

As filed with the Securities and Exchange Commission on March 20, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .

Commission file number: 001-15244
Credit Suisse Group

(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, P.O. Box 1, CH 8070 Zurich, Switzerland
(Address of principal executive offices)

Commission file number: 001-33434

Credit Suisse

(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, CH 8070 Zurich, Switzerland
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class of securities of Credit Suisse Group	**Name of each exchange on which registered**
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Title of each class of securities of Credit Suisse	
14.25% Reverse Convertible Securities due April 29, 2008	
Linked to the Common Stock of Ford Motor Company	American Stock Exchange
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Buffered Accelerated Return Equity Securities (BARES)	
due November 6, 2012 Linked to the Performance of the	
CS/RT Emerging Infrastructure Index Powered by HOLT	American Stock Exchange
Accelerated Return Equity Securities (ARES) due	
November 6, 2012 Linked to the Performance of the	
CS/RT Emerging Infrastructure Index Powered by HOLT	American Stock Exchange
Title of each class of securities of Credit Suisse (USA), Inc.	
61/8% Notes due 2011	New York Stock Exchange
Five-Year Contingent Protection Securities due September 30,	
2008 Linked to the S&P 500® Index	American Stock Exchange

Five-Year Contingent Protection Securities due November 26, 2008 Linked to the S&P 500® Index	American Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of 31 December 2007: 1,162,432,140 shares of Credit Suisse Group

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filers Accelerated filers Non-accelerated filers

Indicate by check mark which financial statement item the Registrants have elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act)

Yes No

*Not for trading, but only in connection with the registration of the American Depositary Shares.

Definitions

For the purposes of this Form 20-F and the attached Annual Report 2007, unless the context otherwise requires, the terms "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group and its consolidated subsidiaries and the term "the Bank" means Credit Suisse, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

The business of the Bank is substantially similar to the Group and except where noted or the context otherwise requires, information relating to the Group is also relevant to the Bank.

Sources

Throughout this Form 20-F and the attached Annual Report 2007, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor's, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody's Investors Service and Fitch Ratings.

Cautionary Statement Regarding Forward-Looking Information

For Credit Suisse and the Bank, please see X – Investor Information–Cautionary statement regarding forward looking-information on page 390 of the attached Annual Report 2007.

This Form 20-F supersedes in its entirety the Report on Form 6-K of Credit Suisse Group filed on February 19, 2008 (accession number: 0001104659-08-011285).

Part I

Item 1. Identity of Directors, Senior Management and Advisers.

Not required because this Form 20-F is filed as an annual report.

Item 2. Offer Statistics and Expected Timetable.

Not required because this Form 20-F is filed as an annual report.

Item 3. Key Information.

A – Selected financial data.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 352 to 353 of the attached Annual Report 2007.

B – Capitalization and indebtedness.

Not required because this Form 20-F is filed as an annual report.

C – Reasons for the offer and use of proceeds.

Not required because this Form 20-F is filed as an annual report.

D – Risk factors.

For Credit Suisse and the Bank, please see IX – Additional information – Risk factors on pages 375 to 380 of the attached Annual Report 2007.

Item 4. Information on the Company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company on pages 10 to 14 and IV – Corporate governance – Company on page 123 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 3, Business developments in V – Consolidated financial statements – Credit Suisse Group on pages 184 to 185 of the attached Annual Report 2007. For the Bank, please see Note 3, Business developments in VII – Consolidated financial statements – Credit Suisse (Bank) on page 291 of the attached Annual Report 2007.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 15 to 31 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 5, Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 185 to 188 of the attached Annual Report 2007. For the Bank, please see Note 4, Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 291 to 293 of the attached Annual Report 2007.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational structure on pages 27 to 28 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on page 41 of the attached Annual Report 2007. For a list of Credit Suisse's significant subsidiaries, please see Note 38, Significant subsidiaries and associates in V – Consolidated financial statements – Credit Suisse Group on pages 245 to 247 of the attached Annual Report 2007. For a list of the Bank's significant subsidiaries, please see Note 35, Significant subsidiaries and associates in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 331 to 333 of the attached Annual Report 2007.

D – Property, plants and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on pages 385 to 386 of the attached Annual Report 2007.

Information Required by Industry Guide 3.

For Credit Suisse, please see IX – Additional information–Statistical information on pages 354 to 367 of the attached Annual Report 2007. For the Bank, please see IX – Additional information–Statistical information on page 368 of the attached Annual Report 2007.

Item 4.A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

A – Operating results.

For Credit Suisse, please see II – Operating and financial review on pages 34 to 80 of the attached Annual Report 2007. For the Bank, please see II – Operating and financial review on pages 34 to 80 (excluding –Credit Suisse, –Core Results and –Corporate Center but including –Credit Suisse – Revaluing of certain asset-backed securities positions on pages 38 to 39, and –Allocations and funding and –Differences between Group and Bank on pages 40 to 42) of the attached Annual Report 2007.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Balance Sheet, Off-balance sheet, Treasury and Risk – Treasury management on pages 92 to 103 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 24, Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 202 to 203 of the attached Annual Report 2007. For the Bank, please see Note 22, Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 304 of the attached Annual Report 2007.

C – Research and development, patents and licenses, etc.

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Balance sheet, Off-balance sheet, Treasury and Risk – Balance sheet, off-balance sheet and other contractual obligations on pages 82 to 91 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 32, Transfers and servicing of financial assets in V – Consolidated financial statements – Credit Suisse Group on pages 227 to 232 of the attached Annual Report 2007. For the Bank, please see Note 30, Transfers and servicing of financial assets in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 323 to 325 of the attached Annual Report 2007.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Balance sheet, Off-balance sheet, Treasury and Risk – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on pages 90 to 91 of the attached Annual Report 2007.

Item 6. Directors, Senior Management and Employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Board of Directors – Members of the Board of Directors and the Committees on pages 132 to 138, and –Executive Board – Members of the Executive Board on pages 139 to 143, of the attached Annual Report 2007.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate governance–Compensation on pages 144 to 158 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 10, Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 190, Note 29, Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 214 to 221, and Note 3, Compensation and loans to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 266 to 273, of the attached Annual Report 2007. For the Bank, please see Note 9, Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 295 and Note 27, Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 314 to 320 of the attached Annual Report 2007.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Board of Directors and –Executive Board on pages 128 to 143 of the attached Annual Report 2007.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Company – Employees on pages 123 to 124 of the attached Annual Report 2007.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation – Share-based compensation plans and –Compensation and loans to members of the Board of Directors and the Executive Board on pages 146 to 158 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 27, Employee share-based compensation and other benefits in V – Consolidated financial statements – Credit Suisse Group on pages 208 to 213, and Note 3, Compensation and loans to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 266 to 273, of the attached Annual Report 2007. For the Bank, please see Note 25, Employee share-based compensation and other benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 309 to 312 of the attached Annual Report 2007.

Item 7. Major Shareholders and Related Party Transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance – Shareholders on pages 125 to 128 of the attached Annual Report 2007. Credit Suisse's major shareholders do not have different voting rights. The Bank is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Compensation – Compensation and loans to members of the Board of Directors and the Executive Board on pages 151 to 158 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 28, Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 213 to 214 of the attached Annual Report 2007. For the Bank, please see Note 26, Related parties in VII – Consolidated financial statements–Credit Suisse (Bank) on pages 312 to 314 of the attached Annual Report 2007.

C – Interests of experts and counsel.

Not applicable because this Form 20-F is filed as an annual report.

Item 8. Financial Information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's and the Bank's legal or arbitration proceedings, please see IX – Additional information – Legal proceedings on pages 370 to 374 of the attached Annual Report 2007. In addition, for Credit Suisse, please see Note 37, Litigation in V – Consolidated financial statements – Credit Suisse Group on page 244 of the attached Annual Report 2007. For the Bank, please see Note 34, Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 330 of the attached Annual Report 2007.

For a description of Credit Suisse's policy on dividend distributions, please see III – Balance sheet, Off-balance sheet, Treasury and Risk – Treasury Management – Dividends and dividend policy on pages 97 to 98 of the attached Annual Report 2007.

B – Significant changes.

None.

Item 9. The Offer and Listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Listing details on page 384 to 385 of the attached Annual Report 2007. Shares of the Bank are not listed.

B – Plan of distribution, D – Selling shareholders, E – Dilution, F – Expenses of the issue.

Not required because this Form 20-F is filed as an annual report.

Item 10. Additional Information.

A – Share capital.

Not required because this Form 20-F is filed as an annual report.

B – Memorandum and Articles of Association.

For Credit Suisse and the Bank, please see IV – Corporate Governance–Overview, –Shareholders and –Board of Directors on pages 122 to 138 and –Additional information on pages 159 to 160 of the attached Annual Report 2007.

C – Material contracts.

For Credit Suisse, please see IX – Additional information – Other information – Material contract on page 381 of the attached Annual Report 2007. The Bank does not have any contract that would constitute a material contract for the two years immediately preceding this Form 20-F.

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 381 of the attached Annual Report 2007.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 381 to 384 of the attached Annual Report 2007. The Bank does not have any public shareholders.

F – Dividends and paying agents.

Not required because this Form 20-F is filed as an annual report.

G – Statement by experts.

Not required because this Form 20-F is filed as an annual report.

H – Documents on display.

Credit Suisse and the Bank file periodic reports and other information with the SEC. You may read and copy any document that Credit Suisse and the Bank file with the SEC on the SEC's website, www.sec.gov, or at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 (in the US) or at +1 202 942 8088 (outside the US) for further information on the operation of its public reference room. You may also inspect Credit Suisse's and the Bank's SEC reports and other information at the New York Stock Exchange, Inc., 11 Wall Street, New York, NY 10005.

The information Credit Suisse and the Bank file with the SEC may also be found on the Credit Suisse website at www.credit-suisse.com. In addition, our website also contains corporate governance policies and other documents of Credit Suisse and the Bank. Information contained on our website is not incorporated by reference into this Form 20-F.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk.

For Credit Suisse and the Bank, please see III – Balance sheet, Off-balance sheet, Treasury and Risk–Risk management on pages 104 to 120 of the attached Annual Report 2007.

Item 12. Description of Securities other than Equity Securities.

Not required because this Form 20-F is filed as an annual report.

Part II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

For Credit Suisse, please see III – Balance sheet, Off-balance sheet, Treasury and Risk – Treasury management – Capital management – Dividends and dividend policy on pages 97 to 98, and the Statement of changes in shareholders' equity in V – Consolidated financial statements – Credit Suisse Group on page 168, of the attached Annual Report 2007 with respect to the reduction in par value of Credit Suisse Group shares. There have not been any modifications to the rights of the Bank's securities.

Item 15. Controls and Procedures.

For Credit Suisse and the related report from the Group's independent auditors, please see Controls and Procedures in V – Consolidated financial statements – Credit Suisse Group on pages 258 to 259 of the attached Annual Report 2007. For the Bank and the related report from the Bank's independent auditors, please see Controls and Procedures in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 334 to 335 of the attached Annual Report 2007.

Item 16.A. Audit Committee Financial Expert.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors – Board Committees – Audit Committee on pages 131 to 132 of the attached Annual Report 2007.

Item 16.B. Code of Ethics.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Corporate governance framework on pages 122 to 123 of the attached Annual Report 2007. We have posted a copy of our Code of Conduct on our website at www.credit-suisse.com.

Item 16.C. Principal Accountant Fees and Services.

For Credit Suisse and the Bank, please see IV – Corporate governance – Additional Information – Internal and external auditors on pages 159 to 160 of the attached Annual Report 2007.

Item 16.D. Exemptions from the Listing Standards for Audit Committee.

None.

Item 16.E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

For Credit Suisse, please see III – Balance sheet, Off-balance sheet, Treasury and Risk – Treasury management – Capital management – Share repurchase activities on pages 96 to 97 of the attached Annual Report 2007. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Part III

Item 17. Financial Statements.

Not applicable.

Item 18. Financial Statements.

Credit Suisse's consolidated financial statements and parent company financial statements, together with the notes thereto and the Reports of the Independent Registered Public Accounting Firm thereon, are set forth on pages 163 to 277 of the attached Annual Report 2007 and incorporated by reference herein. The Bank's consolidated financial statements and parent company financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Reports of the Independent Registered Public Accounting Firm thereon, are set forth on pages 281 to 350 of the attached Annual Report 2007 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group as of January 30, 2008.

1.2 Articles of association (Statuten) of Credit Suisse (Bank) as of April 19, 2006 (incorporated by reference to Exhibit 1.1 of Credit Suisse Group's report on Form 6-K filed on March 28, 2007).

1.3 Regulations governing the conduct of business of Credit Suisse Group (OGR) as of January 1, 2007 (incorporated by reference to Exhibit 1.2 of Credit Suisse Group's annual report on Form 20-F filed on March 26, 2007).

4.1 Share Purchase Agreement, dated June 13, 2006, by and between Credit Suisse Group and AXA S.A. regarding Purchase and Sale of all Shares of Winterthur (incorporated by reference to Exhibit 4.1 of Credit Suisse Group's annual report on Form 20-F filed on March 26, 2007).

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 38, Significant subsidiaries and associates in V – Consolidated financial statements – Credit Suisse Group on pages 245 to 247, and significant subsidiaries of the Bank are set forth in Note 35, Significant subsidiaries and associates in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 331 to 333 in the attached Annual Report 2007 and incorporated by reference herein.

10.1 Consent of KPMG Klynveld Peat Marwick Goerdeler SA, Zurich with respect to Credit Suisse Group financial statements.

10.2 Consent of KPMG Klynveld Peat Marwick Goerdeler SA, Zurich with respect to the Credit Suisse (Bank) financial statements.

12.1 Rule 13a-14(a) certification of the Chief Executive Officer of Credit Suisse Group and Credit Suisse (Bank), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Rule 13a-14(a) certification of the Chief Financial Officer of Credit Suisse Group and Credit Suisse (Bank), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certifications pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Credit Suisse Group and Credit Suisse (Bank).

15.1 Computations of ratios of earnings to fixed charges of Credit Suisse Group and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and –Ratio of earnings to fixed charges – Bank on page 369 of the attached Annual Report 2007 and incorporated by reference herein.

SIGNATURES

Each of the registrants hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CREDIT SUISSE GROUP

(Registrant)

Date: March 20, 2008

/s/ Brady Dougan	/s/ Renato Fassbind
Name: Brady W. Dougan	Name: Renato Fassbind
Title: Chief Executive Officer	Title: Chief Financial Officer

CREDIT SUISSE

(Registrant)

Date: March 20, 2008

/s/ Brady Dougan	/s/ Renato Fassbind
Name: Brady W. Dougan	Name: Renato Fassbind
Title: Chief Executive Officer	Title: Chief Financial Officer

Credit Suisse provides integrated and customized client solutions by leveraging the global capabilities of Private Banking, Investment Banking and Asset Management. We continue to strengthen our client focus to deliver a superior value proposition.

The needs of clients differ considerably with respect to client segments and individual circumstances. At Credit Suisse, we aim to understand our clients' needs and aspirations on a deeper level in order to offer them targeted and effective solutions. We increasingly deliver our full capabilities in a client-oriented rather than product-driven approach. During 2007, we introduced our new client coverage model for top clients in Switzerland, and we continue to roll it out to other regions. Our strengthened client-focused approach in 2007 included our enhanced offerings targeted at entrepreneurs in Europe and Asia, the reorganization of our securities businesses to offer clients a single point of contact across asset classes and the launching of a qualitative segmentation model for private banking clients. With our strong commitment to the client-focused integrated bank, we aspire to become the world's premier and most admired bank, fostering a culture of excellence, innovation and leadership. We are continuing to build a truly client-centric organization with a superior value proposition, leveraging our various distribution channels. By building a globally integrated provider of financial services, we also aim to grow revenues and further increase productivity by managing our resources more efficiently.

Christoph Hasenböhler, relationship manager, Berne The objective of a curler is to direct the polished granite stone toward the middle of the so-called "house." Credit Suisse's Client Centricity initiative, as its name implies, also aims to put its clients at thecenter to further improve our comprehensive understanding of theirneeds. Christoph Hasenböhler led parts of a Client Centricity pilot project in the Swiss Mittelland region. To learn more about this pilot project, please refer to our Business Review 2007.

Financial highlights

			in / end of		% change
	2007	2006	2005	07 / 06	06 / 05
Net income (CHF million)					
Income from continuing operations	7,760	8,281	4,526	(6)	83
Net income	7,760	11,327	5,850	(31)	94
Earnings per share (CHF)					
	7.43	7.53	3.98	(1)	89

Basic earnings per share from continuing operations					
Basic earnings per share	7.43	10.30	5.17	(28)	99
Diluted earnings per share from continuing operations	6.96	7.19	3.90	(3)	84
Diluted earnings per share	6.96	9.83	5.02	(29)	96
Return on equity (%)					
Return on equity	18.0	27.5	15.4	–	–
Core Results (CHF million)					
Net revenues	34,953	34,940	28,415	0	23
Provision for credit losses	240	(111)	(144)	–	(23)
Total operating expenses	25,565	24,311	23,200	5	5
Income from continuing operations before taxes	9,148	10,740	5,359	(15)	100
Core Results statement of income metrics (%)					
Cost/income ratio	73.1	69.6	81.6	–	–
Pre-tax income margin	26.2	30.7	18.9	–	–
Effective tax rate	13.7	22.2	17.3	–	–
Net income margin from continuing operations	22.2	23.7	15.9	–	–
Net income margin	22.2	32.4	20.6	–	–
Assets under management and net new assets (CHF billion)					
Assets under management	1,554.7	1,485.1	1,319.4	4.7	12.6
Net new assets	50.4	95.4	57.4	–	–
Balance sheet statistics (CHF million)					
Total assets	1,360,680	1,255,956	1,339,052	8	(6)
Net loans	240,534	208,127	205,671	16	1
Total shareholders' equity	43,199	43,586	42,118	(1)	3
Book value per share (CHF)					
Total book value per share	42.33	41.02	37.42	3	10
Tangible book value per share	31.23	30.20	23.19	3	30
Shares outstanding (million)					
Common shares issued	1,162.4	1,214.9	1,247.8	(4)	(3)
Treasury shares	(141.8)	(152.4)	(122.4)	(7)	25
Shares outstanding	1,020.6	1,062.5	1,125.4	(4)	(6)
Market capitalization					
Market capitalization (CHF million)	76,024	99,949	81,847	(24)	22
Market capitalization (USD million)	67,093	81,894	62,241	(18)	32

BIS statistics					
Risk-weighted assets (CHF million)	312,068	253,676	232,891	23	9
Tier 1 ratio (%)	11.1	13.9	11.3	–	–
Total capital ratio (%)	14.5	18.4	13.7	–	–
Number of employees (full-time equivalents)					
Number of employees	48,100	44,900	44,600	7	1

We delivered income from continuing operations of CHF 7.8 billion for 2007. We continued the implementation of our client-focused integrated bank strategy, further improving the diversification of our revenues and maintaining a strong capital base. Going into 2008, we will increasingly leverage our full global capabilities to provide our clients with targeted, leading-edge solutions.

For purposes of this report, unless the context otherwise requires, the terms "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group and its consolidated subsidiaries. The business of Credit Suisse, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "the Bank" when we are only referring to Credit Suisse, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

In various tables, use of "-" indicates not meaningful or not applicable.

In our 2007 Business Review you can find a summary of our performance during 2007 and more information about our business. Our Corporate Citizenship Report 2007 provides information about how Credit Suisse discharges its responsibilities with regard to the environment and society as a whole. You can order these via our website at *www.credit-suisse.com.*

Dear shareholders, clients and colleagues

Credit Suisse reported income from continuing operations of CHF 7,760 million in 2007, a good result in light of the impact of the severe mortgage and credit market dislocation during the second half of the year. Our performance in difficult operating conditions for the entire industry underscores the combination of strengths we benefit from at Credit Suisse and our belief that we are well positioned to continue to create superior value for shareholders.

While not immune to market forces, we successfully navigated through an extremely challenging environment and, driven by the record performance of Private Banking, delivered sustained profitability in 2007. Most importantly, we continued to meet the needs of our clients and, because of our strong capital position, serve as a safe haven in a period of financial uncertainty and volatility.

Our earnings mix is diversified by business and geography, and our integrated model enables us to tap new sources of revenues and improve operating efficiency. Our risk positions are manageable and were reduced substantially during 2007.

We have learned, however, that we must increase our efforts to strengthen our controls. As announced on February 19, 2008, our internal controls identified the need to revalue certain asset-backed positions in our CDO trading business within Investment Banking. Our internal review is now complete, and we found evidence of some intentional misconduct by a small number of traders. As a result of this review, we recorded valuation reductions of CHF 2.86 billion, whereof CHF 1.18 billion relate to net revenues as of the end of 2007, resulting in a CHF 789 million reduction in net income from the amounts we previously reported for fourth quarter and full-year 2007. CHF 1.68 billion of these valuation reductions were recorded in the first quarter of 2008, also reflecting significant adverse market developments. Obviously, these events and the actions of these employees are unacceptable. We have responded promptly to reduce the possibility of this type of situation occurring again.

Our tier 1 capital ratio was 11.1% at the end of 2007, among the highest in our peer group. Based on our performance and financial soundness, the Board of Directors will propose an increased cash dividend for 2007 of CHF 2.50 per share.

2007 financial performance

In 2007, we achieved CHF 7,760 million of net income and income from continuing operations. Net revenues rose to CHF 39,735 million. Diluted earnings per share from continuing operations were CHF 6.96 for 2007 compared to CHF 7.19 in 2006. Return on equity was 18.0% compared to 27.5% in 2006, which included income from discontinued operations.

Private Banking reported record pre-tax income of CHF 5,486 million, a 19% increase from 2006. Net revenues rose 16% to CHF 13,522 million, our best-ever performance, reflecting record results in both Wealth Management and our Swiss Corporate & Retail Banking businesses. In Wealth Management, we benefited from strong growth in net new assets as we continued to expand our onshore capabilities in key developed and fast-growing emerging markets. The credit environment remained favorable throughout the year in Switzerland, driving growth in our businesses.

In Investment Banking, pre-tax income for the full year was CHF 3,649 million, 39% lower than in 2006, reflecting primarily the mortgage and credit market dislocation. Net write-downs in leveraged finance and structured products were CHF 3,187 million, which included CHF 1,177 million from valuation reductions on the revaluing of certain asset-backed securities positions in our CDO trading business. Net revenues declined by 7% year-over-year, to CHF 18,958 million. In 2007, we achieved higher revenues in equity trading, equity underwriting and advisory and other fees than in 2006, as well as in a number of our fixed income businesses, reflecting the increasing diversity of our revenue mix within Investment Banking. Those results were offset by lower fixed income trading and debt underwriting revenues, reflecting the adverse conditions for our structured products and leveraged finance businesses in the second half of 2007.

In Asset Management, we reported pre-tax income of CHF 354 million, and net revenues of CHF 2,577 million, 30% and 10% lower, respectively, than in 2006. These 2007 results include CHF 920 million of valuation reductions related to securities purchased from our money market funds to address liquidity concerns, mostly offset by increased revenues from alternative investments and balanced assets as well as higher private equity and other investment-related gains. Before these valuation reductions, pre-tax income in Asset Management was CHF 1,274 million in 2007, and net revenues were CHF 3,497 million, both well above the prior year, reflecting solid growth and strong performance, particularly in our alternative investments business.

Positioned for profitable growth

As an integrated bank, we believe we are well placed to capture growth opportunities in each of our businesses, as well as from cross-organizational, collaborative activities, even in the more challenging environment we anticipate.

We believe we will continue to benefit from strong growth momentum in Private Banking. Our expertise and financial strength have reinforced our position as a trusted partner to wealthy individuals and families around the world, especially in difficult market conditions. To better serve client needs and propel growth, we intend to increase the proportion of assets we actively manage for clients. We are also focused on expanding our client base among the important high-net-worth and ultra-high-net-worth client segments globally. We are actively increasing the number of relationship managers who are dedicated to these clients and, by tapping our full resources as an integrated bank to meet their sophisticated financial requirements, we believe we can increase our penetration of this sector considerably in 2008.

In Investment Banking, we are investing in businesses with high levels of activity and growth potential. Among the businesses we are targeting for growth are algorithmic trading, commodities, derivatives, life finance and prime services. In addition, we will continue to build on our strong presence in the emerging markets.

In Asset Management, we are focused on capturing the growth opportunities in our strongest investment capabilities, including our alternative investments platform. We are expanding the scale and geographic reach of our private equity product offerings, and intend to grow our hedge fund business further.

Leveraging Credit Suisse’s resources as an integrated bank

Delivering the expertise of the integrated bank to our clients is becoming an increasingly important part of our culture at Credit Suisse. We generated approximately CHF 5.9 billion, or 17%, of our core net revenues from cross-divisional activities in 2007, and we are seeing good progress in collaboration among all three divisions.

Our integrated model also enables us to increase our operating efficiency. Our Centers of Excellence enable us to leverage our worldwide resources and the global talent pool in order to supply our businesses with high-quality services at competitive costs. By the end of 2007, around 10% of our employees were located in these hubs. By the end of 2008, we expect this to rise to at least 15%, which will help us achieve our goal of being in the top quartile of our industry in terms of cost/income ratio by 2010. Credit Suisse is well capitalized and we will continue to manage our capital conservatively. While we have the resources to be opportunistic in expanding our business platform and investing in organic growth, we will continue to be extremely prudent in how and where we invest our capital. We will continue to focus on bolt-on acquisitions that make sense strategically and financially. We are ahead of the original schedule for the share buyback program, but our ability to finish the program during 2008 will depend on market conditions.

Despite the continuing turmoil in the mortgage and credit markets, we believe our integrated model sets us apart and gives us attractive opportunities to build long-term value for our shareholders. We are committed to building on the strength and resilience of our business and believe we can deliver profitable growth across market cycles.

Our success depends on the hard work, innovation and commitment of our employees and their talents and enthusiasm for serving the needs of our clients during 2007, and have made us more confident than ever in what we can create at Credit Suisse.

Yours sincerely,

Walter B. Kielholz   Brady W. Dougan

March 2008

Brady W. Dougan, Chief Executive Officer (left), Walter B. Kielholz, Chairman of the Board of Directors. In the background is a portrait of Alfred Escher who founded Credit Suisse in 1856.

Credit Suisse at a glance As one of the world's leading financial services providers, we are committed to delivering our combined financial expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. We serve our diverse clients through our three divisions: Private Banking[1], Investment Banking[2] and Asset Management[3], which cooperate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, we have a truly global reach today, with operations in over 50 countries and a team of over 48,000 employees from approximately 100 different nations.

[1]Private Banking

In Private Banking, we offer comprehensive advice and a broad range of wealth management solutions, including pension planning, life insurance products, tax planning and wealth and inheritance advice, which are tailored to the needs of high-net-worth individuals worldwide. In Switzerland, we supply banking products and services to high-net-worth, corporate and retail clients.

[2]Investment Banking

In Investment Banking, we offer investment banking and securities products and services to corporate, institutional and government clients around the world. Our products and services include debt and equity underwriting, sales and trading, mergers and acquisitions advice, divestitures, corporate sales, restructuring and investment research.

[3]Asset Management

In Asset Management, we offer integrated investment solutions and services to institutions, governments and private clients globally. We provide access to the full range of investment classes, ranging from money market, fixed income, equities and balanced products, to alternative investments such as real estate, hedge funds, private equity and volatility management.

Global reach of Credit Suisse

We are present around the globe to serve our clients in all geographic regions. With the ongoing globalization, increased capital flows and wealth creation in new markets, we keep expanding our footprint. In 2007, we strengthened our presence, for example in Australia, Austria, China, India, Israel, Kazakhstan, Panama, Turkey, Ukraine and the US. In Brazil, we acquired Hedging-Griffo, a leading asset management and private banking firm. In many markets, we further developed our numerous partnerships and joint ventures. We increased our talent and drove efficiency by opening a fourth Center of Excellence in Wroclaw, Poland, and through the expansion of the existing centers in Raleigh-Durham (North Carolina, US), Singapore and Pune (India).

Regional headquarters

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The year at Credit Suisse

– (January) We launched Clariden Leu, our independent Swiss private bank, resulting from the merger of our independent private banking subsidiaries. In addition, we launched BANK-now, our specialized supplier of consumer credit and car leasing services in the Swiss market.

– (March) We further expanded our global footprint with the launch of our new stock brokerage business in India, an important growth market for Credit Suisse.

– (March) We strengthened our funding and liquidity model by centralizing debt issuance and the funding of our subsidiaries, with securities being issued primarily by the Bank, our principal operating subsidiary.

– (April) We completed the roll-out of our new client coverage model for our top clients in Switzerland. More than 1,500 Credit Suisse employees are part of the delivery teams.

– (May) Brady W. Dougan assumed the role of Chief Executive Officer (CEO) of Credit Suisse following the retirement of Oswald J. Grübel after a successful 38-year career at Credit Suisse.

– (May) We led the first ever global initial public offering (IPO) of a microfinance institution, Mexico's Banco Compartamos, S.A., which provides small working capital loans and other financial services to subsistence entrepreneurs.

– (May) We announced the acquisition of Baran Securities, a Turkish broker dealer. Credit Suisse now holds a full broker dealer license on the Istanbul Stock Exchange, offering clients expanded products and services in Turkey.

– (June) We announced the opening of new offices in Kiev, Ukraine, and Almaty, Kazakhstan, reflecting our commitment to dynamic growth markets.

– (June) We announced a 9.9% investment in EcoSecurities Group PLC. EcoSecurities is one of the world's leading companies in the business of originating, implementing and commercializing carbon credits.

– (July) To capture the growing business opportunities in Islamic banking, we extended our service offering to provide structuring and advice on Sharia-compliant lending and investing activities.

– (July) We signed a strategic partnership agreement with the National Pension Service of the Republic of Korea, leveraging our global experience to provide a broad range of services, including asset management, risk management, governance, training and technology.

– (July) With the launch of the "stage of life" concept as part of the Client Centricity program for retail clients during the first half of the year, about 2,000 front office employees, including 700 relationship managers, were trained to apply our enhanced advisory process.

– (August) Our Advanced Execution Services (AES®) platform began trading in seven additional markets – Mexico, South Africa, the Czech Republic, Greece, Hungary, Malaysia and Canada's Venture Exchange. AES® is now available in 32 markets on more than 50 trading platforms.

– (September) With the onset of more volatile financial markets, Asset Management and Private Banking launched a total return strategy initiative designed to produce positive returns for investors across market cycles.

– (October) Our fourth Center of Excellence opened in Wroclaw, Poland. Together with our centers in Singapore, Raleigh-Durham (North Carolina, US) and Pune (India), the new facility enables us to leverage talent and resources globally.

– (November) As part of our international growth strategy in Wealth Management, we launched onshore activities in Austria, with offices in Vienna and Salzburg. We also opened a new office in Tel Aviv, Israel, where we were granted an investment marketing license.

– (November) We completed the acquisition of a majority interest in Hedging-Griffo, a leading asset management and private banking company in Brazil, adding significant scale to our integrated business in this important market.

– (November) A new pension solution was launched at the end of 2007 called "CSA Swiss Index Protected." This new structured product for personal pensions is specifically designed to meet the needs of conservative investors. It combines capital protection and a minimum income with the potential returns offered by participation in the Swiss Market Index.

– (December) We launched a 120/20 global natural resources fund for a top-tier US insurance company, offered as part of their variable life and annuity programs, reflecting our client solutions-oriented approach. Our Future Generation Mandate and Future Generation Certificate balanced products, launched a year ago in Switzerland, have raised in excess of CHF 2.0 billion.

Vision, mission and principles

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

Our mission is to set new standards in partnering with our clients and providing them with innovative, 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 Credit Suisse in all decisions, actions and objectives:

– A relentless focus on client needs. At Credit Suisse, 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 to innovate, we strive to develop new financial solutions and compelling value propositions to address client needs.

– Teamwork must be at the heart of all that Credit Suisse does. 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.

– Reputation is everything. At Credit Suisse we know that a reputation takes years to build. 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.

Corporate citizenship

As one of the world's largest financial services providers with leading positions in many markets, we are aware of our responsibilities in society. In our business practices, we place great value on integrity, professionalism and ethical action. The foundation for this is our Code of Conduct, which underpins our corporate culture and system of values, and which reflects our commitment to environmental sustainability and social responsibility as key factors in our long-term business success.

Credit Suisse's efforts in connection with environmental sustainability are aimed in three directions. First, we support projects, initiatives and organizations that put the tenets of sustainability, as we see them, into practice. Second, we offer our clients innovative environmental finance products and services. For example, in 2007, Credit Suisse launched a specially designed financing facility to provide carbon-backed financing for forestry projects and established several additional strategic partnerships in areas including clean technologies and carbon trading. Third, we have incorporated sustainability into our own practices. We were one of the first companies to sign the Equator Principles and the United Nations Global Compact and, in 1997, we were the first bank in the world to receive ISO 14001 certification for our environmental management system. In 2006, we were the first large company in Switzerland to become carbon neutral.

Our responsibility to society, of course, goes beyond environmental protection. We provide all our employees with an open, respectful workplace, suitable opportunities for training and development and support for achieving work/life balance. At the end of 2007, as part of our broader focus on social responsibility, we launched four corporate citizenship initiatives in the areas of education, microfinance, climate and humanitarian partnership, guided by the motto "Innovate – Educate – Participate."

Further information on our activities related to sustainability and social responsibility can be found in our Corporate Citizenship Report 2007 and at *www.credit-suisse.com/citizenship*.

Strategy

Industry trends and competition

International banking continues to benefit from favorable fundamental trends, including globalization, deregulation, privatizations, demographic changes, technological progress and a more harmonized regulatory environment for financial services providers. Despite the turmoil in mortgage and credit markets that began in the second half of 2007, we expect long-term economic growth, leading to a significant increase in global financial assets and rapidly expanding cross-border capital flows. These trends will predominantly be fueled by emerging markets and increased pan-European activities. Today's dynamic financial services markets offer attractive prospects for growth and profitability, but clients increasingly require global reach, local expertise and competitive products and services. As a result of the increased sophistication of individual clients, we are experiencing the convergence of institutional and individual client needs and the continued pressure for transparency and product performance. Banking industry trends also include the compression of fees and spreads from product commoditization in some areas, but also market fragmentation and specialization in other areas.

In order to compete more effectively, we launched our client-focused integrated bank strategy in 2006, comprising Private Banking, Investment Banking and Asset Management, building on our tradition of first-class financial advice and innovation. In doing so, we focus on complex client needs and value-adding businesses, globally leveraging our expertise with close collaboration between our divisions. With our strategy, we have delivered strong growth and profitability over the last two years, and we will continue its implementation to further develop our full potential.

Integrated value creation

To be the world's premier and most admired bank

With our strong commitment to the client-focused integrated bank, we aspire to become the world's premier and most admired bank, fostering a culture of excellence, innovation and leadership. We are continuing to build a truly client-centric organization with a superior value proposition, leveraging our various distribution channels. By building a globally integrated provider of financial services, we also aim to grow revenues and further increase productivity by managing our resources more efficiently within our control environment. We believe that we are well positioned to realize above-average growth and offer superior returns to shareholders, as we effectively respond to market trends while diversifying our revenues through a more balanced business mix.

Innovation through collaboration

Since the inception of our integrated bank strategy two years ago, we measurably increased the level of internal collaboration and partnership between our divisions. We estimate that 17%, or CHF 5.9 billion, of total core net revenues in 2007 were generated by cross-divisional activities. We benefited not only from cross-selling opportunities, but, more importantly, from targeted, leading-edge solutions for our top clients. The largest source of revenues generated from cross-divisional activities between Private Banking and Investment Banking was from specific investment banking and alternative investment products provided to ultra-high-net-worth individuals served by Private Banking. We also extended our integrated service offering to entrepreneurs. Today, we systematically leverage our advisory role in IPOs and, in 2007, one in three such transactions resulted in a new wealth management relationship. We will continue to offer incentives to our employees to further strengthen this cross-divisional collaboration, and targets have been set across Credit Suisse and form part of our internal and external performance metrics.

Strengthening our client focus

We increasingly deliver our full capabilities in a client-oriented rather than product-driven approach, and we continue to optimize the way we do business. For example, during 2007, we completed the roll-out of our new client coverage model for our top clients in Switzerland, involving more than 1,500 employees. We made significant and measurable progress in serving our clients, and we are optimistic about capturing additional potential for Credit Suisse as we continue to roll out our client coverage model to other regions. Other examples of our strengthened client focus include our efforts to target entrepreneurs in Europe and Asia, the reorganization of our securities businesses to offer clients a single point of contact across asset classes and the launch of the life-cycle model for private clients in 2007. We have numerous integrated client initiatives under way and we expect to achieve further success in 2008.

Targets and achievements

Profitable growth and improved earnings quality

To assess our achievements and internally benchmark our initiatives, we have defined a set of indicators for performance, growth, efficiency and capital strength to be achieved across market cycles. For more information, refer to II – Operating and financial review – Key performance indicators.

Since the launch of our client-focused integrated bank strategy as of the beginning of 2006, we have made good progress in achieving our targets, benefiting from the favorable operating environment in 2006 and the first half of 2007. The strategy was tested in the more challenging operating conditions in the second half of 2007. With our client focus and balanced business mix, risk management and strong capital position, we performed relatively well. Since 2006, we not only achieved profitable growth, but we also improved our earnings quality by improving our operating leverage, diversifying our revenues and more efficiently deploying capital.

Broadened platforms for growth

We have a leading presence in Europe and North America, as well as in major emerging markets such as Brazil, China, Mexico, the Middle East and Russia. We have systematically developed these emerging markets over the last few years and will continue to expand our footprint to realize the opportunities from the ongoing globalization, increased capital flows and wealth creation in new markets. In 2007, we strengthened our presence in mature markets (Australia, Austria, Israel and the US) and emerging markets (China, India, Kazakhstan, Panama, Turkey and the Ukraine). In Brazil, we acquired a majority interest in Hedging-Griffo, a leading asset management and private banking firm. In many markets, we further developed our presence through partnerships and joint ventures.

As part of our strategy, we also invested in developing high growth and high margin product offerings. Our ambition is not only to fill competitive gaps, for example in commodities and equity derivatives, but also to develop new business areas such as alternative energy finance and trading. Over the last few years, we expanded businesses such as prime services, algorithmic trading, life finance and alternative investments, and we believe that we will benefit from these platforms going forward.

Strategic priorities

Continued implementation

With our client-focused integrated bank strategy, we continue to focus on profitable growth and a more diversified business mix, while delivering further cost synergies. After Brady W. Dougan took over as CEO in May 2007, we conducted a broad strategy review, which confirmed our overall strategic direction. We are committed to five strategic priorities:

– Clients: We continue to strengthen our client coverage model and focus on major clients with multi-product needs. For ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds, we will enhance our offerings in areas such as managed investment products, derivatives, alternative investments, commodities, life finance and prime services.

– Collaboration: We continue to expand the integrated bank approach by driving collaboration revenues while further building our client-centric organization. Key collaboration initiatives for 2008 include increased client and asset referrals between divisions, innovative product development, private equity and hedge fund distribution and pension and insurance solutions.

– Capital and risk: We continue to deploy capital in a disciplined manner and aim to further improve our risk profile. We will continue to diversify revenues over time. We strive to maintain a strong capital base and will carefully balance growth with returning capital to shareholders. While we focus on organic growth, we will continue to review opportunities for bolt-on acquisitions, particularly to further drive our product diversification or strengthen our market position in local markets.

– Efficiency: We continue to foster our cost management culture and efficiency initiatives. We will leverage our ongoing efforts to further standardize and optimize processes, including the consolidation of information technology platforms and the integration of sourcing, procurement and payment activities. We target significant improvements in our cost/income ratio over the next few years, while profitably growing the business and managing risk.

– Human capital: We continue to work to attract, develop and retain top talent and explore ways to become more employee-centric.

Focused on execution

To implement these priorities, we increasingly benefit from a set of capabilities that we strengthened over the last few years and which we manage on a Group-wide basis:

Brand management
As part of our integrated bank strategy, we pursue a one brand strategy. The Credit Suisse brand stands for first-class financial advice and innovation. With an award-winning global campaign launched in 2006, we convey our tradition to innovate and continue to increase brand awareness, leveraging high-profile sponsorship engagements such as the New York Philharmonic, Salzburg Festival, Lucerne Festival, Bolshoi Theatre Moscow and Formula 1.

Capital and risk management
In a move to focus expertise and resources within the integrated global organization, we strengthened our funding and liquidity model at the beginning of 2007 by centralizing debt issuance and the funding of our subsidiaries. We experienced the benefits of our conservative liquidity and funding policy in the second half of 2007, where we maintained a comfortable liquidity profile and capital position despite the liquidity squeeze in funding markets. As a globally integrated bank, we have access to markets worldwide, with retail and private client deposits representing a stable source of funds.

We use our economic capital framework as a consistent and comprehensive tool to manage risk and capital as well as to steer the planning process and to measure performance. Economic capital is a robust framework for managing our risk profile and assessing aggregate risk appetite in relation to our financial resources. We have a focus on risk management and we will continue to work to refine our standards.

Centers of Excellence
In order to bundle the processes for the integrated bank and to better serve client needs, we set up global service centers. As of the end of 2007, we employed 5,000 employees, or 10% of our workforce, in our Centers of Excellence in Singapore, Raleigh-Durham (North Carolina, US), Pune (India) and Wroclaw (Poland). The locations were selected because of access to qualified talent and good infrastructure. In addition, they strengthen the global presence of Credit

Suisse and confirm our commitment to these regions. Going forward, we will work hard to capture the full potential of our Centers of Excellence.

Cost management

During 2007, we strengthened the governance of our various cost management activities with a small central team to coordinate cost initiatives and divisional teams to drive further compensation and non-compensation cost reductions. We are in the process of implementing Group-wide cost management standards and policies and we will apply internal efficiency, productivity and cost targets to identify and deliver cost synergies.

Operational Excellence

We also made further progress in striving for operational excellence. We have numerous initiatives underway and, during 2007, we further leveraged this program. For example, we shortened and improved the client approval process for private equity funds and improved the market access for high-net-worth individuals, improving client satisfaction, revenues and efficiency. Our Operational Excellence program has been in place for more than three years, creating a mindset of continued improvement and client focus and an established tool to implement our strategy and key initiatives.

Divisional and regional strategies

Consistent with our overall strategy and priorities, we have established divisional and regional strategies to capture long-term growth. On a divisional level, we continue to build on our existing strengths to expand and further diversify our innovative product offering in value-added businesses with high growth prospects. We pursue a dynamic and disciplined business portfolio and capital allocation process to further strengthen our leadership positions. Our focus is on developing a balanced mix of strong-performing businesses over market cycles, further reducing our dependency on highly correlated activities. We will continue to leverage the technical competencies and distribution capabilities from all three divisions and drive growth.

In the regions, we pursue organic growth and cooperation initiatives to gain market share and to further develop our integrated value proposition. We see opportunities not only in emerging markets but also in mature markets. We will focus on major clients with multi-product needs, including ultra-high-net-worth individuals, entrepreneurs, large and mid-sized companies and institutional clients. The integrated bank strategy provides a powerful platform to leverage our product and market expertise globally. Our plans for the regions also include further investments in systems and technology and refinements to risk management and capital allocation processes.

Our businesses

Private Banking

Business profile

In Private Banking, Credit Suisse provides comprehensive advice and a broad range of wealth management solutions, including pension planning, life insurance products, tax planning and wealth and inheritance advice, which are tailored to the needs of high-net-worth and ultra-high-net-worth individuals worldwide. In Switzerland, we supply banking products and services to high-net-worth, corporate and retail clients. We run one of the largest private banking organizations globally, with CHF 995.4 billion of assets under management as of the end of 2007. With

23,200 employees and Credit Suisse's strong capital base, we serve 2.5 million clients, of which approximately 670,000 are high-net-worth and ultra-high-net-worth individuals.

In Wealth Management, we serve our international clients through a network of dedicated relationship managers, specialists and a range of online services. As of the end of 2007, we were present in more than 170 locations around the world (including 72 locations in Switzerland) with over 3,100 relationship managers. Our independent Swiss private bank, Clariden Leu, serves wealthy private clients in Switzerland and 14 other countries with over 350 relationship managers.

In Corporate & Retail Banking, we serve businesses and retail banking clients through 216 branches in Switzerland as well as through contact centers and "Direct Net," our online banking platform, allowing our clients to conduct business from any location in the world at any time. Relationship managers for small and mid-sized corporate clients are based in more than 40 of our branches, while large domestic corporate clients are served through two regional offices in Zurich and Lausanne. 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, including 21 branches.

Trends and competition

Wealth Management

For the wealth management industry, we expect continued long-term growth in assets under management, with major contributions from the economic growth in emerging 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 two thirds of global wealth located in the US, Japan and Western Europe. In these markets, generational wealth transfer is of increasing relevance for private banks. The further harmonization of regulations, as well as enhanced risk and transparency requirements, will continue to put pressure on offshore private banking. We therefore expect growth rates to be higher in onshore markets. With regard to the client value proposition, these trends have the following implications for leading 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 shares 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 onshore and offshore capabilities in all major regions.

There is a continued high level of competitive pressure, which is set to increase further as wealth management clients increasingly seek expert advice, an integrated approach to the management of their total client wealth and innovative products. It is therefore essential to invest in our infrastructure and develop our talent pool. We expect further consolidation in the wealth management industry, as suppliers seek to meet increasingly complex client requirements at competitive costs. In such a competitive environment, we believe our reputation is of paramount importance.

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. Home ownership in Switzerland is still low at approximately 37%, and offers further potential for mortgage business growth, although this is likely to be subject to declining margins.

In the Swiss corporate and retail banking industry, competition has increased significantly in recent years, especially in the area of private mortgages and 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

In Private Banking, we aim to establish Credit Suisse as the premier private bank worldwide through our focus on six strategic priorities:

– International growth: We continued our international expansion in 2007 by opening offices to offer local services in Tel Aviv (Israel), Almaty (Kazakhstan), Panama City (Panama), Kiev (Ukraine), Greenwich and Philadelphia (US), as well as launching or increasing operations in Salzburg and Vienna (Austria), Sydney and Melbourne (Australia) and Shanghai (China). During 2007, we also strengthened and expanded our existing international locations both in emerging and mature markets. We will continue to target onshore and offshore growth in emerging markets in Asia, the Middle East, Eastern Europe and Latin America, where we expect significant levels of wealth generation, as well as in mature markets, where the majority of wealth still resides. The launch of onshore operations in India, Japan, Mexico and Panama is currently underway. A strategic recruiting team supports our management to efficiently recruit approximately 1,000 relationship managers by 2010 to foster business growth. We expect the majority of these relationship managers will support our international businesses.

– Market share gains in Switzerland: In 2007, we again delivered strong profit in our home market. Despite its maturity, we see further significant value potential and aspire to above-average growth prospects for our Swiss business. Growth will be driven by a number of specific initiatives, including a focus on client needs (for example, further enhancement of our life cycle concept for individual clients), product and business innovation (for example, enhanced financing solutions) and improvements in advice and service (for example, upgrade of our branch network through selective expansion and refurbishment). Furthermore, we will fully leverage our Swiss franchise to exploit cross-business synergies, such as offering tailor-made derivative solutions from Investment Banking to our corporate clients.

– Client value proposition: In 2007, we started our client centricity initiative with the goal to further improve the comprehensive view on our clients. The main element is an improved segmentation according to behavior type, source of wealth, stage of life cycle and more granular analysis of current and potential client profitability. Our European middle market initiative to address the specific needs of entrepreneurs is one example. We foster managed investment products that provide a number of advantages for our clients. Managed investment products are an efficient way to diversify the risks in a client’s portfolio while generating attractive returns, and they offer access to asset classes such as private equity or specialist hedge funds that otherwise would not be available to private investors. Furthermore, we made good progress in 2007 with the global roll-out of the Structured Advisory Process by adding seven locations. The roll-out is expected to be completed during 2008.

– Integrated bank: Our client-focused integrated bank approach provides significant opportunities for clients with complex tailor-made product needs, particularly ultra-high-net-worth individuals. Through close collaboration with Investment Banking and Asset Management, we can deliver comprehensive products and solutions, for example, equity derivatives, real estate financing, equity capital markets, mergers and acquisitions and private placements, as well as specialist support. We have established a key client coverage model with focused account managers ensuring comprehensive service for our most important clients. Furthermore, we have established a global investment product sales committee to optimize the distribution of investment products to high-net-worth individuals.

– Productivity and financial performance: We target continued profitable growth and a pre-tax income margin above 40% over market cycles. Revenue growth will be mostly driven by strengthening our international platforms and by further shaping our product offering such as managed investment products. Pre-tax income is expected to benefit from our continued strict cost management and increased productivity and efficiency from our Operational Excellence program and our Centers of Excellence.

– Best people: We strive to be the employer of choice for the best talent. A dedicated team supports our management to efficiently recruit the number of relationship managers needed to foster business growth. Our global campus activities ensure a continuous inflow of university graduates to strengthen our skills and knowledge base. Through a systematic and targeted human capital management process, we manage training and development, promotion, succession planning and compensation.

Products and services

Wealth Management
At the core of our service offering is the Structured Advisory Process and our comprehensive investment services and wealth management solutions. We offer global execution capabilities through multiple booking platforms:

– Structured Advisory Process: We analyze our clients' personal financial situation and prepare investment strategies based on an individual risk profile and level of "free assets," which excludes the assets required to cover fixed and variable 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 managers. The Structured Advisory Process has been rolled out to Switzerland and the majority of our international locations and we expect to complete the roll-out during 2008.

– 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 securities. We continuously aspire 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 such as private equity or specialist hedge funds 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. Discretionary asset management comprises four portfolio management mandates – Classic, Funds & Alternative Investments, Total Return Strategy and Premium. The Premium mandate includes investment strategies such as capital preservation, growth, current return and customized solutions. 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.

– Wealth management solutions: We offer a range of wealth management solutions, from pension planning, wealth and inheritance advisory services and tax planning to advice on life insurance. We also offer tailor-made solutions for individuals and families with assets generally exceeding CHF 50 million.

– Corporate advisory: We provide a range of corporate advisory services to address the needs of entrepreneurs, working closely with the specialists from Investment Banking. 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.

Corporate & Retail Banking
We offer a comprehensive range of commercial and retail banking products. For retail clients, we provide flexible financial solutions to suit every stage of their life, including private accounts, payment transactions, foreign exchange services, pension products and life insurance. Additionally, we offer a 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, directly and through a joint venture. The private credit and car leasing businesses are provided by BANK-now. 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, such as safekeeping accounts, bonds, investment funds and innovative product solutions specifically designed for retail clients.

To meet the needs of corporate clients, including Swiss subsidiaries of multinational corporations, we offer services such as corporate finance, trade finance and ship financing, capital goods and real estate leasing, traditional lending and payment transactions. Large corporate clients can benefit from tailor-made financial solutions and advice. In order to provide a more targeted response to our clients' growing demand for flexible financing alternatives, we are introducing factoring as a new product offering to our corporate clients in the first quarter of 2008. We also supply specialized products and services, such as business process outsourcing, multi-currency offerings, straight-through-processing equities execution and custody services, to small and medium-sized banks, Swiss pension funds and insurance companies.

Investment Banking

Business profile

In Investment Banking, we offer investment banking and securities products and services to corporate, institutional and government clients around the world. Our products and services include debt and equity underwriting, sales and trading, mergers and acquisitions advice, divestitures, corporate sales, restructuring and investment research. With 20,600 employees operating in 57 locations across 26 countries, we have a presence in all major financial centers as well as emerging markets throughout the world.

2007 industry awards
We received numerous industry awards in 2007, including:

– "Best Investment Bank of 2007" – Credit Suisse was named the top global investment bank by *The Banker*, which noted our momentum across regions and products and the success of our integrated bank strategy.

– "Best Overall Investment Bank in Latin America" – Credit Suisse led the *LatinFinance* Investment Banking Poll 2007, underscoring our market-leading franchise across Latin America. Top awards included "Best Equity Underwriter", "Best Debt Underwriter", "Best Sales & Trading", "Best Execution", "Best Buyside Relationships", "Best Long-Term Partner" and "Best Overall."

– "Best Leveraged Finance House" and "Best Emerging Markets Debt House" in the *Euromoney* annual "Awards for Excellence" feature. Credit Suisse also collected 14 regional, country and product awards, recognizing our achievements and expertise around the world.

– Credit Suisse's AES® platform was ranked first by investors in three categories (algorithmic trading, direct market access and overall electronic trading services) relating to electronic trading and execution services in the annual pan-European Extel survey conducted by Thomson Financial.

– Credit Suisse was recognized as mergers and acquisitions advisor on four landmark transactions by *Acquisitions Monthly*, a leading trade publication owned by Thomson Financial, in its annual awards edition. Recognizing our advisory expertise across a range of sectors and countries, Credit Suisse was cited in more categories than any other investment bank.

– Credit Suisse ranked first in European convertible bonds for the third year in a row and first in Asian (non-Japan) convertibles for the second year in a row in *Greenwich Associates'* annual survey. This recognition closely follows our recent success in *The Banker* 2007 Investment Banking Awards, in which Credit Suisse was awarded "Best Convertibles House."

– Credit Suisse won several country, product and deal awards in *The Asset*'s Asian 2007 Awards, including "Best Foreign Investment Bank" in Indonesia, Korea and Vietnam.

Significant transactions

We announced a number of significant transactions in 2007 reflecting the breadth and diversity of our investment banking franchise:

– Debt capital markets: We arranged key financings for a diverse set of clients, including Community Health Systems Inc. (US hospital operator), Energy Future Holdings Corp. (formerly TXU Corp., US energy company), Univision Communications (Spanish-language television channel), Wal-Mart (US-based retailer) and Fiserv, Inc. (US technology solutions provider).

– Equity capital markets: We led the IPOs for Bovespa Holding (operator of Brazil's largest stock exchange), National CineMedia (digital in-theatre network in North America), Eurasian Natural Resource Corporation PLC (global diversified mining company) and Belle International Holdings (Chinese retailer). In addition, we led the first-ever IPO of a microfinance institution, Banco Compartamos, S.A., in Mexico.

– Mergers and acquisitions: We advised on a number of key transactions that were announced during the year, including TXU Corp. on its sale to KKR and Texas Pacific Group, which was both the largest US utilities acquisition and the largest leveraged buyout at the time. Other notable transactions included Community Health Systems' acquisition of Triad Hospitals, the acquisition of Intelsat Ltd. (global provider of satellite services) by an investor group led by BC Partners and the sale of The Tokyo Star Bank (Japanese bank) by Lone Star Funds (private equity firm) to an investor group led by Advantage Partners. Both the TXU Corp. and Community Health Systems transactions were recently awarded "Deal of the Year" for 2007 by *Investment Dealers' Digest*.

Trends and competition

Investment Banking is well positioned to benefit from a number of trends in the industry. With a leading position in emerging markets, Investment Banking is likely to benefit from the increasing importance of these rapidly developing economies. The rising demand for alternative investments is expected to continue to fuel growth of our prime services business, which has been recognized as a top provider to hedge funds. We are actively investing in growth areas including commodities and derivatives and our strength in technology and our AES® platform positions us well to benefit from the continued move towards electronic execution. In addition, recent high volatility levels have driven increased volumes in our flow trading businesses, and Investment Banking remains well positioned in the leveraged finance and structured products businesses despite challenging market conditions.

Investment Banking faces intense global competition across each of its businesses. We compete with investment and commercial banks, broker dealers and other firms offering financial services. New entrants into the financial services and execution markets, such as commercial banks and technology companies, have contributed to further market fragmentation, fee and spread compression and product commoditization.

Strategy and initiatives

In addition to our integrated bank strategy, we have defined five critical areas of focus for Investment Banking:

– Clients: In 2007, we reorganized our client securities business to offer a single point of contact to enable us to better address client needs. We will continue to work to develop our integrated cross-securities client model and improve client segmentation as well as economic transparency at the client level.

– Growth: We will develop business in high growth areas where Investment Banking lags behind the competition and invest in new businesses while continuing to grow customer revenue streams in established markets and products. In addition, we will focus our origination efforts and improve collaboration between our securities and investment banking departments.

– Efficiency: We will further our cost management initiatives and improve front-to-back coordination through cross-product infrastructure development.

– Capital and risk: We will work to diversify our business mix and revenues and allocate our capital accordingly. We will manage our portfolio across global securities and take advantage of our origination capabilities.

– People, reputation and brand: We strive to improve recruiting, strengthen our reputation in the industry and grow brand awareness in new areas and with new clients.

Products and services

Our comprehensive portfolio of products and services is geared to match the needs of the most sophisticated clients. 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 and equities cash and derivatives markets, including sales, structuring, trading, financing, prime brokerage, syndication and origination, among others.

In 2007, we reorganized our fixed income and equity businesses into global securities in order to better align the business with the firm's overall strategy and growth objectives and to identify and capture synergies across fixed income and equity trading. The two departments, which had been separately managed, have now been organized under common leadership and have begun to collaborate across various functions on initiatives which will significantly benefit our clients, strengthen our risk and exposure management, share best practices and improve efficiency and reduce our costs. Global securities remains highly focused on delivering the integrated bank to our clients and capturing growth opportunities across product lines.

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 delivers holistic advice on the management of a wide range of debt and equity and financing opportunities across the capital structure 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 over-the-counter (OTC) derivative swap markets of non-emerging 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 non-emerging 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 highyield 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.

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

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

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 commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS) collateralized debt obligations (CDO) and other asset-backed securities (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.

Non-correlated risk

– 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 its knowledge of Credit Suisse's 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.

– 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.

– Sales trading forms the link between the sales and position trading areas. Sales traders are responsible for managing the order flows between the client and the marketplace. It also provides clients with research, trading ideas and capital commitments and identifies trends in the marketplace used 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.

– 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. AES® helps institutions and hedge funds reduce market impacts by limiting the volatility of a stock by employing algorithms to execute client orders. This algorithmic trading service, which is a leader in its field, is available on 23 exchanges worldwide via 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. Valuations on bridge loans and commitments are included in other revenues. Other loan portfolio revenues are included in our businesses, primarily fixed income trading.

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.

Asset Management

Business profile

In Asset Management, we offer integrated investment solutions and services to clients globally, ranging from governments, institutions and corporations to individuals. We offer investment products across the full spectrum of asset classes, including equities, fixed income, commodities and multi-asset class products. We also offer a full range of alternative investments, including real estate, hedge funds, private equity and volatility management. With 865 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 691.3 billion in assets under management as of the end of 2007. These assets under management include innovative high margin products, such as alternative investments and asset allocation (balanced) strategies.

In alternative investments, including liquid and illiquid strategies, we are an industry leading manager with CHF 165.4 billion in assets under management as of the end of 2007. Liquid alternative investments include diversified strategies such as real estate securities, distressed debt and volatility management, and funds and alternative solutions, including quantitative strategies and fund of hedge funds. Illiquid alternative investments include private equity and real estate.

In balanced products, where we provide innovative solutions across asset classes to clients around the world, we have a strong position with CHF 284.0 billion in assets under management. We have a global platform, having recently established a presence in the US, the Middle East and Asia, offering clients seamless cross border multi-asset class solutions.

Our business mix is broadly balanced across asset classes and strategies, and we see our particular strength in our sophisticated asset allocation capabilities, delivering alpha returns coupled with access to best-in-class investment strategies. We pursue an active cooperation strategy, and our partnerships and joint ventures provide us with access to key markets and additional 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 increased focus on complex client needs and targeted solutions, as we support them with our product expertise and our global reach.

Trends and competition

We expect growth in the asset management industry, driven by the continued global wealth accumulation in mature and emerging markets. We experience strong competition from specialized boutique investment managers and large-scale players. Increased client sophistication, including demand for risk diversification, performance and transparency, has placed the industry under increased pressure. We believe the need to deliver product performance and innovative solutions at competitive costs will increase. As a consequence, we expect continued industry consolidation but see opportunities in innovative investment solutions for complex client needs.

Innovative and higher margin alpha product capabilities include private equity, real estate, customized funds, structured products, quantitative strategies and hedge fund solutions. To provide these types of services, the barriers between traditional banking businesses, such as asset management and investment banking, are disappearing as they increasingly require similar talent and capabilities. 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.

Strategy and initiatives

We continue to strengthen and improve our organization, capabilities, client focus and efficiency. We are developing a boutique structure around our alpha investment strategies and performance metrics. Our strategic priorities include:

– Investment performance: Clients increasingly differentiate between alpha and beta investment performance, and our ambition is to deliver superior alpha performance. We are focused on our competencies in asset allocation and alpha investment strategies and delivering efficient beta performance to continue to align our product offering and operating structures to the requirements of our clients.

– Geographic reach and distribution: We continue to expand our geographic footprint and drive growth organically, through cooperation strategies and bolt-on acquisitions. We increasingly leverage internal distribution channels and aim to expand global distribution.

– Innovation: We continue to build new products and investment capabilities. We expect to enhance our active product line management and increase product density.

– Efficiency: We continue with our cost management initiatives and the streamlining of our operating platforms, including the evaluation of outsourcing opportunities, and look to further leverage our Centers of Excellence.

– Talent: We continue to strengthen our product development, investment and distribution capabilities by hiring the best talent and developing our top performers.

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 opportunities, 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. In addition to these pan-European mutual funds, we offer domestic registered funds in the US, Switzerland, the UK, Germany, Italy, France, Poland, Japan and Australia.

Asset classes
Fixed income and money market
We offer our clients a broad range of fixed income strategies that include traditional bond benchmark and absolute return products, incorporating government bonds, corporate bonds, structured products, global high-yield bonds, emerging market debt securities, convertible bonds and currencies. We have a variety of fixed income strategies to meet differing risk profiles, with strong emphasis on risk management.

We have a team of experienced professionals who work with clients around the world to find effective cash solutions. Access to a suite of taxable liquidity funds and taxable and tax-exempt customized portfolios helps meet the preservation and liquidity needs of clients, including strategies for currency exposure and overall cash management. Strategies include short-term liquidity, pooled investment vehicles and customized portfolios.

Equity
We have a team of investment professionals offering clients a broad suite of equity products. Investment strategies include developed and emerging markets, global, regional and single country products, as well as sector funds and products, spanning a range of market capitalizations.

Balanced
In the area of balanced investments, 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.

Alternative Investments
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 including customized, equity, leveraged buyout, mezzanine, real estate private equity, secondary and fund of private equity funds. In the area of hedge funds, we offer single strategy funds as well as fund of hedge funds and customized funds. In real estate, we offer real estate investment trust funds that invest directly in real estate, funds that invest in listed real estate companies and other real estate securities.

Private equity investments
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.

Organizational structure

Consistent with our integrated bank strategy, our regional structure ensures that we present one face to the client and that our three divisions and reporting segments – Private Banking, Investment Banking and Asset Management – increasingly coordinate their efforts, leveraging the support provided by Shared Services.

The management teams of our three global divisions and reporting segments are responsible for driving and coordinating significant business initiatives. The CEOs of the three divisions report directly to the CEO of Credit Suisse and, together with the four regional CEOs, are responsible for ensuring a consistent strategic vision and direction across all divisions and regions.

The management teams of our four regions, each led by a regional CEO, play a pivotal role in ensuring that we present one face to the client. Our regional structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within each region. The four geographic regions are:

– Americas – comprising operations in the US, Canada and Latin America;

– Asia Pacific – primarily comprising operations in Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand;

– Europe, Middle East and Africa (EMEA) – comprising operations in 28 countries, primarily managed in the UK; and

– Switzerland – comprising operations in our home market.

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.

Shared Services provides corporate services and business support in the fields of finance, operations, including human resources, legal and compliance, risk management and information technology:

– The Chief Financial Officer (CFO) area includes financial accounting, controlling, product control, tax, treasury, investor relations, new business and global insurance.

– The Chief Operating Officer (COO) area encompasses the areas of human resources, the business school, corporate real estate and services, corporate development, supply management, corporate communications, public policy and operational excellence.

– 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 Chief Risk Officer (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.

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.

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), it is required, pursuant to a Swiss Federal Banking Commission (SFBC) decree, to comply with certain requirements for banks, including with respect to capital adequacy, solvency and risk concentration on a consolidated basis and reporting obligations. Our banks in Switzerland are regulated by the SFBC on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by the SFBC pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by the SFBC pursuant to the Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995 (SESTA).

The SFBC is the highest bank supervisory authority in Switzerland and is independent from the Swiss National Bank (SNB). Under the Bank Law, the SFBC 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 SFBC. Under the Bank Law, our banks are subject to inspection and supervision by an independent auditing firm recognized by the SFBC, 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 SFBC regulations.

Under the Bank Law, a bank must maintain an adequate ratio between its capital resources and its total risk-weighted assets and 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 (core), tier 2 (supplementary) and tier 3 (additional) capital.

Our regulatory capital is calculated on the basis of accounting principles generally accepted in the US (US GAAP), with certain adjustments required by, or agreed with, the SFBC. The Group is required by the Bank for International Settlements (BIS) to maintain a minimum regulatory capital ratio 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. As of the end of 2007, the BIS tier 1 ratio under Basel II would have been approximately 120 basis points lower than the BIS Tier 1 ratio under Basel I for the Group and the Bank.

For further information on our capital, refer to III – Balance sheet, Off-balance sheet, Treasury and Risk – Capital management.

Banks are required to maintain a specified liquidity ratio under Swiss law. According to the SFBC'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 SFBC.

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 SFBC.

US

Our operations are subject to extensive federal and state regulation and supervision in the US. Our US banking offices are composed of a New York branch (New York Branch), a US administrative office in Florida 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 as well rated.

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 Federal Reserve System (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 (and each other US banking office) is subject to US federal reserve 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 Federal Deposit Insurance Corporation.

US federal banking laws provide that a state-licensed branch or agency of a foreign bank may not, as a general matter, engage 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. Our 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 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, or otherwise fails to meet any of the requirements for financial holding company status, then it may be required to discontinue newly authorized 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 Securities and Exchange Commission (SEC) is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies, while the Commodity Futures Trading Commission (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 has the authority to promulgate rules relating to municipal securities, and this board promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by industry self-regulatory organizations, including FINRA (formed by the merger of the regulatory operations of the New York Stock Exchange (NYSE) and the National Association Securities Dealers, Inc.), and by state authorities. For futures activities, broker-dealers are subject to industry self-regulatory organizations such as the National Futures Association and regulation by state authorities.

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 commodities trading advisers 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 January 1, 2008, the national implementing legislation for the Markets in Financial Instruments Directive (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 investments 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 throughout Europe on the basis of authorization from their home state regulator.

UK

The UK Financial Services Authority (FSA) is the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (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 suitability, 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 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 January 1, 2008, 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.

II – Operating and financial review

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Operating environment

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

Economic environment

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

Global equity market performance was mixed during 2007. Stocks in emerging markets generally outperformed mature markets, where most financial services stocks declined significantly. Equity yields remained attractive relative to bond yields throughout the year, largely reflecting attractive valuation levels during 2007. However, equity market volatility significantly increased during the second half of the year due to the deterioration of the US subprime mortgage markets and the spill-over effects to other market segments and asset classes (see the chart “Equity markets”). The increased uncertainty about the valuation and risk exposures of structured products significantly increased the risk aversion of financial market participants. Spreads in structured credits widened substantially, and liquidity in some credit market segments dried up. The financial services sector was challenged by severe write-downs on certain financial assets and a liquidity squeeze in some funding markets. Against the backdrop of eased inflationary pressure, the US Federal Reserve started to cut interest rates in August, and in light of the widening turmoil in credit markets, it undertook further rate cuts later in the year. To support banks in managing their liquidity over the year end and to further improve liquidity in money markets, central banks provided additional liquidity in December through a concerted auctioning process. However, funding conditions for banks remained difficult (see the chart “Money markets”).

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

Sector environment

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

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

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

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

	Global	Europe

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

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

Credit Suisse

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

Results

			in		% change
	2007	2006	2005	07 / 06	06 / 05
Statements of income (CHF million)					
Net interest income	8,453	6,566	6,918	29	(5)
Commissions and fees	19,329	17,647	14,323	10	23
Trading revenues	6,148	9,428	5,634	(35)	67
Other revenues	5,805	4,962	3,614	17	37
Net revenues	**39,735**	**38,603**	**30,489**	3	27
Provision for credit losses	**240**	**(111)**	**(144)**	–	(23)
Compensation and benefits	16,219	15,697	13,974	3	12
General and administrative expenses	6,916	6,445	7,378	7	(13)
Commission expenses	2,612	2,272	1,880	15	21

Total other operating expenses	9,528	8,717	9,258	9	(6)
Total operating expenses	**25,747**	**24,414**	**23,232**	5	5
Income from continuing operations before taxes	**13,748**	**14,300**	**7,401**	(4)	93
Income tax expense	1,250	2,389	927	(48)	158
Minority interests	4,738	3,630	1,948	31	86
Income from continuing operations	**7,760**	**8,281**	**4,526**	(6)	83
Income from discontinued operations	0	3,070	1,310	(100)	134
Extraordinary items	0	(24)	0	100	–
Cumulative effect of accounting changes	–	–	14	–	–
Net income	**7,760**	**11,327**	**5,850**	(31)	94
Earnings per share (CHF)					
Basic earnings per share from continuing operations	7.43	7.53	3.98	(1)	89
Basic earnings per share	7.43	10.30	5.17	(28)	99
Diluted earnings per share from continuing operations	6.96	7.19	3.90	(3)	84
Diluted earnings per share	6.96	9.83	5.02	(29)	96
Return on equity (%)					
Return on equity	18.0	27.5	15.4	–	–
Return on tangible equity [1]	24.5	40.6	26.5	–	–
BIS statistics					
Risk-weighted assets (CHF million)	312,068	253,676	232,891	23	9
Tier 1 capital (CHF million)	34,737	35,147	26,348	(1)	33
Total capital (CHF million)	45,102	46,764	31,918	(4)	47
Tier 1 ratio (%)	11.1	13.9	11.3	–	–
Total capital ratio (%)	14.5	18.4	13.7	–	–

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

Results summary

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

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

Credit Suisse and Core Results

			Core Results			Minority interests without SEI			Credit Suisse
in	2007	2006	2005	2007	2006	2005	2007	2006	2005
Statements of income (CHF million)									
Net revenues	**34,953**	**34,940**	**28,415**	**4,782**	**3,663**	**2,074**	**39,735**	**38,603**	**30,489**
Provision for credit losses	**240**	**(111)**	**(144)**	**0**	**0**	**0**	**240**	**(111)**	**(144)**
Compensation and benefits	16,103	15,644	13,974	116	53	0	16,219	15,697	13,974
General and administrative expenses	6,850	6,395	7,346	66	50	32	6,916	6,445	7,378
Commission expenses	2,612	2,272	1,880	0	0	0	2,612	2,272	1,880
Total other operating expenses	9,462	8,667	9,226	66	50	32	9,528	8,717	9,258
Total operating expenses	**25,565**	**24,311**	**23,200**	**182**	**103**	**32**	**25,747**	**24,414**	**23,232**
Income from continuing operations before taxes	**9,148**	**10,740**	**5,359**	**4,600**	**3,560**	**2,042**	**13,748**	**14,300**	**7,401**
Income tax expense	1,250	2,389	927	0	0	0	1,250	2,389	927
Minority interests	138	70	(94)	4,600	3,560	2,042	4,738	3,630	1,948
Income from continuing operations	**7,760**	**8,281**	**4,526**	**0**	**0**	**0**	**7,760**	**8,281**	**4,526**
Income from discontinued operations	0	3,070	1,310	0	0	0	0	3,070	1,310

Extraordinary items	0	(24)	0	0	0	0	0	(24)	0
Cumulative effect of accounting changes	–	–	14	–	–	0	–	–	14
Net income	**7,760**	**11,327**	**5,850**	**0**	**0**	**0**	**7,760**	**11,327**	**5,850**