

CREDIT SUISSE GROUP  
Form 6-K  
August 05, 2003

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## FORM 6-K

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### SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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#### Report of Foreign Private Issuer

Dated August 5, 2003

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

For the month of August 5, 2003

Commission File Number 001-15244

### CREDIT SUISSE GROUP

(Translation of registrant's name into English)

Paradeplatz 8, P.O. Box 1, CH-8070 Zurich, Switzerland  
(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F      Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-



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**CREDIT SUISSE GROUP DOUBLES NET PROFIT IN THE  
SECOND QUARTER 2003 TO CHF 1.3 BILLION AND  
REPORTS NET PROFIT OF CHF 2.0 BILLION FOR THE  
FIRST HALF 2003**

**Both Business Units Report  
Significantly Improved Results**

**Financial Highlights**

in CHF million	<b>2Q2003</b>	1Q2003	Change in % vs 1Q2003	<b>6 months 2003</b>	Change in % vs 6m 2002
Operating income	<b>7,549</b>	7,024	7	<b>14,573</b>	-9
Operating expenses	<b>5,071</b>	5,020	1	<b>10,091</b>	-23
Net profit	<b>1,346</b>	652	106	<b>1,998</b>	n/a
Return on equity in %	<b>18.5</b>	9.2	101	<b>13.8</b>	n/a
Earnings per share (in CHF)	<b>1.09</b>	0.53	106	<b>1.62</b>	n/a

n/a: not applicable

Zurich, August 5, 2003 □ Credit Suisse Group today announced a net profit of CHF 1.3 billion for the second quarter of 2003 and a net profit of CHF 2.0 billion for the first half of 2003. Net profit for the second quarter of 2003 was more than double that of the first quarter of 2003. Credit Suisse First Boston achieved solid results in the second quarter of 2003, driven by strong performance in the Institutional Securities segment. At Credit Suisse Financial Services, both Private Banking and Corporate & Retail Banking increased their operating income substantially, while Winterthur's results continued to improve in the second quarter of 2003, with reduced administration costs in both insurance segments.

[Back to Contents](#)

Oswald J. Grübel, Co-CEO of Credit Suisse Group and Chief Executive Officer of Credit Suisse Financial Services, stated, "The doubling of the Group's net profit in the second quarter of 2003 demonstrates the underlying strength of our businesses. I am pleased that all segments of Credit Suisse Financial Services again reported stronger results compared with the first quarter of 2003, reflecting healthier operating income and the success of our efficiency measures."

John J. Mack, Co-CEO of Credit Suisse Group and Chief Executive Officer of Credit Suisse First Boston, said, "Credit Suisse First Boston's results firmly underscore its top-line momentum in the second quarter of 2003 and the strength of its franchise. Although many markets remain challenging, we are both confident that the Group will continue to make progress towards its goal of achieving sound profitability in 2003."

#### **Group Results: Second Quarter of 2003**

Credit Suisse Group reported a net profit of CHF 1.3 billion in the second quarter of 2003. The second quarter 2003 net profit increased CHF 694 million compared with the first quarter of 2003 and represents a strong improvement compared with the net loss of CHF 579 million in the second quarter of 2002. The Group's operating income was CHF 7.5 billion in the second quarter of 2003, up 7% on the first quarter of 2003 and down slightly compared with the second quarter of 2002. The Group's operating expenses increased 1% compared with the first quarter of 2003 to CHF 5.1 billion — mainly reflecting increased incentive compensation accruals due to improved performance — but were down 23% compared with the second quarter of 2002. The Group's valuation adjustments, provisions and losses were CHF 131 million in the second quarter of 2003, down 44% or CHF 102 million compared with the first quarter of 2003 and down 77% or CHF 431 million compared with the second quarter of 2002, due predominantly to lower valuations, provisions and losses at Credit Suisse First Boston, reflecting an improved credit environment and recoveries. Earnings per share for the second quarter of 2003 were CHF 1.09, compared with CHF 0.53 for the first quarter of 2003. The Group's return on equity was 18.5% in the second quarter of 2003, compared with 9.2% for the first quarter of 2003.

[Back to Contents](#)

Credit Suisse Group continued to strengthen its capital base during the second quarter of 2003, due primarily to earnings generation, managed balance sheet growth and the sale of non-core businesses (Pershing). The Group's consolidated BIS tier 1 ratio was 11.1% as of June 30, 2003, an increase from 10.0% as of March 31, 2003. In cooperation with the Swiss Federal Banking Commission, the capital treatment of the Group's investment in Winterthur is being refined; this will have an effect on the consolidated BIS capital calculations. The capital charge for the Winterthur Group investment will no longer be reflected as an addition to risk-weighted assets but as a reduction to regulatory capital. Subsequent to final regulatory approval, the revised methodology is expected to be applied as of the period ended September 30, 2003. If this methodology was applied retroactively, the Group's consolidated BIS tier 1 ratio would be 10.3% as of June 30, 2003, compared with 9.3% as of March 31, 2003.

Winterthur's announced divestitures of Churchill in the UK, Winterthur Italy and Republic in the US are expected to further improve the Group's capital base upon completion in the second half of 2003. The synthetic securitization of prime Swiss residential mortgages of approximately CHF 3.0 billion, originated by the Corporate & Retail Banking segment, is also expected to have a positive effect on the Group's capital position in the second half of 2003.

**Group Results: First Half of 2003**

The Group reported a net profit of CHF 2.0 billion for the first half of 2003, compared with a net loss of CHF 211 million for the first half of 2002. The Group's operating income was CHF 14.6 billion for the first six months of 2003, down 9% compared with the first half of 2002, while the Group's first half 2003 operating expenses decreased 23% to CHF 10.1 billion over the same period in 2002.

[Back to Contents](#)**Credit Suisse Financial Services****CSFS Business Unit Result**

in CHF million	<b>2Q2003</b>	1Q2003	Change in % vs 1Q2003	<b>6 months 2003</b>	Change in % vs 6m 2002
Operating income	<b>3,435</b>	3,393	1	<b>6,828</b>	13
Operating expenses	<b>2,100</b>	2,148	-2	<b>4,248</b>	-8
Business unit result	<b>808</b>	666	21	<b>1,474</b>	400
Net profit	<b>829</b>	684	21	<b>1,513</b>	418

Credit Suisse Financial Services reported improved results across all of its segments in the second quarter of 2003. The business unit recorded a net profit of CHF 829 million for the second quarter of 2003, up CHF 145 million compared with the first quarter of 2003 and up CHF 1.1 billion compared with the second quarter of 2002. Taking account of statistical rather than actual credit provisions, Credit Suisse Financial Services reported a business unit profit of CHF 808 million in the second quarter of 2003, corresponding to an increase of CHF 142 million compared with the first quarter of 2003 and of CHF 1.1 billion compared with the second quarter of 2002. Second quarter 2003 operating income of CHF 3.4 billion increased 1% compared with the first quarter of 2003 and was up 26% compared with the second quarter of 2002, while operating expenses were down 2% compared with the first quarter of 2003 and down 12% versus the second quarter of 2002.

**CSFS Segment Results**

in CHF million	<b>2Q2003</b>	1Q2003	Change in % vs 1Q2003	<b>6 months 2003</b>	Change in % vs 6m 2002
Private Banking	<b>469</b>	371	26	<b>840</b>	-22
Corporate & Retail Banking	<b>157</b>	124	27	<b>281</b>	9
Life & Pensions	<b>117</b>	111	5	<b>228</b>	n/a
Insurance	<b>102</b>	92	11	<b>194</b>	n/a

[Back to Contents](#)

Private Banking reported a segment profit of CHF 469 million in the second quarter of 2003, up 26% compared with the first quarter of 2003 and in line with the strong second quarter of 2002. Operating income increased 9% compared with the first quarter of 2003 □ driven mainly by higher transaction-based income □ but declined 8% compared with the second quarter of 2002, due mainly to a lower asset base. Operating expenses increased CHF 22 million, or 3%, to CHF 793 million compared with the first quarter of 2003, as the reduction in base salary costs in line with headcount development was exceeded by higher performance-related compensation accruals and charges for headcount reductions. Compared with the second quarter of 2002, operating expenses decreased CHF 89 million, or 10%, reflecting ongoing efficiency measures. The cost/income ratio improved for the third consecutive quarter, declining 4.6 percentage points to 58.6% from the first quarter. The gross margin increased to 120.4 bp in the second quarter of 2003, compared with 113.8 bp in the first quarter of 2003 and 120.1 bp in the second quarter of 2002.

Corporate & Retail Banking reported a segment profit of CHF 157 million in the second quarter of 2003, up 27% compared with the first quarter of 2003 and up 41% compared with the second quarter of 2002. Operating income rose 7% compared with the first quarter of 2003 to CHF 784 million, due mainly to realized gains from the recovery portfolio within other ordinary income, and higher interest and trading income, but was practically unchanged compared with the second quarter of 2002. Second quarter 2003 operating expenses rose by CHF 11 million, or 2%, compared with the first quarter of 2003, to CHF 484 million, due to higher personnel expenses. A reduction in base salary costs in line with headcount development was exceeded by higher performance-related compensation accruals and charges for headcount reductions. Compared with the second quarter of 2002, operating expenses decreased CHF 68 million, or 12%, due to ongoing efficiency measures. The cost/income ratio improved further in the second quarter of 2003 to 64.8%, compared with 67.4% in the first quarter of 2003 and 72.5% in the second quarter of 2002. The return on average allocated capital increased compared with the first quarter of 2003 from 10.7% to 13.3%.

[Back to Contents](#)

Life & Pensions reported a segment profit of CHF 228 million in the first half of 2003, compared with a segment loss of CHF 412 million in the first half of 2002. This result was driven primarily by a significant improvement in investment performance as well as a reduction in administration costs. In the second quarter of 2003, the segment profit increased by CHF 6 million, or 5%, to CHF 117 million, compared with the first quarter of 2003. In the first half of 2003, gross premiums written declined 3%, or CHF 293 million, to CHF 10.0 billion, compared with the first half of 2002. Adjusted for acquisitions, divestitures and exchange rate impacts, the volume of gross premiums written decreased 1% compared with the first half of 2002. Administration costs decreased 17% to CHF 599 million in the first half of 2003, and the expense ratio improved by 0.6 percentage points to 8.4%, compared with the first half of 2002. Investment income increased CHF 1.7 billion to CHF 2.5 billion in the first half of 2003 compared with the first half of 2002, due primarily to a significant decrease in impairments and realized losses on equity investments.

Insurance reported a segment profit of CHF 194 million in the first half of 2003, compared with a segment loss of CHF 637 million in the first half of 2002. This recovery was driven primarily by a significant improvement in the Insurance segment's underwriting results due to the implementation of broad-based tariff increases, a continued strict underwriting policy, a significant improvement in investment performance and reduced administration costs. In the second quarter of 2003, the segment profit increased by CHF 10 million, or 11%, to CHF 102 million, compared with the first quarter of 2003. For the first half of 2003, net premiums earned rose 4% compared with the first half of 2002, to CHF 8.1 billion, and  $\square$  adjusted for acquisitions, divestitures and exchange rate impacts  $\square$  were up 10%. The Insurance segment reported an improvement in net investment income from a loss of CHF 179 million in the first half of 2002 to income of CHF 604 million in the first half of 2003, due primarily to a significant decrease in impairments and realized losses on equity investments.



[Back to Contents](#)**Credit Suisse First Boston****CSFB Business Unit Result**

in USD million	<b>2Q2003</b>	1Q2003	Change in % vs 1Q2003	<b>6 months 2003</b>	Change in % vs 6m 2002
Operating income	<b>3,187</b>	2,920	9	<b>6,107</b>	-10
Operating expenses	<b>2,328</b>	2,169	7	<b>4,497</b>	-14
Net profit	<b>296</b>	161	84	<b>457</b>	n/a

Credit Suisse First Boston's results are reported and discussed below on a US dollar basis.

At Credit Suisse First Boston, increased operating income and continued cost control were the primary factors driving the improved performance compared with the first quarter of 2003. The business unit reported a net profit of USD 296 million (CHF 395 million) in the second quarter of 2003, compared with a net profit of USD 161 million (CHF 221 million) in the first quarter of 2003 and a net profit of USD 61 million (CHF 101 million) in the second quarter of 2002. Excluding the amortization of acquired intangible assets and goodwill net of tax, net operating profit increased 46% to USD 426 million (CHF 570 million) compared with the first quarter of 2003 and was up 86% compared with the second quarter of 2002. Excluding Pershing, which was sold to The Bank of New York effective May 1, 2003, net operating profit increased 55% compared with the first quarter of 2003 and 105% compared with the second quarter of 2002. Operating income increased 9% from the first quarter of 2003 to USD 3.2 billion (CHF 4.2 billion), mainly reflecting broad performance improvements across products and geographies and continued tight expense controls. Operating expenses rose 7% compared with the first quarter of 2003 due mainly to increased incentive compensation accruals linked to improved performance but declined 12% compared with the second quarter of 2002, reflecting headcount reductions and cost containment efforts. For the second quarter of 2003, Credit Suisse First Boston reported an 18.5% operating return on average allocated capital and an 18.3% operating pre-tax margin, compared with an operating return on average allocated capital of 12.4% and an operating pre-tax margin of 13.2% in the first quarter of 2003.

[Back to Contents](#)**CSFB Segment Results**

in USD million	<b>2Q2003</b>	1Q2003	Change in % vs 1Q2003	<b>6 months 2003</b>	Change in % vs 6m 2002
Institutional Securities	<b>470</b>	348	35	<b>818</b>	59
CSFB Financial Services	<b>38</b>	37	3	<b>75</b>	-47

Institutional Securities reported a segment profit of USD 470 million (CHF 628 million) for the second quarter of 2003, compared with USD 348 million (CHF 476 million) in the first quarter of 2003 and USD 296 million (CHF 477 million) in the second quarter of 2002. Operating income increased 10% to USD 2.9 billion (CHF 3.8 billion) from the first quarter of 2003, with the Fixed Income division continuing to report strong results □ comparable to first quarter levels □ led by leveraged finance and mortgages, where Credit Suisse First Boston ranked number one in global high yield new issues and global commercial mortgage-backed securities transactions. Revenue increased compared with the first quarter of 2003 in both the Equity and Investment Banking divisions. Operating income in the second quarter of 2003 decreased 2% compared with the second quarter of 2002. Expense trends for the segment were consistent with those of Credit Suisse First Boston overall.

[Back to Contents](#)

CSFB Financial Services reported a segment profit of USD 38 million (CHF 50 million) for the second quarter of 2003, up 3% compared with the first quarter of 2003 but down 46% compared with the second quarter of 2002, primarily reflecting the sale of Pershing. Operating income of USD 299 million (CHF 397 million) for the second quarter of 2003 was down 2% compared with the first quarter of 2003 and 46% compared with the second quarter of 2002. Excluding Pershing (whose 2003 net results are shown in operating income net of expenses), operating income increased 3% compared with the first quarter of 2003, due mainly to improved results at Credit Suisse Asset Management, and declined 13% compared with the second quarter of 2002, due mainly to lower results at Private Client Services. In the second quarter of 2003, operating expenses increased 5% compared with the first quarter of 2003 but were down 42% compared with the second quarter of 2002. Excluding Pershing, operating expenses in the second quarter of 2003 were down 5% compared with the second quarter of 2002.

#### **Net New Assets**

Credit Suisse Group recorded a net asset inflow of CHF 2.3 billion in the second quarter of 2003, compared with a net asset outflow of CHF 3.5 billion in the first quarter of 2003. The Group's total assets under management were CHF 1,234.2 billion as of June 30, 2003. This corresponds to an increase of 6.4% compared with March 31, 2003, primarily reflecting the recent improvements in the markets. Credit Suisse Financial Services reported net new assets of CHF 4.8 billion in the second quarter of 2003, with net inflows of CHF 3.8 billion at Private Banking, CHF 0.5 billion at Corporate & Retail Banking and CHF 0.5 billion at Life & Pensions. Credit Suisse First Boston reported a net asset outflow of CHF 2.5 billion in the second quarter of 2003, as CHF 1.0 billion of net new assets at Institutional Securities was offset by net outflows of CHF 3.5 billion from CSFB Financial Services (CHF 1.7 billion from Credit Suisse Asset Management and CHF 1.8 billion from Private Client Services).

[Back to Contents](#)**Net New Assets and Assets under Management (AuM) in the second quarter of 2003**

in CHF billion	Net New Assets	Total AuM	Change in AuM in % vs 31.03.03
Private Banking	3.8	493.8	8.1
Corporate & Retail Banking	0.5	66.8	4.2
Life & Pensions	0.5	117.0	4.7
Insurance	n/a	32.6	5.2
<b>Credit Suisse Financial Services</b>	<b>4.8</b>	<b>710.2</b>	<b>7.0</b>
Institutional Securities	1.0	31.0	0.6
CSFB Financial Services	-3.5	493.0	5.8
<b>Credit Suisse First Boston</b>	<b>-2.5</b>	<b>524.0</b>	<b>5.5</b>
<b>Credit Suisse Group</b>	<b>2.3</b>	<b>1,234.2</b>	<b>6.4</b>

**Outlook**

Given the current business environment, Credit Suisse Group expects continued sound profitability for 2003, although many of the Group's markets remain challenging. The Group anticipates that operating income will remain strong in the banking industry – albeit with a seasonally lower third quarter in Private Banking – and expects improved technical results in the insurance segments going forward. Life & Pensions and Credit Suisse First Boston remain exposed to the volatility of the capital markets. A strong client focus, further improvements in efficiency and revenue growth remain the key priorities across the Group.

**Enquiries**

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[Back to Contents](#)

### **Commentary on Results □ Non-GAAP Financial Information**

For additional information with respect to Credit Suisse Group's results for the second quarter and first half of 2003, we refer you to the Group's Quarterly Report Q2 2003, as well as the Group's slide presentation for analysts and press, posted on the Internet at [www.credit-suisse.com/results](http://www.credit-suisse.com/results). This press release may contain non-GAAP financial information. A reconciliation of such non-GAAP financial information to the most directly comparable measures under Swiss Generally Accepted Accounting Principles (as well as other related information) is also included in the Quarterly Report Q2 2003. The segment results described above represent net operating profit before minority interests, excluding acquisition-related costs.

### **Credit Suisse Group**

Credit Suisse Group is a leading global financial services company headquartered in Zurich. The business unit Credit Suisse Financial Services provides private clients and small and medium-sized companies with Private Banking and financial advisory services, banking products, and Pension and Insurance solutions from Winterthur. The business unit Credit Suisse First Boston, an Investment Bank, serves global institutional, corp-or-ate, government and individual clients in its role as a financial intermediary. Credit Suisse Group's registered shares (CSGN) are listed in Switzerland and Frankfurt, and in the form of American Depositary Shares (CSR) in New York. The Group employs around 72,500 staff worldwide. As of June 30, 2003, it reported assets under management of CHF 1,234.2 billion.

### **Cautionary Statement Regarding Forward-looking Information**

This press release contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to our plans, objectives or goals; our future economic performance or prospects; the potential effect on our future performance of certain contingencies; and assumptions underlying any such statements. Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include (i) market and interest rate fluctuations; (ii) the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular; (iii) the ability of counterparties to meet their obligations to us; (iv) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (v) political and social developments, including war, civil unrest or terrorist activity; (vi) the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations; (vii) the ability to maintain sufficient liquidity and access capital markets; (viii) operational factors such as systems failure, human error, or the failure to properly implement procedures; (ix) actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations; (x) the effects of changes in laws, regulations or accounting policies or practices; (xi) competition in geographic and business areas in which we conduct our operations; (xii) the ability to retain and recruit qualified personnel; (xiii) the ability to maintain our reputation and promote our brands; (xiv) the ability to increase market share and control expenses; (xv) technological changes; (xvi) the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users; (xvii) acquisitions, including the ability to integrate successfully acquired businesses; (xviii) the adverse resolution of litigation and other contingencies; and (xix) our success at managing the risks involved in the foregoing. We caution you that the foregoing list of important factors is not exclusive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the risks identified in our most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

**Cautionary statement regarding non-GAAP financial information**

This press release may contain non-GAAP financial information. A reconciliation of such non-GAAP financial information to the most directly comparable measures under generally accepted accounting principles, is posted on our website at <http://www.credit-suisse.com/sec.html>.

[Back to Contents](#)

## Today's Presentation of the Results

### Speakers

- Oswald J. Grübel, Co-CEO of Credit Suisse Group and Chief Executive Officer of Credit Suisse Financial Services
- John J. Mack, Co-CEO of Credit Suisse Group and Chief Executive Officer of Credit Suisse First Boston
- Philip K. Ryan, Chief Financial Officer of Credit Suisse Group
- Ulrich Körner, Chief Financial Officer of Credit Suisse Financial Services
- Barbara Yastine, Chief Financial Officer of Credit Suisse First Boston

### Analysts' presentation, Zurich (English)

- August 5, 2003, 9.00 am CET / 7.00 am GMT / 3.00 am EST at the Credit Suisse Forum St. Peter, Zurich
- Internet:
  - Live broadcast at [www.credit-suisse.com/results](http://www.credit-suisse.com/results)
  - Video playback available approximately 3 hours after the event
- Telephone:
  - Live audio dial-in on +41 91 610 5600 (Europe), +44 866 291 4166 (UK), or +1 207 107 0611 (US), ask for "Credit Suisse Group quarterly results"; please dial in 10 minutes before the start of the presentation
  - Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe), +44 207 866 4300 (UK) or +1 412 858 1440 (US), conference ID 090#

### Media conference, Zurich (English/German)

- August 5, 2003, 11.00 am CET / 9.00 am GMT / 5.00 am EST at the Credit Suisse Forum St. Peter, Zurich
- Simultaneous interpreting: German □ English, English □ German
- Internet:
  - Live broadcast at [www.credit-suisse.com/results](http://www.credit-suisse.com/results)
  - Video playback available approximately 3 hours after the event
- Telephone:
  - Live audio dial-in on +41 91 610 5600 (Europe), +44 866 291 4166 (UK), or +1 207 107 0611 (US), ask for "Credit Suisse Group quarterly results"; please dial in 10 minutes before the start of the presentation
  - Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe), +44 207 866 43 00 (UK) or +1 412 858 1440 (US), conference ID 285# (English) or 270# (German)

## QUARTERLY REPORT 2003 Q2

**Oswald J. Grübel**

Co-CEO Credit Suisse Group

Chief Executive Officer

Credit Suisse Financial Services

**John J. Mack**

Co-CEO Credit Suisse Group

Chief Executive Officer

Credit Suisse First Boston

**Oswald J. Grübel John J. Mack**

August 2003

Consolidated income statement

		Change in % from	Change in % from		Change in % from
				6 months	
Return on equity		Change in % from	Change in % from	6 months	Change in % from
Consolidated balance sheet				Change in % from	Change in % from
in CHF m	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Capital data				Change in % from	Change in % from
in CHF m	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Capital ratios				Change in % from	Change in % from
in %	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Assets under management/client assets				Change in % from	Change in % from
in CHF bn	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Net new assets		Change in % from	Change in % from		Change in % from
				6 months	
Number of employees (full-time equivalents)				Change in % from	Change in % from
	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02



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Share data

	30.06.03	31.03.03	31.12.02	Change in % from 31.03.03	Change in % from 31.12.02
Share price					
		Change in % from	Change in % from	6 months	Change in % from
Calculation of earnings per share (EPS)		Change in % from	Change in % from	6 months	Change in % from

Equity capital

Net new assets

Operating income and expenses

Valuation adjustments, provisions and losses

Stock-based compensation

Outlook

Overview of Credit Suisse Group <sup>1)</sup>

	Credit Suisse Financial Services	Credit Suisse First Boston	Corporate Center	Credit Suisse Group
Assets under management/client assets				
				Change in % from
in CHF bn	30.06.03	31.03.03	31.12.02	31.03.03
Net new assets		Change in % from	Change in % from	Change in % from
				6 months

Economic Risk Capital

Overall risk trends

CSFB trading risks

Credit risk exposure

Key Position Risk Trends

	Change Analysis: Brief Summary		
	Change in % from		
	2Q2003	1Q2003	2Q2002
CSFB trading exposures (1-day, 99% VaR) in USD m			
Total credit risk exposure <sup>1)</sup>	Credit Suisse First Boston		Credit Suisse Group

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Credit Suisse Financial Services		Credit Suisse First Boston		Credit Suisse Group	
Total loan portfolio exposure and allowances and provisions for credit risk <sup>1)</sup>					
Credit Suisse Financial Services		Credit Suisse First Boston		Credit Suisse Group	
Private Banking					
Corporate & Retail Banking					
Life & Pensions					
Insurance					
Credit Suisse Financial Services business unit income statement – operating <sup>1)</sup>					
		Change	Change		Change
		in % from	in % from		in % from
				6 months	
Credit Suisse Financial Services business unit key information					
				6 months	
Overview of business unit Credit Suisse Financial Services – operating <sup>1)</sup>					
		Corporate	Life &		Credit
		Private	& Retail	Pensions	Suisse
		Banking	Banking	Insurance	Financial
2Q2003, in CHF m					Services
Private Banking income statement <sup>1)</sup>					
		Change	Change		Change
		in % from	in % from		in % from
				6 months	
Private Banking balance sheet information <sup>1)</sup>					
				Change	Change
				in % from	in % from
in CHF m	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Private Banking key information <sup>1)</sup>					
				6 months	
Corporate & Retail Banking income statement <sup>1)</sup>					
		Change	Change		Change
		in % from	in % from		in % from
				6 months	
Corporate & Retail Banking balance sheet information <sup>1)</sup>					
				Change	Change
				in % from	in % from
in CHF m	30.06.03	31.03.03	31.12.02	31.03.03	31.12.02
Corporate & Retail Banking key information <sup>1)</sup>					
				6 months	
Life & Pensions income statement <sup>1)</sup>					
		Change	Change		Change
		in % from	in % from		in % from
				6 months	
Life & Pensions key information					
				6 months	
Insurance income statement <sup>1)</sup>					

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	Change in % from	Change in % from	Change in % from
			6 months
Insurance key information			6 months
Institutional Securities			
CSFB Financial Services			
Credit Suisse First Boston business unit income statement – operating <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
Credit Suisse First Boston business unit income statement – operating <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
Credit Suisse First Boston business unit key information			6 months
Overview of business unit Credit Suisse First Boston – operating <sup>1)</sup>			6 months
	in USD m	in CHF m	
Institutional Securities income statement <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
Institutional Securities income statement <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
Institutional Securities balance sheet information in CHF m	30.06.03	31.03.03	31.12.02
Institutional Securities key information			6 months
CSFB Financial Services income statement <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
CSFB Financial Services income statement <sup>1)</sup>	Change in % from	Change in % from	Change in % from
			6 months
CSFB Financial Services key information			6 months
Introduction			
Credit Suisse Financial Services business unit			
Credit Suisse First Boston business unit			
Credit Suisse Financial Services	Credit Suisse First Boston	Credit Suisse First Boston	
Credit Suisse Financial Services	Credit Suisse First Boston	Credit Suisse First Boston	



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As of 31.12.02, in CHF m	Book value	Amortized cost	unrealized gains	unrealized losses	Fair value
--------------------------	------------	-------------------	---------------------	----------------------	------------

Financial calendar

Third quarter results 2003	Tuesday, November 4, 2003
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Credit Suisse Group shares

Ticker symbols

Stock exchange listings

Bloomberg

Reuters

Telekurs

Ratings

Moody's

Standard & Poor's

Fitch Ratings

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In this year's corporate reports, we have chosen the work of Swiss artist Daniel Grobet to represent Credit Suisse Group's 360° approach to finance. In his hand-crafted iron sculptures, Daniel achieves a harmonious balance by carefully combining static and dynamic elements.

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## QUARTERLY RESULTS 2003 Q2

## PRESENTATION

### **RESULTS OVERVIEW**

- CONSOLIDATED RESULTS Slide 4
- CREDIT SUISSE FINANCIAL SERVICES Slide 11
- CREDIT SUISSE FIRST BOSTON Slide 19
  
- ADDITIONAL INFORMATION Slide 26
  
- DISCLAIMER Slide 45

---

Slide 1

[Back to Contents](#)

## RESULTS OVERVIEW

in CHF m	Q2/03	Q1/03	Q2/02	6M/03	6M/02
Credit Suisse Financial Services	<b>829</b>	684	(303)	<b>1,513</b>	292
Credit Suisse First Boston	<b>395</b>	221	101	<b>616</b>	69
Corporate Center & adjustments	<b>122</b>	(253)	(377)	<b>(131)</b>	(572)
<b>Net profit/(loss)</b>	<b>1,346</b>	652	(579)	<b>1,998</b>	(211)
Amortization of acquired intangible assets and goodwill	<b>223</b>	232	354	<b>455</b>	739
Tax impact	<b>(26)</b>	(28)	(60)	<b>(55)</b>	(127)
<b>Net operating profit</b>	<b>1,543</b>	856	(285)	<b>2,398</b>	401
Basic earnings per share (in CHF)	<b>1.09</b>	0.53	(0.49)	<b>1.62</b>	(0.18)
Return on equity (annualized)	<b>18.5%</b>	9.2%	(6.6%)	<b>13.8%</b>	(1.2%)

Slide 2



[Back to Contents](#)

## KEY TRENDS IN Q2/03

Substantial progress achieved in our efforts to return the Group to sound profitability

CSFS banking businesses improved results due to higher operating income and efficiency measures

Slightly higher results at Winterthur, driven mainly by reduced administration costs

CSFB results driven primarily by continued strength in Fixed Income, improvements in Equity and Investment Banking, and lower credit provisions

Further strengthening of capital base achieved due primarily to earnings generation and managed balance sheet growth

Improved net new assets generation across all segments

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Slide 3

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## PRESENTATION

RESULTS OVERVIEW Slide 1

### **CONSOLIDATED RESULTS**

CREDIT SUISSE FINANCIAL SERVICES Slide 11

CREDIT SUISSE FIRST BOSTON Slide 19

ADDITIONAL INFORMATION Slide 26

DISCLAIMER Slide 45

[Back to Contents](#)

## OPERATING INCOME

in CHF bn				
7.6	5.7	6.4	7.0	7.5
Q2	Q3	Q4	Q1	Q2
2002			2003	
r VS			r VS	
Q1/03			Q2/02	
Q1/03			6M/02	
<b>Total</b>	<b>7%</b>	<b>(1%)</b>	<b>(9%)</b>	

<b>Banking*</b>	<b>7%</b>	<b>(17%)</b>	<b>(20%)</b>
Interest income	13%	(14%)	(13%)
Fee and commission income	5%	(32%)	(34%)
Trading income	4%	49%	24%
<b>Insurance*</b>	<b>(13%)</b>	<b>180%</b>	<b>98%</b>

\* excluding "Other ordinary income/(expenses), net"

Slide 5

[Back to Contents](#)

## OPERATING EXPENSES AND DEPRECIATION

in CHF bn					r vs		r vs 6M/02
					Q1/03	Q2/02	
<b>Total</b>					<b>2%</b>	<b>(21%)</b>	<b>(22%)</b>
Personnel expenses					5%	(21%)	(23%)
Other operating expenses					(10%)	(29%)	(23%)
Depreciation					13%	2%	(5%)
Q2	Q3	Q4	Q1	Q2			
2002			2003				

Slide 6

[Back to Contents](#)

## PROVISIONS

in CHF m		Valuation adjustments, provisions and losses		
		Adjustment in the method of estimating inherent loss allowance		
		Non credit-related		
		Credit-related at CSFS		
		Credit-related at CSFB		
Q2	Q3	Q4	Q1	Q2
2002			2003	

Note: Totals include Corporate Center and adjustments but exclude exceptional provisions of CHF 984 m in Q4/02

Slide 7

[Back to Contents](#)

## IMPAIRED LOANS

in CHF bn      Total impaired loans

6.0	5.1	4.6	4.9	4.1	3.3	Impaired loans as % of due from banks and customers <sup>(1)</sup>
59.5	60.2	60.0	62.3	63.8	67.1	Valuation allowance as % of impaired loans

(1) due from banks and customers and mortgages (excluding securities lending and reverse repurchase agreements)

Slide 8

[Back to Contents](#)

## CALCULATION OF CONSOLIDATED BIS<sup>(1)</sup> CAPITAL RATIOS

New decree on methodology for calculation of Credit Suisse Group's consolidated capital ratios expected to be released by EBK<sup>(2)</sup> in the second half of 2003

Capital charge for the Winterthur Group investment will no longer be reflected as an addition to risk-weighted assets but as a deduction from regulatory capital

50% of Winterthur Group's adjusted net asset value to be deducted from tier 1 capital and remaining 50% from total capital

Tier 1 capital deductions also include 100% of goodwill, own shares and minority interests of Winterthur Group

New methodology to reflect a bancassurance group perspective

(1) BIS = Bank for International Settlement

(2) EBK = Eidgenössische Bankenkommission (Swiss Federal Banking Commission)



[Back to Contents](#)

## BIS CAPITAL RATIOS

### AS OF JUNE 30, 2003

in CHF m	Credit Suisse <sub>(1)</sub>	Credit Suisse First Boston <sub>(1)</sub>	Consolidated (current methodology)	Consolidated (new methodology)
<b>Book equity</b>	<b>7,210</b>	<b>19,830</b>	<b>33,428</b>	<b>33,428</b>
Deduction of goodwill	(262)	(7,986)	(9,847)	(9,847)
Deduction of 50% of Winterthur's adjusted net asset value				(2,297)
Other tier 1 adjustments	(525)	(575)	(797)	(797)
<b>Tier 1 capital</b>	<b>6,423</b>	<b>11,269</b>	<b>22,784</b>	<b>20,487</b>
Acquired intangible assets	66	1,821 <sup>(2)</sup>	1,884 <sup>(2)</sup>	1,884 <sup>(2)</sup>
Hybrid capital		1,041	2,167	2,167
<b>Risk-weighted assets</b>	<b>85,443</b>	<b>102,829</b>	<b>204,820</b>	<b>199,108</b>
<b>Tier 1 capital ratio</b>	<b>7.5%</b>	<b>11.0%</b>	<b>11.1%</b>	<b>10.3%</b>
excl. acquired	7.4%	9.4%	10.3%	9.5%

## intangible assets

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- (1) consolidated banking entities Credit Suisse and Credit Suisse First Boston
  - (2) net of tax liability
- 

Slide 10

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## PRESENTATION

- RESULTS OVERVIEW Slide 1
- CONSOLIDATED RESULTS Slide 4
- **CREDIT SUISSE FINANCIAL SERVICES**
- CREDIT SUISSE FIRST BOSTON Slide 19
  
- ADDITIONAL INFORMATION Slide 26
  
- DISCLAIMER Slide 45

---

Slide 11

---

[Back to Contents](#)

## CREDIT SUISSE FINANCIAL SERVICES

### OVERVIEW

(1/2)

#### Results

Second quarter net profit of CHF 829 m, up 21% or CHF 145 m vs first quarter of 2003

First half 2003 net profit of CHF 1.5 bn, up CHF 1.2 bn vs first half of 2002

All segments with improved results vs previous quarter

ROE of 26.0% in second quarter and 24.0% in first half of 2003

#### Highlights banking segments

Operating income up 8% vs Q1/03 on higher business volumes

Substantial increase in AuM of CHF 40 bn or 8% to CHF 561 bn vs Q1/03; net new assets of CHF 4.3 bn in Q2/03

Cost base practically unchanged vs Q1/03 and down CHF 237 m or 9% vs first half of 2002

Further efficiency gains led to an improvement of 3.9 pts in the operating cost/income ratio to 60.8% (vs Q1/03)

Slide 12

[Back to Contents](#)

## CREDIT SUISSE FINANCIAL SERVICES

### OVERVIEW

(2/2)

#### Highlights insurance segments

Further efficiency gains (Insurance combined ratio and Life & Pensions expense ratio down vs first half of 2002)

Administration costs further reduced, down 12% vs first quarter of 2003

Introduction of a new employee benefit model in Switzerland

Announced divestitures of Winterthur Italy, Churchill (UK) and Republic (US)

Slide 13

[Back to Contents](#)

## PRIVATE BANKING

### Segment result

Gross margin (bp)	114	<b>120</b>	123	<b>117</b>
-------------------	-----	------------	-----	------------

C/I-ratio (%)	63.2	<b>58.6</b>	56.7	<b>60.8</b>
---------------	------	-------------	------	-------------

Net new assets (CHF bn)	1.5	<b>3.8</b>	14.8	<b>5.3</b>
-------------------------	-----	------------	------	------------

	<u>Q1</u>	<u>Q2</u>	<u>2002</u>	<u>2003</u>
--	-----------	-----------	-------------	-------------

2003

6 months

### Key profit & loss items

in CHF m	<b>Q2/03</b>	vs Q1/03	<b>6M/03</b>	vs 6M/02
----------	--------------	-------------	--------------	-------------

Operating income	<b>1,429</b>	9%	<b>2,739</b>	(15%)
------------------	--------------	----	--------------	-------

Operating expenses	<b>793</b>	3%	<b>1,564</b>	(9%)
--------------------	------------	----	--------------	------

Operating income up 9% and gross margin up 6 bp (to 120 bp) vs Q1/03

Cost/income ratio of 58.6% in Q2/03 improved for the third quarter in a row

Improvement in net new asset generation by CHF 2.3 bn vs Q1/03 and AuM up CHF 37 bn to CHF 494 bn

Asian and European Private Banking achieved above-average growth in net new assets

[Back to Contents](#)

## CORPORATE & RETAIL BANKING

### Segment result

Net interest margin (bp)	214	<b>221</b>	227	<b>217</b>
Cost/Income ratio (%)	67.4	<b>64.8</b>	68.5	<b>66.1</b>
ROE (%)	10.7	<b>13.3</b>	10.0	<b>11.9</b>
	Q1	<b>Q2</b>	2002	<b>2003</b>
	2003		6 months	

### Key profit & loss items

in CHF m	<b>Q2/03</b>	vs Q1/03	<b>6M/03</b>	vs 6M/02
Operating income	<b>784</b>	7%	<b>1,518</b>	(4%)
Operating expenses	<b>484</b>	2%	<b>957</b>	(8%)
Provisions (1)	<b>71</b>	(8%)	<b>148</b>	(8%)

Operating income up 7% vs previous quarter

Net interest margin up 7 bp to 221 bp vs Q1/03

Cost/income ratio down 2.6 pts vs Q1/03 to 64.8% lowest ratio in the last five quarters



## Further improved credit portfolio (effective credit risks & impaired loans)

(1) valuation adjustments, provisions and losses (provisions based on expected credit losses derived from statistical model)

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Slide 15

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[Back to Contents](#)

## LIFE & PENSIONS

Segment result				
Expense ratio (%)	6.8	<b>11.5</b>	9.0	<b>8.4</b>
Return on invested assets (%)	4.9	<b>5.1</b>	1.7	<b>5.0</b>
	Q1	<b>Q2</b>	2002	<b>2003</b>
	2003		6 months	

(1) death and other benefits incurred & change in provision for future policyholder benefits

(2) excluding separate account business

Key profit & loss items		
in CHF m	6M/03	vs 6M/02
Gross premiums written	<b>9,965</b>	(3%)
Benefits & claims <sup>(1)</sup>	<b>(10,939)</b>	(1%)
Policy acquisition costs	<b>(240)</b>	21%
Administration costs	<b>(599)</b>	(17%)
Investment income <sup>(2)</sup>	<b>2,517</b>	216%

Premiums down 3% vs 6M/02 due to selective underwriting

Administration costs down 17% vs 6M/02

Expense ratio of 8.4% for 6M/03, down 0.6 pts vs 6M/02

Investment return of 5.0% in 6M/03 (current income of 4.0% & realized gains/losses of 1.0%)

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Slide 16

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[Back to Contents](#)

## INSURANCE

Segment result				
Combined ratio (%)	100.7	<b>100.5</b>	103.8	<b>100.6</b>
Return on invested assets (%)	3.5	<b>4.0</b>	(1.3)	<b>3.7</b>
	Q1	<b>Q2</b>	2002	<b>2003</b>
	2003		6 months	
Key profit & loss items				
in CHF m	<b>6M/03</b>		vs	6M/02
Net premiums earned	<b>8,064</b>			4%
Claims & annuities	<b>(5,771)</b>			0%
Policy acquisition costs	<b>(1,436)</b>			15%
Administration costs	<b>(905)</b>			(8%)
Investment income	<b>604</b>			

Premiums up 4% vs 6M/02 due to increased tariffs

Underwriting result improved by CHF 75 m vs 6M/02 (combined ratio reduced to 100.6%)

Claims ratio down 3.3 pts vs 6M/02 (pricing, portfolio

streamlining and few natural catastrophes)

Administration costs down 8% vs 6M/02

Investment return of 3.7% in 6M/03 (current income of 4.0% & realized gains/losses of -0.3%)

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Slide 17

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[Back to Contents](#)

## CREDIT SUISSE FINANCIAL SERVICES OUTLOOK

Outlook  
for  
2003

Given current business environment, CSFS expects continued sound profitability in 2003 supported by:

Overall: progress in implementation of efficiency measures

Banking: continued strong operating income expected in the banking industry, albeit a seasonally lower result in Private Banking in the third quarter

Winterthur: improved technical results

Life & Pensions remains exposed to volatility of the capital markets

Slide 18

[Back to Contents](#)

## PRESENTATION

RESULTS OVERVIEW Slide 1

CONSOLIDATED RESULTS Slide 4

CREDIT SUISSE FINANCIAL SERVICES Slide 11

### **CREDIT SUISSE FIRST BOSTON**

ADDITIONAL INFORMATION Slide 26

DISCLAIMER Slide 45

---

Slide 19

---

[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON OVERVIEW

### Results Q2/03

Net operating profit<sup>(1)</sup> of USD 426 m, up from USD 292 m in Q1/03 (net profit of USD 296 m vs USD 161 m in Q1/03)

Operating income up 9% vs Q1/03, driven by continued strength in Fixed Income and improvements in Equity and Investment Banking

Comparable to Q2/02 excluding Pershing

Substantial reduction in credit provisions

### Highlights

Significant improvement in financial benchmarks operating ROE<sup>(2)</sup> of 18.5%; operating pre-tax margin<sup>(2)</sup> of 18.3%

Acquired Volaris Advisors, a firm specializing in equity options strategies, to enhance Private Client Services platform

(1) excludes amortization of acquired intangible assets and goodwill

(2) excludes acquisition related costs



[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON

### KEY FINANCIAL RESULTS

in USD m	Q2/03	Q1/03	6M/03	6M/02
Operating income	<b>3,187</b>	2,920	<b>6,107</b>	6,770
<i>pro forma excluding Pershing</i>	<b>3,187</b>	2,905	<b>6,092</b>	6,330
Operating expenses	<b>2,328</b>	2,169	<b>4,497</b>	5,238
<i>pro forma excluding Pershing</i>	<b>2,328</b>	2,169	<b>4,497</b>	4,904
Provisions <sup>(1)</sup>	<b>49</b>	128	<b>177</b>	462
Net operating profit <sup>(2)</sup>	<b>426</b>	292	<b>718</b>	384
<i>pro forma excluding Pershing</i>	<b>426</b>	277	<b>703</b>	329
Operating ROE <sup>(2)</sup>	<b>18.5%</b>	12.4%	<b>15.3%</b>	8.5%
Operating pre-tax margin <sup>(2)</sup>	<b>18.3%</b>	13.2%	<b>15.8%</b>	6.4%
Personnel expenses/operating income <sup>(2)</sup>	<b>51.7%</b>	51.7%	<b>51.7%</b>	55.1%
Number of employees <sup>(3)</sup>	<b>18,716</b>	19,218		

(1) valuation adjustments, provisions and losses

(2) excludes acquisition related costs

(3) full-time equivalents; Q1/03 excludes Pershing headcount of 3,913

[Back to Contents](#)

# INSTITUTIONAL SECURITIES OVERVIEW

## Segment result

Segment result					
Value-at-Risk (1-day, 99%) in USD m					
Average	46.4	43.7	39.4	49.2	64.3
Pre-tax (1)					
Margin(%)	13.0	(15.4)	(5.9)	18.4	22.7
	Q2	Q3	Q4	Q1	Q2
	2002			2003	

(1) excluding acquisition-related costs

(2) valuation adjustments, provisions and losses

## Key Profit & Loss Items

in USD m	Q2/03	VS		
		Q1/03	6M/03	VS 6M/02
Operating income	2,888	10%	5,504	(3%)
Personnel expenses	1,492	10%	2,853	(11%)

Other operating exp.	591	3%	1,165	(2%)
Provisions <sup>(2)</sup>	56	(50%)	168	(63%)

Continued strong results for Fixed Income

Improved Equity & Banking compared with Q1/03

Personnel expenses reflect increase in incentive compensation accruals due to rise in performance

Provisions reflect an improved credit environment

Increased risk portfolio driven by interest rate exposure, better risk/reward opportunities versus unusually low year-end levels

Slide 22

[Back to Contents](#)

## INSTITUTIONAL SECURITIES OPERATING INCOME

Strong results across all business lines, up 1% vs Q1/03

Emerging markets and leveraged and bank finance favorably impacted by tighter credit spreads and demand for higher yielding fixed income products

Credit products performed well on the strength of the collateralized mortgage business

24% increase compared with Q1/03

Derivative results increased, particularly convertibles

Improvement in cash trading versus Q1/03, particularly in US and Asia, although activity levels remain very low

Up 18% vs Q1/03 primarily attributable to higher equity and high yield new issuance activity, with improved industry volume up 145% and 96%, respectively

CSFB ranked number one in high yield new issuance

Private equity revenue substantially below Q2/02, which included a USD 114 m gain on Swiss Re investment

Q2	Q3	Q4	Q1	Q2
2002			2003	

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Slide 23

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[Back to Contents](#)

## CSFB FINANCIAL SERVICES OVERVIEW

Segment result					
Net new assets (USD bn)					
CSAM	(4.1)	(7.9)	(5.8)	(3.8)	(1.3)
PCS	1.4	0.1	1.8	1.1	(1.3)
Total	2.7	(7.8)	(4.0)	(2.7)	(2.6)
AuM (USD bn)	363	336	350	342	364
Pre-tax <sup>(1)</sup> margin (%)	17.9	9.6	13.9	15.1	17.4
	Q2	Q3	Q4	Q1	Q2
	2002			2003	
Key profit & loss items					
in USD m		Q2/03	vs Q1/03	6M/03	vs 6M/02
Operating income		299	(2%)	603	(45%)
<i>pro forma excl. Pershing</i>		299	3%	588	(9%)
Operating expenses		245	5%	479	(43%)
<i>pro forma excl. Pershing</i>		245	5%	479	(5%)

CSAM Q2/03 operating income up vs Q1/03, comparable to Q2/02

PCS operating income flat in Q1/03 and down 27% vs Q2/02 due to lower transaction level and margin balances

CSAM asset outflows much reduced

Pre-tax margin returned to Q2/02 level

(1) excluding certain acquisition-related costs

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Slide 24

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[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON OUTLOOK

### Outlook for 2003

Second quarter results indicate Credit Suisse First Boston is headed in the right direction and is continuing to gain momentum

The business environment, however, remains challenging, with many of our markets operating at historically low levels

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Slide 25

---



[Back to Contents](#)

## PRESENTATION

RESULTS OVERVIEW Slide 1

CONSOLIDATED RESULTS Slide 4

CREDIT SUISSE FINANCIAL SERVICES Slide 11

CREDIT SUISSE FIRST BOSTON Slide 19

## **ADDITIONAL INFORMATION**

DISCLAIMER Slide 45

---

Slide 26

---

[Back to Contents](#)

## ADDITIONAL INFORMATION INDEX

### Group

- Accounting for stock-based compensation (slide 28)
- Calculation of consolidated BIS capital (slide 29)
- Calculation of Winterthur's adjusted net asset value (slide 30)

### CSPB

- Development of gross margin (slide 31)
- AuM by product and currency (slide 32)

### Winterthur

- Investment result (slide 33 to 34)
- Investment portfolio (slide 35)
- Equity base development (slide 36)
- Insurance: Split by line of business and combined ratios (slide 37)
- Life & Pensions: Technical reserves (slide 38)
- Life & Pensions: The Winterthur model (slide 39 to 40)

### CSFB

- Operating income detail Investment Banking (slide 41)
  - "Legacy" assets (slide 42 to 43)
  - Counterparty exposure by industry (slide 44)
-



[Back to Contents](#)

## ACCOUNTING FOR STOCK-BASED COMPENSATION

	Future stock option awards Group-wide	Future stock awards	
		CSFB	CSFS & Group Corporate Center
Vesting	1/3rd per year over the three years following grant	1/3rd per year over the three years following grant	Immediately upon grant
Blocking	No further blocking	Blocked for four years following grant	Blocked for four years following grant
P&L recognition	Fair value to be expensed over vesting period	Fair value to be expensed over vesting period	Expensed at grant as current compensation cost
P&L impact	Phasing-in over three years of cost not previously recognized	Lower expense in 2003 as deferred portion is recognized over next three years	No change

Slide 28

[Back to Contents](#)

# CALCULATION OF CONSOLIDATED BIS CAPITAL ACCORDING TO NEW METHODOLOGY

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Slide 29

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[Back to Contents](#)

## CALCULATION OF WINTERHUR'S ADJUSTED NET ASSET VALUE

In this context, Winterthur Group's adjusted net asset value is to be understood as its contribution to consolidated tier 1 capital

in CHF m	30.06.03	31.12.02
Winterthur shareholders' equity	6,338	5,587
- Minority interests	(669)	(599)
- Goodwill	(1,050)	(1,082)
- Own shares	(26)	(44)
<b>Winterthur adjusted net asset value</b>	<b>(4,593)</b>	<b>(3,863)</b>

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Slide 30

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[Back to Contents](#)

# PRIVATE BANKING

## DEVELOPMENT OF GROSS MARGIN

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Slide 31

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[Back to Contents](#)

# PRIVATE BANKING

## AUM BY PRODUCT & CURRENCY

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Slide 32

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[Back to Contents](#)

## WINTERTHUR GROUP

INVESTMENT RESULT<sup>(1)</sup>

(1/2)

	2002(1)				2003(1)	
	Q1	Q2	Q3	Q4	Q1	Q2
Current income	1,236	1,435	1,203	1,222	1,255	1,394
Realized gains	1,346	1,389	2,353	333	1,327	821
Realized losses	(647)	(2,129)	(1,589)	(373)	(633)	(411)
Impairments	(942)	(857)	(1,413)	(675)	(328)	(52)
Other	(114)	(100)	(135)	(115)	(111)	(141)
<b>Investment income (P&amp;L)</b>	<b>879</b>	<b>(262)</b>	<b>419</b>	<b>392</b>	<b>1,510</b>	<b>1,611</b>

(1) general account only

Note: Q1 to Q3 2002 reclassified to the current presentation format, including real estate for own use, interest paid from current income and realized gains/losses

Slide 33

[Back to Contents](#)

# WINTERTHUR GROUP

## INVESTMENT RESULT

(2/2)

### Development of gross unrealized losses in equity portfolio

Potential impact of gross unrealized losses on NOP:

(in CHF m)

(750)	(400)	(250)	(200)	(75)
-------	-------	-------	-------	------

Given flat markets, unrealized losses are recognized in the P&L after 6 months as an impairment

NOP impact highly country-specific depending on whether the investment risk is borne by the company or the policyholder

Further reduction in unrealized losses on equities

Taking only the NOP-relevant portion into account, unrealized losses decreased to CHF 75 m

(1) general account only

Slide 34

[Back to Contents](#)

## WINTERTHUR GROUP

### INVESTMENT PORTFOLIO ASSET ALLOCATION

Responsive to equity market developments

- Increase in equity securities from CHF 6.6 bn (5.0%) to CHF 7.0 bn (5.3%) in Q2/03

- "Investment view" equity exposure stands at CHF 6.2 bn (4.7%)<sup>(1)</sup>

#### Winterthur investment portfolio<sup>(2)</sup>

**Total** (in CHF billion)

Short-term investments & others

Real estate (fair value)

Mortgages

**Equity securities**

Debt securities & loans

(1) investment view excludes CHF 0.8 bn of participations in bond funds and special funds classified as equities under accounting rules

(2) all investments incl. real estate at market value; excluding separate account (i.e. unit-linked) business

(3) reduced by CHF 4.5 bn vs reported figures due to trade accounting on purchased bonds and maturing money market transactions (settlement date)

Slide 35

[Back to Contents](#)

## WINTERTHUR GROUP EQUITY BASE DEVELOPMENT IN 2003

Significant increase of CHF 751 million in shareholder's equity in 6M/03

### Winterthur shareholders' equity (CHF m)

(1) net of tax and policyholder participation

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Slide 36

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[Back to Contents](#)

# WINTERTHUR INSURANCE

## SPLIT BY LINE OF BUSINESS & COMBINED RATIOS

Net premiums earned 6M/03:  
CHF 8.1bn

Change vs 6M/02:  
+4% (+10.2% organic<sup>(1)</sup>)

Combined ratio

(1) in local currencies

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Slide 37

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[Back to Contents](#)

## LIFE & PENSIONS

### TECHNICAL RESERVES AS OF JUNE 30, 2003

#### **CH BVG**

Savings capital  
in collective  
foundations and  
independent  
pensions funds,  
thereof in 2004

35%

renewable and  
subject to

2.0%

guaranteed  
interest rate in  
2004

( Winterthur  
model )

65% not  
renewable for  
2004 and  
subject to the  
BVG rate in  
2004<sup>(1)</sup>

#### **CH other group life**

Reserves for  
business not

directly related  
to the BVG  
rate

(1) to be decided by the Swiss Federal Council in the second half of 2003, potential reduction to 2.0% indicated in second quarter 2003

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Slide 38

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[Back to Contents](#)

# THE WINTERTHUR MODEL (1/2)

## KEY ELEMENTS

Separation of the insurance and pensions relationship as of  
January 1, 2004

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Slide 39

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[Back to Contents](#)

# THE WINTERTHUR MODEL DETAILS 2004

(2/2)

Offer for 2004		
Interest:		
• Mandatory benefits	BVG/LPP guaranteed rate + bonus (2% insured with WL)	+ Goal: interest rate guaranteed by Winterthur Life together with any bonuses should reach at least the BVG/LPP minimum interest rate
• Extra-mandatory benefits	2% + bonus	temporary cover shortfall possible
Conversion rate:		
• Mandatory benefits	BVG/LPP guaranteed rate + bonus	
• Extra-mandatory benefits	Men: 5.835% Women: 5.454%	Extra-mandatory benefits: adjustment to current life expectancy figures

Interest:		
• Mandatory benefits	2% + bonus	Guaranteed interest rate is based on returns from risk-free investments
• Extra-mandatory benefits	2% + bonus	
Conversion rate:		
• Mandatory benefits	BVG/LPP guaranteed rate	
• Extra-mandatory benefits	Men: 5.835% Women: 5.454%	Extra-mandatory benefits: adjustment to current life expectancy figures <sup>1)</sup>

<sup>1)</sup> Compensation by means of single premium possible

[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON

### OPERATING INCOME DETAIL 2002 AND 2003

Investment Banking Division <sup>(1)</sup>						
in USD m	2002				2003	
	Q1	Q2	Q3	Q4	Q1	Q2
Private equity	133	186	141	397	77	111
Debt capital markets	100	94	28	64	85	95
Equity capital markets	117	153	74	92	29	119
Advisory	344	444	280	357	296	283
Other	47	30	33	26	58	36
<b>Total</b>	<b>741</b>	<b>907</b>	<b>556</b>	<b>936</b>	<b>545</b>	<b>644</b>

(1) previous quarters have been restated to reflect the movement of the results of certain non-continuing private equity assets from the Investment Banking Division to the "Other Division"

Note: IBD results reflect the impact of various divisional sharing arrangements of operating income amongst the divisions

[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON

## "LEGACY" ASSETS

(1/2)

in USD m	"Legacy" Assets Net Exposure		
		8,964	Real estate
12/1999	<b>11,925</b>	1,975	Distressed
		986	Private equity (1,228 unfunded commitment)
		4,805	Real estate
	<b>8,026</b>	1,498	Distressed
12/2000		1,724	Private equity (984 unfunded commitment)
		2,925	Real estate
	<b>5,357</b>	1,107	Distressed
12/2001		1,325	Private equity (857 unfunded commitment)
		1,535	Real estate
	<b>3,031</b>	512	Distressed
12/2002		984	Private equity (785 unfunded commitment)
		1,185	Real estate
03/2003	<b>2,727</b>	508	Distressed
		1,034	Private equity (911 unfunded commitment)
		1,052	Real estate
06/2003	<b>2,498</b>	539	Distressed
		907	Private equity (863 unfunded commitment)

Note:

Unfunded commitments  
excluded for private equity

Unfunded commitments  
included for real estate

Private equity unfunded  
commitments include  
employee commitments



[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON

**"LEGACY" ASSETS (2/2)****Charges related to "legacy"  
assets in CSFB's income statement**

in USD m	Real estate	Distressed portfolio	Private equity	<b>Total</b>
<b>6M/03</b>				
Operating income	6	(29)	(28)	<b>(51)</b>
Provisions				
Taxes	(2)	8	8	<b>14</b>
Net operating profit/(loss)	4	(21)	(20)	<b>(37)</b>
<b>6M/02</b>				
Operating income	(43)	(167)	(83)	<b>(293)</b>
Provisions	(113)			<b>(113)</b>
Taxes	44	47	23	<b>114</b>
Net operating profit/(loss)	(112)	(120)	(60)	<b>(292)</b>

Slide 43

[Back to Contents](#)

## CREDIT SUISSE FIRST BOSTON

### COUNTERPARTY EXPOSURE BY INDUSTRY

#### Selected CSFB exposures (as of June 30, 2003)

in USD m	Current exposure	Undrawn commitments	Reserves	Net exposure
Telecommunications	1,518	1,549	(293)	2,774
Telecommunications manufacturers	34	200	(14)	220
Merchant energy	1,074	113	(224)	963
Airlines	695	53	(172)	576

Note:

Current exposure equals committed amount (includes only drawn commitments) for lending plus mark-to-market for counterparty trading less credit protection.

Slide 44

[Back to Contents](#)

## DISCLAIMER

### **Cautionary Statement regarding forward-looking information**

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2002 filed with the US Securities and Exchange Commission, and in other public filings and press releases.

We do not intend to update these forward-looking statements except as may be required by applicable laws.

### **Quarterly Report 2003/Q2 Non-GAAP Financial Information**

For additional information with respect to our results for the second quarter, we refer you to our "Quarterly Report 2003/Q2", posted on our website at [www.credit-suisse.com](http://www.credit-suisse.com). This presentation may contain non-GAAP financial information. A reconciliation of such non-GAAP financial information to the most directly comparable measures under Swiss generally accepted accounting principles (as well other related information), is also included in our Quarterly Report 2003/Q2.





[Back to Contents](#)

# Compensation Philosophy and Option Reduction Program

Zurich  
August 5, 2003

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[Back to Contents](#)

## COMPENSATION PHILOSOPHY OVERVIEW

Successful change in compensation culture over past two years

Compensation plans are designed to:

- Align employee and shareholder interests

- Attract and retain key people

- Reward employees for performance and offer future-oriented incentives

- Ensure that compensation structure is in line with industry benchmarks

Stock option awards will continue to be part of compensation plans, but at a lower level

The Group will implement the following changes:

- Reduce future annual issuance of option awards in favor of stock

- Introduce three-year vesting on future option awards and, at CSFB only, on stock awards

- Expense the fair value of future option awards over the respective vesting period

- Launch an option reduction program

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Slide 1

[Back to Contents](#)

## COMPENSATION PHILOSOPHY OPTION REDUCTION PROGRAM

Purpose of option reduction program:

Reduce the number of options outstanding

Exchange previously awarded option grants for equity-based awards that provide a more effective means of rewarding and retaining our best people

Offer to exchange existing options on a value-for-value basis under applicable accounting rules

Open to all current employees to exchange old options<sup>(1)</sup> with an exercise price

equal to or greater than CHF 60 for either new options, restricted or phantom shares or a 50/50 combination thereof

greater than CHF 30 and below CHF 60 for either restricted or phantom shares

New options to be granted with an exercise price of 10% above market price on the valuation date (which is currently September 5, 2003)

Provisional timing: commencement of tender offer on August 6, 2003, and closing on September 9, 2003

No significant P&L impact expected in 2003 from the option reduction program

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(1) meaning eligible vested options originally granted on or after December 31, 1999



[Back to Contents](#)

## ACCOUNTING FOR EQUITY-BASED COMPENSATION

Fair value of future stock option awards to be expensed over the respective 3-year vesting period as of the financial year 2003, with vesting starting in 2004

Credit Suisse First Boston to adopt three-year vesting approach for stock awards in future compensation cycles, in line with industry practice

Future stock awards will result in deferred recognition of the related compensation costs over the vesting period

Implementation of this deferral is expected to result in a decrease of around 3% points in the compensation-to-revenue ratio at CSFB for the second half of 2003

Credit Suisse Financial Services and Group Corporate Center to continue to vest stock awards at grant, with four-year blocking period

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Slide 3

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[Back to Contents](#)

## DISCLAIMER

Credit Suisse Group ("CSG") has not commenced the exchange offer to which this communication pertains. Holders of CSG options are strongly advised to read the Schedule TO, the Offer to Exchange and other documents related to the exchange offer to be filed with the Securities and Exchange Commission when they become available because they will contain important information. Holders of CSG options may obtain copies of these documents for free, when available, at the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov) or from CSG's Human Resources department.

### Cautionary Statement Regarding Forward-looking Information

This communication contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to our plans, objectives or goals; our future economic performance or prospects; the potential effect on our future performance of certain contingencies; and assumptions underlying any such statements. Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include (i) market and interest rate fluctuations; (ii) the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular; (iii) the ability of counterparties to meet their obligations to us; (iv) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (v) political and social developments, including war, civil unrest or terrorist activity; (vi) the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations; (vii) the ability to maintain sufficient liquidity and access capital markets; (viii) operational factors such as systems failure, human error, or the failure to properly implement procedures; (ix) actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations; (x) the effects of changes in laws, regulations or accounting policies or practices; (xi) competition in geographic and business areas in which we conduct our operations; (xii) the ability to retain and recruit qualified personnel; (xiii) the ability to maintain our reputation and promote our brands; (xiv) the ability to increase market share and control expenses; (xv) technological changes; (xvi) the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users; (xvii) acquisitions, including the ability to integrate successfully acquired businesses; (xviii) the adverse resolution of litigation and other contingencies; and (xix) our success at managing the risks involved in the foregoing. We caution you that the foregoing list of important factors is not exclusive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the risks identified in our most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission. CSG disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as may be required by applicable laws.

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Slide 4

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[Back to Contents](#)

## Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE GROUP

(Registrant)

Date August 5, 2003

By: /s/ David Frick

(Signature)\*

Member of the Executive Board

/s/ Karin Rhomberg Hug

Managing Director

\* Print the name and title of the signing officer under his signature.

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