CREDIT SUISSE AG
Form 20-F
March 26, 2010

As filed with the Securities and Exchange Commission on March 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2009.

Commission file number: 001-15244
Credit Suisse Group AG

(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)
Renato Fassbind
Chief Financial Officer
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434
Credit Suisse AG

(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)
Renato Fassbind
Chief Financial Officer
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Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Title of each class of securities of Credit Suisse Group AG	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 AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
7.9% 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	NYSE Amex
Accelerated Return Equity Securities (ARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
ELEMENTS due April 10, 2023 Linked to the Credit Suisse Global Warming Index, Exchange Series	NYSE Arca
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Title of each class of securities of Credit Suisse (USA), Inc.	
6 1/8% Notes due 2011	New York 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 December 31, 2009: 1,169,210,895 shares of Credit Suisse Group AG

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

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 basis of accounting the Registrants have used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

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

Definitions

For the purposes of this Form 20-F and the attached Annual Report 2009, unless the context otherwise requires, the terms "Credit Suisse Group," "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries and the term "the Bank" means Credit Suisse AG, 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.

Abbreviations and selected >>terms are explained in the List of abbreviations and the Glossary in the back of this report.

Sources

Throughout this Form 20-F and the attached Annual Report 2009, 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 Cautionary statement regarding forward-looking information on page 491 of the attached Annual Report 2009.

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 – Group on page 446 of the attached Annual Report 2009. For the Bank, please see IX – Additional information – Statistical information – Bank on page 447 of the attached Annual Report 2009.

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 469 to 475 of the attached Annual Report 2009.

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 – Credit Suisse at a glance on pages 12 to 13, – Global reach of Credit Suisse on pages 14 to 15 and – Review of the year's events on pages 16 to 17, and IV – Corporate governance – Overview – Company on page 143 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 222 of the attached Annual Report 2009 and, for the Bank, please see Note 3 – Business developments in VII – Consolidated financial statements – Credit Suisse (Bank) on page 361 of the attached Annual Report 2009.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 12 to 41 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 224 to 226 of the attached Annual Report 2009 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 362 to 363 of the attached Annual Report 2009.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 34 to 35 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on page 50 of the attached Annual Report 2009. For a list of Credit Suisse's significant subsidiaries, please see Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 311 to 313 of the attached Annual Report 2009 and, for a list of the Bank's significant subsidiaries, please see Note 35 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 424 to 426 of the attached Annual Report 2009.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on pages 480 to 481 of the attached Annual Report 2009.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 446 to 463 of the attached Annual Report 2009. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans –Impaired loans and – Provision for credit losses on pages 130 to 132 of the attached Annual Report 2009.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 44 to 98 of the attached Annual Report 2009. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Foreign exchange exposure and interest rate management on page 116 of the attached Annual Report 2009.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management on pages 100 to 116 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 240 to 241 and Note 34 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 308 of the attached Annual Report 2009 and, for the Bank, please see Note 22 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 378 and Note 33 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 423 of the attached Annual Report 2009.

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 – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 137 to 140 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 29 – Derivatives and hedging activities, Note 30 – Guarantees and commitments and Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 266 to 291 of the attached Annual Report 2009 and, for the Bank, please see Note 28 – Derivatives and hedging activities, Note 29 – Guarantees and commitments and Note 30 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 398 to 412 of the attached Annual Report 2009.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 140 of the attached Annual Report 2009.

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 and the Committees on pages 153 to 160, – Honorary Chairman of Credit Suisse Group on page 160, and – Executive Board on pages 161 to 166 of the attached Annual Report 2009.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation on pages 167 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 10 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 227, Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 256 to 266, and Note 3 – Compensation to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 333 to 342 of the attached Annual Report 2009 and, for the Bank, please see Note 10 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 365 and Note 27 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 389 to 398 of the attached Annual Report 2009.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors and – Executive Board on pages 149 to 166 of the attached Annual Report 2009.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Company – Employees on pages 143 to 144 and II – Operating and financial review – Results overview on pages 88 to 89 of the attached Annual Report 2009.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation – Overview, – Compensation design and structure – Variable compensation instruments on pages 170 to 174 and – Board and Executive Board compensation on pages 182 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 26, Employee share-based compensation and other compensation benefits in V – Consolidated financial statements – Credit Suisse Group on pages 248 to 254, and Note 3 – Compensation to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 333 to 342 of the attached Annual Report 2009. For the Bank, please see Note 25 – Employee share-based compensation and other compensation benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 384 to 387 of the attached Annual Report 2009.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate governance – Shareholders on pages 145 to 148 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 7 – Own shares held by the company and by group companies in VI – Parent company financial statements – Credit Suisse Group on page 343 of the attached Annual Report 2009. Credit Suisse's major shareholders do not have different voting rights. The Bank has 43,996,652 shares outstanding and is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation –Board and Executive Board compensation on pages 182 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 27 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 255 to 256 of the attached Annual Report 2009 and, for the Bank, please see Note 26 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 387 to 389 of the attached Annual Report 2009.

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 464 to 468 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 36 – Litigation in V – Consolidated financial statements – Credit Suisse Group on page 310 of the attached Annual Report 2009 and, for the Bank, please see Note 34 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 423 of the attached Annual Report 2009.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital Management – Dividends and dividend policy on pages 112 to 113 of the attached Annual Report 2009.

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 – Other information – Listing details on pages 479 to 480 of the attached Annual Report 2009. 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, please see IV – Corporate governance – Overview, – Shareholders and – Board of Directors on pages 145 to 160 and – Additional information – Changes of control and defense measures on page 192 and – Liquidation on page 194 of the attached Annual Report 2009. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 476 of the attached Annual Report 2009. Shares of the Bank are not listed.

C – Material contracts.

Neither Credit Suisse nor the Bank has 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 476 of the attached Annual Report 2009.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 476 to 479 of the attached Annual Report 2009. 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 or the Bank files 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., 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, 11 Wall Street, New York, NY 10005.

The information Credit Suisse or the Bank files 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 – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 117 to 136 of the attached Annual Report 2009.

Item 12. Description of securities other than equity securities.

A – Debt Securities, B – Warrants and Rights, C – Other Securities.

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

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate governance – Additional information – American Depositary Share fees on pages 193 to 194 of the attached Annual Report 2009. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

Item 14. Material modifications to the rights of security holders and use of proceeds.

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 325 to 326 of the attached Annual Report 2009. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 427 to 428 of the attached Annual Report 2009.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors – Board committees – Audit Committee on page 152 of the attached Annual Report 2009.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Corporate governance framework on pages 142 to 143 of the attached Annual Report 2009.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate governance – Additional Information – Internal and external auditors on pages 192 to 193 of the attached Annual Report 2009.

Item 16D. Exemptions from the listing standards for audit committee.

None.

Item 16E. Purchases of equity securities by the issuer and affiliated purchasers.

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management – Share repurchase activities on pages 112 of the attached Annual Report 2009. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate governance–Overview–Complying with rules and regulations on page 142 of the attached Annual Report 2009. Shares of the Bank are not listed.

Part III

Item 17. Financial statements.

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 199 to 326 of the attached Annual Report 2009 and incorporated by reference herein. The Bank's consolidated 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 Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 351 to 428 of the attached Annual Report 2009 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 2, 2010.

1.2 Articles of association (Statuten) of Credit Suisse AG (Bank) as of November 9, 2009.

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG (OGR) as of April 23, 2009.

7.1 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 463 of the attached Annual Report 2009 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 311 to 313, and significant subsidiaries of the Bank are set forth in Note 35 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 424 to 426 in the attached Annual Report 2009 and incorporated by reference herein.

9.1 Consent of KPMG AG, Zurich with respect to Credit Suisse Group AG consolidated financial statements.

9.2 Consent of KPMG AG, Zurich with respect to the Credit Suisse (Bank) consolidated financial statements.

12.1 Rule 13a-14(a) certification of the Chief Executive Officer of Credit Suisse Group AG 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 AG 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 AG and Credit Suisse (Bank).

101.1 Interactive Data Files (XBRL-Related Documents)

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 AG

(Registrant)

Date: March 26, 2010

/s/ Brady W. Dougan /s/ Renato Fassbind

Name: Brady W. Dougan Name: Renato Fassbind

Title: Chief Executive Officer Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 26, 2010

/s/ Brady W. Dougan /s/ Renato Fassbind

Name: Brady W. Dougan Name: Renato Fassbind

Title: Chief Executive Officer Title: Chief Financial Officer

Annual Report 2009

Financial highlights

			in / end of		% change
	2009	2008	2007	09 / 08	08 / 07
Net income (CHF million)					

Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	–	–
of which from continuing operations	6,555	(7,687)	7,754	–	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	5.14	(7.51)	7.06	–	–
Basic earnings/(loss) per share	5.28	(8.01)	7.07	–	–
Diluted earnings/(loss) per share from continuing operations	5.01	(7.51)	6.77	–	–
Diluted earnings/(loss) per share	5.14	(8.01)	6.78	–	–
Return on equity (%)					
Return on equity attributable to shareholders	18.3	(21.1)	18.0	–	–
Core Results (CHF million)					
Net revenues	33,617	11,862	34,539	183	(66)
Provision for credit losses	506	813	240	(38)	239
Total operating expenses	24,528	23,212	25,159	6	(8)
Income/(loss) from continuing operations before taxes	8,583	(12,163)	9,140	–	–
Core Results statement of operations metrics (%)					
Cost/income ratio	73.0	195.7	72.8	–	–
Pre-tax income margin	25.5	(102.5)	26.5	–	–
Effective tax rate	21.4	37.8	13.7	–	–
Net income margin [1]	20.0	(69.3)	22.5	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,229.0	1,106.1	1,462.8	11.1	(24.4)
Net new assets	44.2	(3.0)	43.2	–	–
Balance sheet statistics (CHF million)					
Total assets	1,031,427	1,170,350	1,360,680	(12)	(14)
Net loans	237,180	235,797	240,534	1	(2)
Total shareholders' equity	37,517	32,302	43,199	16	(25)
Tangible shareholders' equity [2]	27,922	22,549	31,873	24	(29)
Book value per share outstanding (CHF)					
Total book value per share	32.09	27.75	42.33	16	(34)
Shares outstanding (million)					
Common shares issued	1,185.4	1,184.6	1,162.4	0	2
Treasury shares	(16.2)	(20.7)	(141.8)	(22)	(85)

Shares outstanding	1,169.2	1,163.9	1,020.6	0	14
Market capitalization					
Market capitalization (CHF million)	60,691	33,762	76,024	80	(56)
Market capitalization (USD million)	58,273	33,478	67,093	74	(50)
BIS statistics					
Risk-weighted assets (CHF million)	221,609	257,467	323,640[3]	(14)	(20)
Tier 1 ratio (%)	16.3	13.3	10.0[3]	–	–
Total capital ratio (%)	20.6	17.9	12.9[3]	–	–
Dividend per share (CHF)					
Dividend per share	2.00[4]	0.10	2.50	–	–
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

1 Based on amounts attributable to shareholders. 2 Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. 3 Under Basel I we reported risk-weighted assets of CHF 312,068 million, a tier 1 ratio of 11.1% and a total capital ratio of 14.5% as of the end of 2007. 4 Proposal of the Board of Directors to the Annual General Meeting on April 30, 2010.

Credit Suisse supports entrepreneurship. As a strategic partner to corporations and institutions worldwide, we offer comprehensive services, individually tailored financial solutions and cross-border capabilities. The cover of this report shows eight successful Swiss entrepreneurs, who have come to appreciate Credit Suisse as a competent financing partner. Their individual portraits can be found in our Business Review 2009.

Dear shareholders, clients and colleagues

Credit Suisse delivered a strong performance in 2009 thanks to our client-focused, capital-efficient strategy and our business model that enables us to generate less volatile earnings. We reported net income of CHF 6.7 billion, a return on equity of 18.3% and net new assets of over CHF 44 billion for the year under review. At the same time, we gained significant market share in various businesses and maintained our industry-leading capital position with a tier 1 ratio of 16.3% as of the end of 2009. The Board of Directors will propose a cash dividend of CHF 2.00 per share for 2009 to the Annual General Meeting on April 30, 2010.

Execution of our strategy in 2009

Credit Suisse took further steps to address the new challenges and opportunities created by the changing market environment during 2009. In Private Banking, we continued to invest in the expansion of our international private banking platform, which provides us with the necessary geographic reach and resources to meet the increasing client demand for local access to global services. The fact that we generated CHF 41.6 billion of net new assets across all regions in 2009 confirms the merits of this strategy of continuing to invest internationally. In our Swiss home market, we realigned our client coverage with a special focus on affluent and high-net-worth clients, while further developing our offering for large Swiss corporates and SMEs. Our role as an important and committed lender is underscored by the fact that we maintained our volume of lending in Switzerland at CHF 136.7 billion in 2009.

In Investment Banking, we continued to reposition the business in line with the changed competitive environment. As part of our efforts to build a more client-focused and capital-efficient investment bank, we significantly reduced risk capital usage and volatility, while increasing our focus on client and flow-based businesses, ranging from cash equities, electronic trading and prime services to global rates and foreign exchange, high grade debt and our strategic advisory business. We were able to maintain or gain market share across most products and regions during the year.

In Asset Management, we concentrated our resources on alternative investment strategies, asset allocation and the traditional businesses in Switzerland. We made tangible progress in our efforts to streamline our business portfolio, including the completion of the sale of our non-core traditional investment strategies business in Europe (excluding Switzerland), the US and Asia Pacific. In line with our integrated business model, we are increasingly coordinating and leveraging our Asset Management activities with Private Banking and Investment Banking and are benefiting from the focus on client needs and targeted solutions.

2009 financial performance

Credit Suisse generated net income attributable to shareholders of CHF 6,724 million in 2009, compared to a net loss of CHF 8,218 million in 2008. Core net revenues were CHF33,617 million, compared to CHF 11,862 million in 2008. Collaboration revenues from the integrated bank totaled CHF 5.2 billion in 2009, in line with the prior year.

Private Banking achieved a strong performance in 2009 in a market that is undergoing significant structural change. Pre-tax income totaled CHF 3,651 million, a decrease of 5% compared to 2008. Net revenues were CHF 11,662 million, a decline of 10% from the prior year. The Wealth Management Clients business reported pretax income of

CHF 2,898 million, up 16% compared to the previous year. Net revenues were down 8% to CHF 9,871 million compared to 2008, reflecting a 7.5% decline in average assets under management and a shift to lower margin investments, including within managed investment products, as well as continued cautious investor behavior. The Swiss Corporate & Institutional Clients posted pre-tax income of CHF 753 million, a decline of 44% compared to 2008, mainly driven by fair value losses of CHF118 million on the Clock Finance transaction in 2009, compared to fair value gains of CHF 110 million in 2008.

In Investment Banking, we delivered record pre-tax income of CHF 6,845 million, compared to a pre-tax loss of CHF13,792 million in 2008. Net revenues also reached a record level at CHF 20,537 million, as we made substantial progress in the repositioning of our business and succeeded in growing our market share across various businesses and geographies. Our pleasing results also reflect our ability to capitalize on the recovery in the global financial markets.

In Asset Management, pre-tax income improved significantly to CHF 35 million in 2009 compared to a pretax loss of CHF 1,185 million in 2008. Net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008, lower investment-related losses and higher revenues from equity participations and joint ventures.

Strategic priorities for 2010

The financial crisis precipitated fundamental changes in the financial services industry, which have profoundly affected the expectations and goals of clients, the type of financial institutions they trust and their choice of a longterm financial partner. We believe that Credit Suisse's capital position and the strength of our business, as well as our ability to deliver our entire expertise to clients through an integrated global service offering, are creating compelling opportunities in this new competitive landscape. Building on the momentum we have established in 2009, we will strive to focus even more on addressing the needs and aspirations of our clients. We know that a skilled workforce is key to maintaining high levels of client satisfaction, which is why we will systematically continue to attract, develop and retain talented people while remaining sensitive to the ongoing public debate about compensation. Our strong capital position has helped maintain the trust of clients. Consequently, we will continue to manage capital and liquidity conservatively and we will also strive for top-quartile efficiency levels, while being careful not to compromise standards or growth.

Participating in the effort to improve the strength of the financial system

As a globally active bank, one of our key objectives has been to help restore public trust in the financial sector and enhance the stability of the financial system. As part of our commitment to supporting this process, we helped our clients to invest in growth and to successfully manage difficult restructuring and liquidity situations throughout the year. We also engaged in an open and constructive dialog with politicians and regulators to promote a coordinated global approach to banking supervision in an effort to build the more robust financial system essential to economic growth.

Compensation was an issue that came under intense scrutiny in 2009. At Credit Suisse, we recognize the need for our industry to change the way people are rewarded and incentivized. We have been using deferred, share-based compensation instruments for many years and, in 2009, became the first financial institution to align our compensation model to G-20 best practice guidelines. The new compensation structure we implemented reaffirms our commitment to offering our people fair, balanced and performance-oriented compensation. In line with this approach, the members of the Executive Board at December 31, 2009, received no variable cash compensation for 2009 and all variable compensation they received for 2009 was in the form of deferred awards and subject to performance criteria, which may result in future negative adjustments. Of the total variable compensation awarded across Credit Suisse for 2009, 40% took the form of deferred awards and was subject to performance criteria, which may result in future negative adjustments. Of the variable compensation awarded to managing directors for 2009, almost 60% was in the form of deferred awards and was subject to performance criteria, which may result in future negative adjustments. In Investment Banking, our compensation to revenue ratio for the full year was at the historically low level of 42%. Overall, we endeavored to strike the right balance between paying our employees competitively, doing what is right for our shareholders and responding appropriately to regulatory initiatives as well as political and public concerns. We will continue to take a responsible approach to compensation going forward.

Credit Suisse is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. In the fourth quarter of 2009, we reached a settlement with the US authorities relating to an investigation into US dollar payments and other practices involving parties that are subject to US economic sanctions. We take this issue extremely seriously. We have enhanced our procedures and are taking action internally to highlight the fact that such incidents will not be tolerated. We are confident that we have a sound control framework that will enable us to remain a trusted financial partner to our clients.

Our responsibilities towards society

In addition to our priority of operating profitably and successfully in even the most challenging market environments, we are also acutely aware of our responsibilities that go beyond banking, particularly our commitments to our employees, society and the environment. For example, as one of Switzerland's largest employers and providers of training, we believe that we have a duty to help strengthen the country's position as a center of knowledge and industry and to promote entrepreneurship. In 2009, we therefore announced a number of long-term initiatives, including the creation of a further 150 apprenticeships in Switzerland as well as the investment of CHF 30 million over the next five years in training programs that help young people to find an apprenticeship and enter the job market. In addition, in conjunction with the Swiss Venture Club, we will provide up to CHF 100 million of risk capital to small and medium-sized enterprises and young entrepreneurs, primarily to promote the creation of jobs in Switzerland. Together with the Swiss IT and Communication Technology umbrella association, Credit Suisse also plans to invest up to CHF 10 million to help fund professional training in the IT sector as part of a program to create over 1,000 new IT apprenticeships in Switzerland by 2015. We believe that these efforts will ultimately help to enhance economic and social stability in Switzerland and are thus in the interests of our shareholders.

Our commitment to acting as a good corporate citizen is also reflected by our activities in other countries around the globe. For example, we have helped to improve access to schooling for children and young people worldwide through our Education Initiative, while our Disaster Relief Fund continued to provide emergency relief to the victims of major catastrophes, including the recent earthquake in Haiti. In view of the scale of the humanitarian disaster, Credit Suisse immediately made a USD 1 million donation to help the people of Haiti, which was divided between the American and Swiss Red Cross societies. We also launched a global employee fundraising campaign and our staff collectively made a substantial donation of over USD 1.25 million. The Credit Suisse Foundation pledged to contribute twice the amount donated by employees – meaning that a total of USD 4.75 million has been committed to this vital cause. Together with our partners from the Red Cross, we are continuing to evaluate relief needs and to explore ways to provide further effective support to the people of Haiti.

Changes to Board of Directors and Executive Board

Tobias Guldimann, Chief Risk Officer of Credit Suisse Group and a member of the Executive Board, assumed sole responsibility for risk management on the Executive Board with effect from June 1, 2009. At that time, D. Wilson Ervin, Chief Risk Officer of Credit Suisse, stepped down from the Executive Board and assumed a role as a Senior Adviser, reporting to Brady W. Dougan.

In June 2009, Karl Landert, Chief Information Officer of Credit Suisse, was appointed to the Executive Board.

In December 2009, Credit Suisse announced that Hans-Ulrich Doerig will remain Chairman of the Board of Directors until the Annual General Meeting in April 2011, when he will be succeeded by Vice-Chairman Urs Rohner.

In January 2010, Pamela Thomas-Graham joined Credit Suisse and was appointed to the newly created role of Chief Talent, Branding and Communications Officer. She is a member of the Executive Board and has global responsibility for the areas of Human Resources, Corporate Communications, Corporate Branding and Advertising.

The Board of Directors proposes the following members be re-elected to the Board: Noreen Doyle, Aziz D. Syriani, David Syz and Peter F. Weibel and proposes the following additions to the Board: Jassim Bin Hamad J.J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, President and CEO of American International Group (AIG), subject to their election by the shareholders. Changes in AIG's business have made it possible for Mr. Benmosche to rejoin the Board, having previously stepped down in August 2009. Ernst Tanner has decided to step down from the Board as of the date of the AGM, and we thank him for his valuable contribution.

Positioned for success in the new environment

Credit Suisse's strong performance in 2009 confirms the effectiveness of our distinctive, client-focused and capital-efficient business model, which is driving strong financial, client and employee momentum. Thanks to our forward-looking approach, we have come through the recent period of unprecedented industry change in a strong position and believe that we are well equipped to succeed in the new operating environment.

Yours sincerely

Hans-Ulrich Doerig Brady W. Dougan

Chairman of the Chief Executive Officer

Board of Directors

March 2010

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

For purposes of this report, unless the context otherwise requires, the terms "Credit Suisse Group", "Credit Suisse", "the Group", "we", "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, 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 AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

Abbreviations and selected >>terms are explained in the List of abbreviations and the Glossary in the back of this report.

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

For information on how the bank assumes its responsibilities when conducting its business activities, including its commitments toward the environment and various stakeholders within society, refer to the **Corporate Citizenship Report 2009**. For information about our business activities and a summary of our financial performance during the year, please refer to the **Business Review 2009**.

Information on the company

Credit Suisse at a glance: our vision

Credit Suisse's aspiration is to become one of the world's most admired banks. We believe our ability to serve clients globally with solutions, tailored to their individual needs is a strong competitive advantage. To deliver customized products, comprehensive solutions and advisory services, we combine our strengths in Private Banking, Investment Banking and Asset Management and operate as an integrated bank. Our three divisions are supported by our global Shared Services functions, designed to ensure effective business support, and appropriate control and supervision of business activities.

To present a single face to clients, we run a regional structure comprising four regions: Switzerland, Europe, Middle East and Africa, Americas and Asia Pacific. With our local presence we ensure responsiveness to client needs and market trends, while fostering cross-divisional collaboration.

During the recent market disruption, our integrated business model proved to be both resilient and flexible, enabling us to respond to market developments quickly. This flexibility allowed us to stay focused on the most attractive markets and client segments, providing a solid platform for profitable growth.

Building on the momentum we have established, we focus on the implementation of our client-focused and capital-efficient integrated bank strategy. We aim to gain further market share and to strengthen our geographic footprint, while leveraging our programs for operational excellence and efficiency.

Divisions

Private Banking

Private Banking offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking division comprises the Wealth Management Clients and Corporate & Institutional Clients businesses. In Wealth Management Clients we serve ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client-driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with the Private Banking and Asset Management divisions to provide clients with customized financial solutions.

Asset Management

Asset Management offers a wide range of investment products and solutions across asset classes, for all investment styles. The division manages global and regional portfolios, separate accounts, mutual funds and other investment vehicles for governments, institutions, corporations and individuals worldwide. Asset Management focuses on becoming a global leader in multi-asset class solutions as well as in alternative investments. To deliver the bank's best investment performance, Asset Management operates as a global integrated network in close collaboration with the Private Banking and Investment Banking divisions.

Shared Services

Shared Services provides centralized corporate services and business support for the bank's three divisions: Private Banking, Investment Banking and Asset Management. Its services cover areas as diverse as finance, legal and compliance, risk management, information technology, corporate communications, corporate development and human resources. Shared Services acts as an independent and centralized control function.

Regions

Switzerland

Our home market is Switzerland, where we are a leading bank for individual, corporate and institutional clients. Relationship managers at 36 branches look after small and medium-sized companies. We also have 266 branches for wealth management clients, and contact centers in the German, French and Italian-speaking areas.

Europe, Middle East and Africa

The Europe, Middle East and Africa region is a diverse mix of developed and emerging markets with 78 offices in 25 countries. In addition to our long-standing presence in Europe, including France, Germany, Italy, Spain and the UK, we also have a strong presence in key growth markets including Poland, Russia, Turkey and the Middle East. In 2009, we announced our plans to open an office in Sweden and further expanded our presence in Qatar, Saudi Arabia and South Africa.

Americas

The Americas region comprises our operations in the US, Canada, the Caribbean and Latin America. Our three divisions – Private Banking, Investment Banking and Asset Management – are strongly represented across the region. With offices in 51 cities spanning 15 countries, our clients have local access to our global expertise in their home markets. In 2009, we enhanced our Investment Banking and Private Banking platforms in Mexico. In Brazil, we strengthened our market-leading position to provide full cross-divisional services and leveraged our partnership with Hedging-Griffo.

Asia Pacific

The Asia Pacific region comprises 25 offices in 13 markets. Singapore is home to Credit Suisse's largest Private Banking operations outside Switzerland. The region is also our fastest-growing Private Banking market globally, employing 360 relationship managers. In Investment Banking, we have a strong presence in the region's largest markets, such as Australia and China, complemented by long-standing leadership in several Southeast Asian markets. In 2009, we opened a bank branch office in Taipei, began operations in our non-bank financial company in India and opened our fifth Center of Excellence in Mumbai. Credit Suisse Founder Securities, our Chinese domestic capital markets joint venture, also commenced operations.

Global reach of Credit Suisse

We are established in all financial centers. With operations in more than 50 countries we are able to deliver our integrated business model to our clients across all regions.

Private Banking offers all-in-one solutions to our onshore and offshore clients. To better serve them, we have established a globally consistent advisory process including comprehensive products and services. Investment

Banking has a global platform of services delivered through regional hubs, while Asset Management operates as a globally integrated network.

This worldwide reach enables us to generate a geographically balanced stream of revenues and net new assets. In addition, it allows us to capture growth opportunities wherever they are.

In 2009, we continued to strengthen our global footprint, with private banking operations launched in Tokyo, Warsaw and Mexico City. A new bank branch was opened in Taipei, and in Qatar we started to provide both investment banking and asset management services. To ensure a best-in-class global infrastructure, we have set up Centers of Excellence, which provide support services around the world. We opened a fifth Center of Excellence in Mumbai during the course of 2009.

Regional headquarters

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Review of the year's events

January

Well capitalized We entered the year as one of the world's best capitalized banks with a tier 1 ratio of 13.3%. This ratio strengthened to 16.3% as of the end of 2009.

Mergers and acquisitions We ranked first in Latin American mergers and acquisitions, with a market share of 27%.
IMF The International Monetary Fund (IMF) projected that the global economy would post its lowest growth rate since World War II, as the economies of the world's richest nations contracted.
Low rates Global benchmark interest rates were kept low throughout the year, with the Fed's target rate held near zero.
Chinese lending Chinese credit growth accelerated, buoyed by a stimulus package launched by its government at the end of 2008.

February
Risk positions cut As part of the accelerated implementation of our strategic plan, we continued to reduce our risk positions. By the end of the first quarter, our risk-weighted assets were down 33% compared with the first quarter of 2008.
US measures The US government approved a USD 787 billion fiscal stimulus package, including tax cuts and spending on infrastructure.
Troubled assets The US Treasury unveiled plans to use private and public funds to buy back troubled real estate-related assets from banks for up to USD 1 trillion.
Stress tests The US Treasury conducted stress tests on the country's largest banks, assuming further economic deterioration.

March
Taiwan We launched trading operations in Taiwan, expanding our existing brokerage services in the country.
Mexico We launched private banking operations in Mexico, adding to existing investment banking activities.
Award We were named Best Private Banking Services Overall in Singapore by Euromoney.
Stock markets The Dow Jones Industrial Average index and the Swiss Market Index reached a low for the year. The two indices then recovered and rose 19% and 18%, respectively, in 2009.
Assistance in tax matters The Swiss government agreed to an exchange of information in cases of justified suspicion of tax evasion or fraud, to comply with OECD standards.
US dollar began to depreciate against major currencies amid deficit concerns.

April
Chairman change Vice-Chairman Hans-Ulrich Doerig was appointed Chairman after Walter B. Kielholz stepped down. Chief Operating Officer and General Counsel, Urs Rohner, became Vice-Chairman.
G-20 Leaders called for increased fairness and transparency in the global tax systems. The group of central bank governors subsequently agreed on a set of comprehensive measures to strengthen banks.
Write-downs The IMF estimated that actual and potential global write-downs on assets held by financial institutions would reach USD 4 trillion over 2007–2010, out of which two thirds would affect banks. In October, this estimate was cut to USD 3.4 trillion.

May
Japan We launched private banking operations in Japan, allowing us to offer a full suite of our integrated financial services to our Japanese clients.
Award We were named Best Bank in Switzerland and Best Investment Bank by Euromoney.
Global unemployment The International Labour Organization forecast that global unemployment would affect 239 million people in 2009, corresponding to an unemployment rate of 7.4%.
Bank capital rules The EU adopted tougher bank capital rules in an attempt to restore confidence in the financial markets. Banks will be required to retain at least 5% of the total value of their securitized exposures as of the end of 2010.

June
Karl Landert Our Chief Information Officer was appointed to our Executive Board.

Middle East We rolled out investment banking and asset management services in Qatar, adding to our existing private banking services.

Algorithmic trading We launched our algorithmic trading platform Advanced Execution Services in India. Further launches followed in Dubai, Israel, Abu Dhabi and Indonesia.

World Bank The international body forecast that global growth would drop by a record 2.9% during the year.

Bank bailouts The Bank for International Settlements estimated that the amount of resources committed to bank bailouts in 11 industrialized countries between September 2008 and June 2009 reached EUR 5 trillion.

US problem banks The number of banks on the Federal Deposit Insurance Corporation's problem list rose to a 15-year high.

July

Asset Management We completed the sale of parts of our traditional asset management business to Aberdeen Asset Management in return for a 23.9% stake.

Credit default swaps Banks agreed to clear credit default swaps centrally within the EU to reinforce financial stability by reducing the inherent counterparty risks in this market.

Short selling The US Securities and Exchange Commission (SEC) announced measures addressing short selling abuses.

Chinese industry Chinese manufacturing indices continued to rise, spurred by domestic demand.

August

Affluent clients in Switzerland Building on the wide range of products and services available in Switzerland and our dense Swiss-wide branch network, we launched a program to improve the coverage of affluent private clients – those with assets ranging between CHF 250,000 and CHF 1 million. These clients will now be served from 180 locations throughout the country.

IPO activity Global initial public offerings (IPOs) rose to the highest level since the second quarter of 2008. Nearly two- thirds of the total IPO value was for Chinese companies.

September

India A fifth Center of Excellence (CoE) was opened in Mumbai to provide support to our front office in Investment Banking. Our five CoEs now deploy more than 8,000 positions, a figure set to reach 10,000 by 2011.

Private Banking investor day We reiterated our strategy for Private Banking, building on its leading business model and its scalable wealth management platform.

Economic pick-up Data confirmed that the US, EU and Switzerland emerged from a year-long recession.

Compensation The Financial Stability Board issued international standards for sound compensation practices.

October

Compensation structure We announced a new G-20 compliant compensation structure, reaffirming our commitment to a fair, balanced and performance-oriented compensation policy.

Poland We launched private banking operations in Warsaw, adding to existing asset management and investment banking operations.

US unemployment The US unemployment rate jumped to a 26-year high as jobs continued to be cut in the construction, manufacturing and retail sectors.

Oil prices rose steadily during the year, with the Brent crude oil futures reaching a year high at USD 82 per barrel.

Greece A credit agency cut Greece's debt rating following a sharp deterioration of the country's public finances. Other credit agencies followed suit in December.

November

New global ambassador We announced a long-term partnership agreement with Roger Federer, who will act as our global ambassador. We will make a significant annual contribution to his foundation that helps disadvantaged children, with a particular focus on Africa. Separately, we launched a new global advertising campaign, reflecting our integrated approach and commitment to help our clients thrive.

Dubai A state-owned conglomerate in Dubai asked to delay the repayments of its debts by at least 6 months. The potential default rattled the financial markets.
Low inflationary pressure US and euro zone inflation moved back into positive territory during the month, though well below historical averages.
Global mergers Global merger and acquisition activity reached a high for the year, reaching USD 305 billion, as confidence returned to the markets.

December
Training We announ-ced 150 new apprenticeships, bringing the total number of training positions available in Switzerland to 1,200. We will also invest CHF 30 million in training programs.
Succession planning Reflecting our efforts to ensure continuity at the Board of Directors, we announced that Vice-Chairman Urs Rohner will become Chairman in April 2011 when Hans-Ulrich Doerig retires.
Gold The price of gold reached a record USD 1,227.5 per ounce amid the low interest rate environment and the weak dollar.
Japan The Japanese government unveiled a USD 81 billion stimulus package. The country's central bank will also inject more than USD 100 billion into the financial markets.
Stock markets Global stocks posted their best performance since 2003. The Dow Jones EURO STOXX Banks index rose 46%, while Credit Suisse's shares rallied 80%.

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

Strategy

Industry trends and competition

While the banking industry is expected to continue to benefit from globalization, individual wealth creation and international capital flows, it is undergoing unprecedented regulatory change. After extraordinary emergency intervention by governments and central banks to rescue financial institutions and to stabilize markets during the financial crisis of 2008, regulators, governments and industry representatives focused in 2009 on ways to improve capital markets and financial services. Since November 2008, the leaders of the >>G-20 countries met three times, laying the foundation for reforms. They established the Financial Stability Board (FSB) to develop and implement strong regulatory, supervisory and other policies for financial stability. During 2009, the FSB issued various reports and established principles for cross-border cooperation on crisis management and sound practices to align compensation with prudent risk taking and long-term, sustainable performance. After calls by the G-20 for increased fairness and transparency in the global tax system, OECD standards reached broader acceptance.

In July 2009, the Basel Committee on Banking Supervision (BCBS) issued measures to strengthen trading book capital and to enhance the >>Basel II framework. In addition, in December 2009, the BCBS launched consultative proposals to strengthen the resilience of the banking sector. The proposals cover the following key areas: raising the quality, consistency and transparency of the capital base; strengthening the risk coverage of the capital framework; introducing a leverage ratio as a supplementary measure; introducing a series of measures to promote capital buffers; introducing a global minimum liquidity standard and addressing systemic risk. The BCBS will conduct an impact assessment to agree final rules by the end of 2010. Phase-in measures and grandfathering arrangements are expected to ensure a transition that does not impede the recovery of the real economy.

New regulation and the end of government and central bank emergency support are expected to shape bank industry trends over the foreseeable future. While detailed rules and implementation standards in most jurisdictions remain open, we expect regulatory compliance costs, including costs of additional capital and liquidity, to increase. In this period of uncertainty, we believe well-capitalized financial institutions with strong earnings power are better positioned to adjust to a changing industry landscape and increasing competitive pressure. As regulated banks generally move towards less risky business models with more liquid and transparent products, they are expected to face pressure to reach critical size, become more efficient and focus their activities. We expect clients to remain selective and risk conscious when choosing counterparties, and market demand might be increasingly bifurcated, with increased demand for more standardized products and for more customized, innovative solutions for sophisticated clients.

Group priorities

Our aspiration is to become one of the world's most admired banks. We believe our ability to serve clients globally with an integrated service offering is a strong competitive advantage. Early in the financial crisis we took decisive action to reduce our risk exposures and to become more capital-efficient. As a result, we reduced risk-weighted assets by 32% since the end of 2007 and exited most proprietary trading businesses. By continuing to strengthen our capital and liquidity position we ensured the trust of our clients. With our client-focused and capital-efficient integrated bank strategy we delivered sound net income attributable to shareholders of CHF 6,724 million for 2009 and an industry-leading return on equity of 18.3%. As our strategy is consistent with both emerging client needs and regulatory trends, we feel well positioned to succeed in a changing operating environment. Building on the momentum we have established, we aim for further gains in market share while strengthening our geographic footprint and collaboration within the integrated business model. We expect to leverage our programs for operational excellence and efficiency. To achieve our goals, we are focused on the following priorities.

Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as >>ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering them superior solutions, we empower them to make better financial decisions. Against the backdrop of significant changes within our industry, we implemented plans across the organization to ensure that we consistently help our clients realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. On the back of a strong capital position and high levels of client satisfaction and brand recognition, we achieved significant gains in market share. Our strong client momentum is well recognized. We were awarded "Best Private Banking Services Overall" by Euromoney, "Bank of the Year" by International Financing Review and "Top 3 Megabank" by Fortune magazine's "Most Admired Companies" survey.

Employees

We continue to undertake efforts to attract, develop and retain top talent in order to deliver an outstanding integrated value proposition to our clients. Our candidates go through a rigorous interview process, where we not only look for technical and intellectual proficiency, but for people who can thrive in and contribute to our culture. Credit Suisse is above the external benchmark for employee engagement in the financial services industry. We systematically review our talent and identify the right developmental opportunities based on individual and organizational needs. We increasingly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse's workplace culture. We have expanded our organizational understanding beyond traditional diversity and inclusion to leverage our differences to fully engage the workforce. Through our own business school, we train our leaders, specialists and client advisors in a wide range of subjects to ensure that knowledge and competence of our employees supports the needs of our clients and our strategy. We take a prudent and constructive approach to compensation, designed to reflect the performance of individuals and the firm and closely align the interests of employees with those of shareholders.

Collaboration

We help our clients thrive by delivering the best of our products and services seamlessly across our organization and regardless of divisional boundaries. In order to drive, measure and manage collaboration between our divisions, we have established a dedicated governance structure within the office of the CEO. In 2009, we recorded collaboration revenues of CHF 5.2 billion, with a target of CHF 10 billion annually by 2012. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for wealthy private clients by Investment Banking, a new suite of managed investment products developed by Asset Management for Private Banking and strengthened client management coordination by our new alternative investments distribution team in Asset Management with the securities distribution team in Investment Banking. Benefiting from our programs for cross-divisional management development and lateral recruiting, we believe collaboration revenues including cross-selling and client referrals to be a resilient generator of both revenues and assets.

Capital and risk management

While the prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank, we maintain a conservative framework to manage liquidity and capital. Throughout the financial crisis we were a supplier of overnight funding to central banks, and we did not receive any emergency support provided by governments and central banks. As a result of the successful implementation of our client-focused and capital-efficient strategy, we further reduced our risk-weighted assets by 14% during 2009 to CHF 221.6 billion, contributing to the improvement of our Tier 1 ratio of 300 basis points to 16.3%. With further balance sheet reductions we achieved a leverage ratio of 4.2%, already complying with the Swiss minimum requirements to be implemented by 2013. We continue to deploy capital in a disciplined manner based on our economic capital framework, assessing our aggregated risk taking in relation to our client needs and our financial resources.

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. For our core activities we target a cost/income ratio of 65%. Efficiency measures implemented with strong involvement of senior management have generated cost savings while helping to build an efficiency culture. During 2009 we opened a fifth Center of Excellence (CoE) in Mumbai, with an initial focus on supporting Investment Banking. The new CoE will complement our four existing CoEs in Pune, Raleigh Durham, Singapore and Wroclaw. Since the CoE initiative was established in 2006, more than 8,000 roles have been deployed, improving productivity. We continue to focus on our Operational Excellence program, which has strengthened our culture of continuous improvement and client focus.

To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and risk and capital to be achieved across market cycles. For a more detailed description of our businesses and our performance in 2009 against the defined targets, refer to II Operating and financial review Key performance indicators.

Corporate citizenship and Code of Conduct

At Credit Suisse, we firmly believe that corporate citizenship plays a crucial role in our long-term success as a business. We therefore strive to incorporate our approach to corporate citizenship into every aspect of our work. This approach is founded on a broad understanding of our responsibilities in banking, society and the environment, as well as on our role as an employer and on our dialogue with our stakeholders.

Our Code of Conduct, which sets out globally binding principles for our business operations, strengthens the responsibility of all employees and creates a framework where every individual is familiar with our corporate responsibilities. The core values include integrity, confidentiality and respect, as well as a commitment to sustainability.

To ensure that we supply the full breadth of information required by our stakeholders, we publish a Corporate Citizenship Report and additional information which can be found at *www.credit-suisse.com/citizenship*.

Our businesses

Private Banking

Business profile

In Private Banking we offer comprehensive advice to private, corporate and institutional clients and a broad range of financial solutions. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses, with total assets under management of CHF 914.9 billion. In Wealth Management Clients, we serve over two million clients, including >>ultra-high-net-worth and >>high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of over 100,000 corporations and institutions, mainly in Switzerland.

Within Wealth Management Clients, we operate one of the largest wealth management businesses globally. We offer clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services. We deliver innovative and integrated solutions in close collaboration with Investment Banking and Asset Management. As of the end of 2009, we had CHF 802.8 billion of assets under management. Our global network comprises more than 380 locations in 47 countries. Wealth Management Clients has more than 4,000 relationship managers and 25 >>booking centers, reflecting our multi-shore strategy.

Within Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, trade finance, cash management, corporate finance, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations, banks, Swiss pension funds and insurance companies. As of the end of 2009, the business volume of our Corporate & Institutional Clients business totaled CHF 220.3 billion, with CHF 170.0 billion of client assets and CHF 50.3 billion of net loans. While large corporations are covered out of four locations, we serve small and medium-sized enterprises through relationship managers based in 36 branches throughout Switzerland.

Key data - Private Banking

			in / end of
	2009	2008	2007
Key data			
Net revenues (CHF million)	11,662	12,907	13,522
Income before taxes (CHF million)	3,651	3,850	5,486
Assets under management (CHF billion)	914.9	788.9	995.4
Number of employees	24,300	24,400	23,200

Strategy

Trends and competition

Despite the impact of the financial crisis, the long-term growth prospects of the wealth management sector remain intact. Yearly industry growth rates measured by assets under management are projected at around 8% over the next three years. We expect more mature markets to experience lower growth rates, but starting from a larger asset base, with more than two thirds of global wealth located in the US, Japan and Western Europe. In these markets we see opportunities arising from the generational transfers of wealth and from further wealth accumulation, particularly by entrepreneurs, who increasingly seek solutions not only to manage their personal wealth but to develop their business over market cycles. We expect emerging markets, particularly in Asia, to continue to experience relatively strong growth driven by entrepreneurial wealth creation and relatively strong economic development.

While operating in an attractive growth market, wealth managers were impacted by the market disruption and the recession in many markets in the last two years. A large number of wealthy clients reconsidered their banking relationships and transferred assets to stable, reliable institutions with a strong capital position. Longer term, we expect clients to look increasingly for a broad and deep service offering, with smaller wealth managers facing challenges with regard to necessary size and scope. In addition, we expect increasing regulatory requirements relating to investment advice, client information and documentation to increase the cost and complexity of business processes and compliance frameworks. Increasing scrutiny by authorities on cross-border banking activities and legal compliance is expected to impact client behavior and operating models over time. We expect offshore banking in certain markets to have lower net new assets and increasing compliance costs, but that offshore banking will remain attractive in many markets, reflecting client focus on political stability, superior products and services and jurisdictional diversification. As a result of both the short-term impacts from the financial crisis and the longer-term industry trends, we expect consolidation of the wealth management industry to continue.

The Swiss market for Corporate & Institutional Clients continues to offer growth prospects in line with general economic development. Swiss corporates have faced the challenges from the economic downturn relatively well due to solid business models and conservative financing. A growing number of Swiss corporates have to deal with succession planning, a trend which increasingly creates business opportunities in this market, particularly for banks that can offer a tailored combination of private and investment banking services. In the Swiss institutional clients business, we expect further business growth, including advising on portfolio restructuring.

Key initiatives

Our aspiration is to become one of the most admired banks for Wealth Management Clients globally and for Corporate & Institutional Clients in Switzerland. We want to be an industry leader in terms of client satisfaction, employee engagement, profitability and growth. With our consistent strategy and our strong capital position, we are well positioned to succeed in a changing market environment.

We continue to invest in international growth by hiring and developing experienced relationship managers, upgrading our platforms and establishing a domestic presence in select markets. Depending on their needs, we offer clients onshore and offshore services in compliance with laws, rules and regulations. Our continued investment in our compliance framework positions us well to respond to evolving regulation in the markets in which we operate.

In Switzerland, our home market, we aim to gain market share in the Wealth Management Clients business: in the private client business, by increasing client focus and proximity as well as by continuously optimizing our branch network; and in the Swiss >>high-net-worth individuals business, by offering value propositions that leverage the full spectrum of our cross-divisional capabilities. The targeted growth segments in the Swiss corporate and institutional business include large corporates, institutional investors, financial institutions with transaction banking needs and small and medium-sized enterprises (SME) with an international focus. Regular surveys confirm a high degree of client satisfaction, reflected in significant net new asset inflows.

To further improve client centricity, we focus on our advisory approach and on segment-specific client solutions, for example, for >>ultra-high-net-worth clients or entrepreneurs. We invested nearly CHF 400 million in our award-winning advisory process in the last ten years, and enhanced our segment-specific client solutions.

Close collaboration with Investment Banking enables us to offer customized and innovative solutions to our clients, especially to ultra-high-net-worth individuals and corporates. In cooperation with Asset Management, we offer a range of client-focused discretionary mandates and access to hedge funds and private equity solutions.

As employees are the most critical success factor in delivering our value proposition, we systematically develop our pool of talent through training and certification programs. We strive to be an employer of choice, and as part of our growth strategy we continue to invest in our relationship managers as a driver of net new assets.

We drive efficiency and productivity, building on our programs for operational excellence, efficiency management and CoE.

Achievements

Key achievements and measures of our progress in 2009 include:

– **International growth**: In 2009, we generated CHF 41.6 billion of net new assets across regions, with CHF 11.8 billion in Switzerland, CHF 10.3 billion from Europe, Middle East and Africa (EMEA), CHF 8.0 billion from the Americas and CHF 11.5 billion from Asia Pacific. As part of our international growth strategy, we launched domestic wealth management businesses in Japan, Mexico and Poland.

– **Market share gains in Switzerland**: Building on the infrastructure and wide range of products and services available in Switzerland, we realigned our coverage with a special focus on >>affluent and high-net-worth clients. Going forward, affluent clients will be served in our entire branch network, more than doubling the locations for this key segment. In the Swiss corporate business, we played a key role for large Swiss corporates and SMEs, successfully leading complex refinancing and restructuring transactions through customized corporate finance services.

– **Client centricity**: We developed and implemented a specific value proposition and focused coverage model for ultra-high-net-worth clients, with dedicated client organizations in all regions. As part of our continued efforts to improve the advisory process and to better serve clients, we launched a series of sophisticated advisory tools, including the Stock Navigator, the Bond Navigator and the Credit Suisse Risk Analyzer.

– **Integrating the banking businesses**: In 2009, we generated revenues from 394 integrated solutions transactions in cooperation with Investment Banking and Asset Management. Together with Asset Management, we launched a new suite of discretionary mandates to better address client needs and respond to the market environment.

– **Best people**: International hiring and appointments reflect our continued investment in international growth. In 2009, we hired 370 relationship managers and increased the share of senior hires among them to 62%. The net decrease of 100 relationship managers compared to the end of 2008 reflected a talent upgrade of our relationship managers, mainly in EMEA and Asia Pacific, while the number of relationship managers was stable in Switzerland and slightly higher in the Americas.

– **Productivity and financial performance**: We maintained a gross margin in Wealth Management Clients of 131 basis points on our average assets under management, fully leveraging the integrated business model with positive contributions from client centric product innovation and increasing wallet share. Through targeted cost management programs, we achieved cost reductions of over CHF 300 million and a cost/income ratio of 67.1% in 2009.

Awards
We received numerous industry awards, including:

– "Best Private Banking Services Overall" for Global, Western Europe, Switzerland, Guernsey, Indonesia, Russia and Singapore by *Euromoney* in its Private Banking Survey 2010;

– "Best Wealth Management House" for 2009 by *Euromoney* in its "Awards for Excellence";

– "Best Bank in Switzerland in 2009" by *Global Finance* in its World's Best Developed Market Bank Awards;

– "Summa cum laude" in Germany and Switzerland by *Handelsblatt's* Elite Report;

– "Best Private Bank in Asia and Singapore" by *The Asset* magazine in its annual "Triple A Awards for Investors and Wealth Managers";

– "Outstanding Private Bank for UHNW Clients" at the 19th Private Banker International Wealth Summit in Singapore;

– "Best Private Bank in the Middle East" by *emeafinance*; and

– Ranked first on Fuchsbriefe's "all-time best" list of wealth management companies in German speaking countries.

Products and services

Wealth Management Clients
In Wealth Management Clients, our service offering is based on the global Structured Advisory Process, client segment specific value propositions and comprehensive investment services:

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

– *Client segment specific value propositions*: We offer a range of wealth management solutions tailored to specific client segments. The global market segments we serve are ultra-high-net-worth and high-net-worth clients, and, in Switzerland, private clients. For entrepreneurs, we offer solutions targeted at specific needs within private and corporate wealth management, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse's experienced corporate finance advisors, immediate access to a network of international investors, the preparation and coordination of financial transactions to maximize company value. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions for our ultra-high-net-worth clients.

– *Comprehensive investment services*: We offer a comprehensive range of investment advice and discretionary asset management services based on the analysis and recommendations of our global research team. Investment advice covers a range of services from portfolio consulting to advising on individual investments. We continuously strive to offer clients effective portfolio and risk management solutions, including managed investment products. These are products actively managed and structured by our specialists, providing private investors with access to asset classes that otherwise would not be available to them. For clients with more complex requirements, we provide investment portfolio structuring and the implementation of individual strategies, including a wide range of structured products and alternative investments. Discretionary asset management services are available to clients who wish to delegate the responsibility for investment decisions to Credit Suisse. In close collaboration with Investment Banking and Asset Management, we also provide innovative alternative investments with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate.

We also offer a broad range of financing products, such as construction loans, fixed and variable rate mortgages, consumer and car loans, different types of leasing arrangements and various credit cards provided by Swisscard, a joint venture between Credit Suisse and American Express. Additionally, we provide flexible financial solutions for every stage of a private client's life, including private accounts, payment transactions, foreign exchange services, pension products and life insurance. The range of savings products available to private clients includes savings accounts, savings plan funds and insurance. Our core banking product Bonviva combines accounts and credit cards, simplifying day-to-day banking with a fixed package price.

Corporate & Institutional Clients

In our Corporate & Institutional Clients business, we supply a comprehensive range of financial solutions including cash management and payment transactions, all forms of traditional and structured lending, capital goods and real estate leasing, investment solutions and specialized services such as corporate finance, trade finance, ship financing, global custody and asset and liability management. Large corporate clients can benefit from tailor-made financial solutions and advice. In addition, we offer specialized products and services, such as multi-currency foreign exchange trading and various straight-through-processing solutions, such as brokerage and execution services.

Investment Banking

Business profile

Investment Banking provides a broad range of financial products and services, with a focus on businesses that are client-driven, >>flow-based and capital-efficient. Our suite of products and services includes global securities sales, trading and execution, prime brokerage and capital raising and advisory services, as well as comprehensive investment research. Our clients include corporations, governments and institutions around the world. We deliver our global investment banking capabilities via regional and local teams based in all major developed and emerging market centers. Our integrated business model enables us to gain a deeper and cross-business understanding of our clients and deliver creative, high-value, customized solutions based on expertise from across Credit Suisse.

Key data - Investment Banking

			in / end of
	2009	2008	2007
Key data			
Net revenues (CHF million)	20,537	(1,971)	18,584
Income/(loss) before taxes (CHF million)	6,845	(13,792)	3,496
Number of employees	19,400	19,600	20,500

Strategy

Trends and competition

The global financial crisis has fundamentally changed the competitive landscape in the investment banking industry with substantial opportunities for firms with strong capital positions and manageable risk exposures. Credit Suisse was well positioned to take advantage of this environment in 2009 and to gain market share in many key businesses. We also benefited from improved pricing and margins resulting from the decline in competition. While bid-offer spreads became more normalized in the second half of the year compared to very high levels in the first half of 2009, we believe that given the structural changes in the industry, margins will remain above pre-crisis levels in the medium term. We continued to invest in expanding our platforms in >>flow-based products to maintain or increase market share, and we benefited from our reputation as a stable counterparty throughout the financial crisis and from our clients' preference for less complex, more liquid financial products. In addition to our strong trading businesses, Credit Suisse benefited from market share gains in our capital markets and advisory businesses as well as higher industry issuance volumes compared with the extremely low levels in 2008. We expect that our market share gains, combined with an increase in trading, underwriting and advisory volumes, will contribute to a sustainable revenue base and potential for growth, even as the regulatory environment will provide challenges.

The systemic weaknesses exposed by the global financial crisis and the proposed regulatory changes will have a strong impact on investment banks. Proposed changes to the >>Basel II framework may lead to additional anti-cyclical provisioning and incremental capital charges to capture default risk on trading book assets. In addition, legislation being considered in the US and Europe will likely promote centralized clearing of standardized >>derivatives, lead to increased migration of over-the-counter (OTC) derivatives to exchanges and improve post-trade transparency for OTC derivatives. While both the parameters of the various regulatory proposals and their overall impact are uncertain, we expect increased capital requirements and regulation of derivatives to result in lower risk taking and increased transparency, potentially adversely impacting spreads. However, we view the proposed regulations as largely strengthening Credit Suisse's competitive position, given our industry-leading capital ratios, our limited market share in OTC and complex derivatives and our emphasis on flow-based products. We believe that we will continue to be strongly differentiated from our peers by the stability of our platform, the momentum of our integrated franchise and our flexibility.

Key initiatives

In 2009, we executed our strategy to become a more client-focused and capital-efficient investment bank. We:

– reduced risk capital usage;

– reduced volatility and improved capital efficiency;

– increased emphasis on client and >>flow-based businesses, such as cash equities, electronic trading, prime services, global rates and foreign exchange, high grade debt, US residential mortgage-backed securities (>>RMBS) secondary trading and our strategic advisory business;

– repositioned certain other businesses by reducing risk and volatility, including quantitative and liquid equity trading strategies, secondary convertible trading, emerging markets, US leveraged finance and corporate lending; and

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

Key measures of our progress include:

– Risk-weighted assets declined 14% since the end of 2008, to USD 140 billion. We continued to reallocate capital from exit businesses to support growth in the client-focused businesses. As of the end of 2009, risk-weighted assets in ongoing businesses were USD 123 billion and in exit businesses were USD 17 million compared to risk-weighted assets of USD 128 billion in ongoing business and USD 35 billion in exit businesses as of the end of 2008.

– Average one-day 99% >>value-at-risk declined 33% during 2009 to CHF 118 million.

– In 2009, we reduced our exposure to dislocated assets to minimal levels.

– Headcount was reduced by 200 from the end of 2008, although headcount increased in the second half of 2009, primarily due to an increase in IT professionals, reflecting our investment in infrastructure in client-focused businesses.

We believe that we have a significant opportunity to extend market share gains across our businesses as we build our distribution platform and enhance our electronic capabilities for clients. We are also further developing our emerging markets position and refining our strategy in the advisory and underwriting businesses in order to capitalize on market opportunities. Key initiatives to drive the franchise forward include:

– significant IT investment to support capital-efficient businesses, including foreign exchange, >>Advanced Execution Services (AES®), prime services and flow and >>derivatives trading;

– consolidate and extend market share gains in our cash equities business by improving primary rankings and capitalizing on new issue activity;

– pursue targeted growth plans in our prime services business, including in listed derivatives, fund administration, prime brokerage and a variety of financing products such as exchange-traded funds (ETF), index/sector/single stock swaps and custom baskets;

– focus on growing client flows and expanding distribution coverage across our fixed income businesses, including a significant expansion of our sales force;

– broaden client footprint in our global foreign exchange business by building our electronic platform in foreign exchange (eFX) and infrastructure;

– continue to pursue a capital-efficient approach to leveraged finance and investment grade capital market transactions;

– capitalize on high-growth potential in targeted regions by building on our leading franchises in Brazil, Russia, Indonesia and the Middle East, our strong position in China and our growing business in India. We intend to expand flow sales business across credit, rates and foreign exchange and drive client connectivity across regions and in collaboration with Private Banking; and

– capitalize on a global rebound in mergers and acquisitions (M&A) activity, continued recovery in initial public offering (IPO) issuance volumes and sizeable high yield refinancing opportunity.

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

– We commenced investment banking operations in Qatar to complement our private banking services. The expansion of our business in Qatar further strengthens our strong local presence in the Middle East, with offices in Abu Dhabi, Beirut, Cairo, Doha, Dubai, Manama and Riyadh.

– We launched AES® in India. Our clients can now employ a comprehensive range of algorithmic trading strategies for Indian equities, enabling them to trade more efficiently and achieve best execution.

We executed a number of significant transactions in 2009, reflecting the breadth and diversity of our investment banking franchise:

– **Debt capital markets**: We arranged key financings for a diverse set of clients, including Rabobank Group (Dutch financial services provider), Weather Investments SpA (Italian telecommunications company), Reynolds Packaging Group (US consumer products manufacturer) and Liberty Global, Inc. (US cable operator).

– **Equity capital markets**: We executed IPOs for China Resources Cement Holding Ltd. (Chinese cement and concrete producer), Maxis Berhad (Malaysian mobile communications provider) and Banco Santander Brasil (Brazilian bank), a rights issue for Rio Tinto Group (Anglo-Australian mining and exploration company) and a block trade of Barclays Plc (UK bank) stock for The International Petroleum Investment Company of Abu Dhabi.

– **Mergers and acquisitions**: We advised on a number of key transactions that were announced during the year, including the acquisition by BlackRock Inc. (US investment management company) of Barclays Global Investors from Barclays Plc (UK bank), the sale by Merck & Co., Inc. (US pharmaceutical company) of its 50% interest in Merial Ltd. (UK animal health company) to Sanofi-Aventis SA (French pharmaceutical company), the acquisition by Sinopec International Petroleum Exploration and Production Company (Chinese oil and gas producer) of Addax Petroleum Corp. (Canadian oil and gas company) and the acquisition of Sun Microsystems, Inc. (US computer processing hardware company) by Oracle Corp. (US software company).

Market share momentum:

– Moved up to number two overall in prime brokerage in Europe and number one for new hedge fund launches in the latest benchmark prime brokerage survey by *EuroHedge*. Based on the survey data, Credit Suisse Prime Services has a 15% market share in the region as measured by assets.

– Ranked number one pan-European brokerage firm for equity trading based on commissions paid in the recently released *Thomson Reuters Extel Survey*.

– AES® was again ranked number one in algorithmic trading by *Greenwich Associates*, continuing to maintain its industry-leading position. AES® gained further ground in the past year, increasing its lead in 2009 over the second best firm.

– Overall foreign exchange trading market share ranking moved up five places to enter the top ten and overall market share doubled in *Euromoney*'s “FX Poll 2009”. Credit Suisse's foreign exchange e-trading market share moved up to number six from number nineteen, reflecting the success of our suite of e-commerce tools. Other notable rankings included number one in "Most Improved" in Asia, "Serving accounts of USD 10 billion to USD 25 billion" and "Serving Real Money accounts."

– Ranked number one by *Tradeweb* in RMBS pass-through trading, with 19% market share for 2009.

– Ranked number two in the "Top 3 Dealer" category with all credit investors for leveraged loans and number two in high yield credit and distressed debt, in a recent survey of credit investors in the US conducted by *Greenwich Associates*.

– Ranked number two by *Dealogic* in investment banking revenues for Europe and Asia Pacific (excluding Japan) for 2009.

– Ranked number one in terms of market share in US cash products in a recent survey conducted by a leading market share analysis provider.

– Ranked number one in *Greenwich Associates'* annual European Convertibles survey for the fifth consecutive year.

Awards
We received numerous industry awards in 2009:

– "Best Investment Bank for 2009" by *Euromoney*. We were also recognized globally as the "Best Emerging Markets M&A House" and received a number of regional awards in Latin America, EMEA and Asia Pacific, which underscore the depth of our global footprint. *Euromoney* cited our early and aggressive risk reduction and our accelerated strategy to focus on key client businesses as important differentiators;

– "Emerging Market Bond House" and "Swiss Franc Bond House" by *International Financing Review*, as well as "Best Investment-Grade Corporate Bond" and "Best US Dollar Bond" for our work on an IBM offering, "Emerging EMEA Bond" for our work on a KazMunayGaz offering and "Emerging Asia Bond" for our work on a Republic of Indonesia offering;

– "Best Overall Trading Group", "Best Par Desk" and "Best Distressed Desk" by *Credit Investment New*s in its 12th annual buy side survey. We were also awarded "Best Sales Force" and ranked number one in all four subcategories in both par and distressed loans, the first time in the survey's 12-year history that a firm swept the number one rankings for both desks;

– "Best Innovation of the Year" for our partner asset facility compensation model by *The Banker*. We were also awarded "Best Investment Bank from Western Europe", "Most Innovative in Bonds" and "Most Innovative in Asset and Liability Management";

– "2009 US Structurer of the Year", "Equity Derivatives House of the Year" and "Hedge Fund House of the Year" by *Structured Products*;

– "Best Algorithms" and "Best Smart Order Routing" by *AsianInvestor* in its 2009 Service Provider Awards for trading and execution. These awards highlight our AES® product, which provides a suite of fully automated trading strategies, tools and analytics that help our institutional and hedge fund clients worldwide reduce market impact, improve performance and add consistency to their trading process.

– Prime Services ranked number one in *Global Custodian*'s benchmark annual Prime Brokerage survey. We earned a record 102 of 160 "Best in Class" awards, sweeping all service areas in North America, Europe and Non-Japan Asia.

Products and services

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

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 M&A, corporate sales and restructurings, divestitures and takeover defense strategies. The fund-linked products group is responsible for the structuring, risk management and distribution of structured mutual fund and alternative investment products and develops innovative products to meet the needs of its clients through specially tailored solutions.

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

Fixed income
– Rates: Interest rate products makes markets in the government bond and associated OTC derivative swap markets of developed economies, and its products include government bonds, bond options, interest rate swaps and options and structured interest rate derivatives. Foreign exchange provides market making and positioning in products such as spot and options for currencies in developed markets, dedicated research and strategy and structured advisory services. Listed derivatives provide innovative derivative product support, drawing on global execution capabilities, electronic trading systems and sophisticated analytics.

– Credit: Credit products offers a full range of fixed income products and instruments to clients, ranging from standard debt issues and credit research to fund-linked products, derivatives instruments and structured products that address specific client needs. Credit derivatives trades and structures credit derivatives on investment grade and high yield credits. We are a leading dealer in both flow business, which trades single-name >>credit default swaps on individual credits, credit-linked notes and index swaps and structured products, providing credit hedging solutions to clients. Investment grade trades domestic corporate and sovereign debt, non-convertible preferred stock and short-term securities such as floating rate notes and >>commercial paper. Leveraged finance provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and high yield debt for non-investment grade corporate and financial sponsor-backed companies.

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

– 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 focuses on oil, petroleum and metals trading through an alliance with Glencore International AG, one of the world’s largest suppliers of a wide range of commodities and raw materials to industrial consumers.

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

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

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

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

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

– Convertibles trading involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research.

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

– AES® is a sophisticated suite of algorithmic trading strategies, tools and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and hedge funds reduce market impact. AES® is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

Arbitrage trading
Our arbitrage trading business focuses on quantitative and liquid trading strategies in the major global equity and fixed income markets.

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

Research and HOLT

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

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

HOLT offers one of the fastest and most advanced corporate performance, valuation and strategic analysis frameworks, tracking more than 20,000 companies in over 64 countries.

Asset Management

Business profile

Asset Management offers investment solutions and services globally to a wide range of clients, including institutions, governments, foundations and endowments, corporations and individuals. We provide access to a wide range of investment classes across alternative investment, asset allocation and traditional investment strategies. Our investment professionals focus on delivering best-in-class products and holistic client solutions with strong investment performance. We had CHF 416.0 billion of assets under management as of the end of 2009.

In alternative investment strategies, we are an industry leading manager, with CHF 157.9 billion of assets under management as of the end of 2009. Alternative investment strategies include private equity, real estate, credit strategies and liquid strategies.

Traditional investment strategies, with assets under management of CHF 240.8 billion, include multi-asset class solutions and other traditional investment strategies, primarily in Switzerland and Brazil, where we have industry leading franchises, and through strategic collaborations. In multi-asset class solutions, we provide tailored asset allocation solutions to clients around the world and have CHF 170.2 billion of assets under management. In other traditional investment strategies, with assets under management as of the end of 2009 of CHF 70.6 billion, we provide access to fixed income, equity and institutional pension advisory investments, directly and through our strategic collaborations.

As part of the client-focused integrated business model, we are increasingly coordinating and leveraging our activities with Private Banking and Investment Banking. We benefit from their focus on client needs and targeted solutions. Through collaboration with both internal and external partners, we aspire to deliver best-in-class solutions to our clients. Discretionary mandates are managed with an open architecture approach, allowing us to tap into the investment capabilities of the best asset managers globally. We pursue partnerships with leading investment managers globally, and our strategic alliances and joint ventures provide us with access to key products, markets and distribution channels.

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 with our clients in certain investments.

Key data - Asset Management

	in / end of		
	2009	2008	2007
Key data			

Net revenues (CHF million)	1,842	632	2,390
Income/(loss) before taxes (CHF million)	35	(1,185)	350
Assets under management (CHF billion)	416.0	411.5	599.4
Number of employees	3,100	3,100	3,700

Strategy

Trends and competition
The effects of the global financial crisis continued to affect the asset management industry in 2009. Investors began to reposition their portfolios, seeking more liquid transparent products and more robust risk management. Fundraising varied considerably across asset classes, as investors coped with the impact of the market downturn and asset allocation distortion. In alternative investments, illiquid fundraising was generally challenging, particularly in private equity. The opportunity in real estate varied significantly by country, with developed market opportunities more focused on distressed strategies. Investor demand for credit exposure was steady in 2009. The hedge fund industry experienced significant redemptions in the first half of the year, but stabilized in the second half. Within the traditional products sector, investor risk appetite began to return in the second half of the year, with outflows in cash and money market funds, primarily into fixed income products. Emerging markets products gathered significant momentum over the year, and demand for passive vehicles like ETFs and index products increased in 2009.

Transparency and risk management emerged as major themes after the events of 2008. Investors became more aware of counterparty risk and moved towards simpler, more regulated structures. Institutional investors increasingly demanded more transparency and a greater understanding of underlying risk. Reinforcing this trend were increased regulatory scrutiny, with proposed changes to regulatory and compliance requirements for investment advisers, managers, placement agents and private funds, and proposed changes to the tax treatment of carried interest. In addition, industry margins compressed as assets under management declined and performance fees remained depressed. The industry experienced significant consolidation throughout the year, particularly in hedge funds, and some integrated financial institutions divested non-core asset management businesses.

Key initiatives
In 2009, we continued to implement our strategy focused on alternative investment strategies, asset allocation and the traditional businesses in Switzerland. We focused on:

– delivering world class investment capabilities to our clients through our internal investment capabilities or selectively in partnership with leading external investment managers;

– deepening our institutional and high-net-worth client relationships;

– providing holistic solutions to our clients through our broad product platform, asset allocation capabilities and risk management expertise;

– collaborating with Private Banking and Investment Banking;

– increasing the proportion of third-party capital in our alternative investments funds; and

– reducing risk and driving efficiency.

Key examples of our progress include:

– completing the sale of part of our traditional investment strategies business in Europe (excluding Switzerland), the US and Asia Pacific to Aberdeen for a 23.9% stake;

– continuing to leverage our partnership with Hedging-Griffo, a leading hedge fund manager in Brazil;

– investing in our global distribution capabilities, including building our investment strategies solutions team;

– redesigning our suite of asset allocation mandates in partnership with Private Banking to better address client needs and respond to the evolving market environment;

– in partnership with Investment Banking, launching ETFs focusing on our Swiss and European clients;

– driving efficiency and productivity by consolidating locations;

– winding down our exposures to securities purchased from our money market funds; and

– returning to profitability and positive net new assets.

We expect this strategy to continue to increase net new assets and assets under management and improve our profitability. Key initiatives we will focus on going forward include:

– providing clients with customized advice and solutions;

– building our liquid product range in hedge funds and hedge funds of funds;

– expanding our real estate product offering as opportunities emerge;

– launching new private equity funds, particularly in secondary and funds of funds;

– expanding our traditional fixed income and equities capabilities in Switzerland;

– seeking to strengthen our relationship with Private Banking through further collaboration and the distribution of Asset Management products and services to Private Banking; and

– continuing to improve operating efficiency by streamlining our business support operations.

Mandates

– In liquid strategies, our quantitative strategies group won new mandates in 2009, raising CHF 4.4 billion mainly from German and Italian clients, expanding the traditional index business outside of Switzerland.

– In liquid strategies, commodities business attracted CHF 2.3 billion of net new assets. We manage the second largest indexed commodities mutual fund in the US.

– We launched CS Global Macro Replication Index, the second in a planned suite of alternative index replication strategies, which joins the existing Long/Short Equity Replication Index in offering exposure to two of the largest and most popular sectors in the hedge fund industry.

– We announced the expansion of our existing Swiss ETF range, known as Credit Suisse Xmtch, with the launch of 17 new funds on a variety of global equity and bond indices. We have assets under management of nearly CHF 10 billion.

– We won a CHF 500 million private equity fund of funds mandate from a large Asian pension plan and two credit strategies mandates totaling CHF 300 million from US pension funds.

– We had net new assets of CHF 3.8 billion in connection with the acquisition of Jelmoli AG by Swiss Prime Site AG, a Swiss real estate company for which we are the investment adviser and administrator.

– ICBC Credit Suisse Asset Management Ltd, our joint venture in China, successfully launched its first ETF in China, which tracks the Shanghai Stock Exchange central state-owned enterprises 50 Index, raising CHF 0.7 billion from domestic investors despite the challenging market conditions.

– We obtained approval from China's State Administration of Foreign Exchange for an investment quota of USD 200 million under the country's Qualified Foreign Institutional Investor program. This approval, together with the qualified financial intermediary accreditation granted by the China Securities Regulatory Commission in October 2008, enabled us to launch asset management products investing in Renminbi-denominated securities.

– Global Infrastructure Partners (GIP), our asset management joint venture with General Electric, and El Paso Corporation (El Paso) entered into a joint venture to construct, own and operate a natural gas pipeline that will transport gas from the Rocky Mountain supply region to US west coast markets. Upon expected completion of construction in 2011, each of GIP and El Paso will own 50% of the equity.

– Asset Management Finance LLC, in which we own a majority stake, made investments in the fourth quarter totaling CHF 200 million in four firms that specialize in wealth management and alternative asset management.

Products and services

Asset Management offers institutional and individual clients a range of products, such as alternative and traditional products, through our and third-party distribution channels. We also offer investment strategies through joint ventures with external managers across various regions and asset classes to enhance results for shareholders, while bringing credibility, strong track records and knowledge to Credit Suisse in new or strategic areas. Credit Suisse offers a range of Brazil-focused strategies through joint ventures in emerging markets with significant growth potential through a range of products including fixed income, equities and hedge fund solutions.

Alternative investment strategies
We are a market leader in alternative investments, with a range of products including private equity, real estate, credit strategies and liquid strategies including single-manager hedge fund strategies, multi-manager hedge funds and index strategies.

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

In real estate, we provide an array of investment offerings depending on the liquidity, risk and return preferences of our clients. Our real estate core business aims to provide investors with stable and attractive cash flows, applying active portfolio management to reduce volatility.

Our credit strategies business focuses on the volatility of credit risk premiums of various debt instruments, capitalizing on economic fluctuations that impact premiums. Our performing credit strategies group specializes in the management of leveraged financial assets such as loans, high yield bonds and structured products. Our two event-driven distressed funds seek to generate absolute returns through coordinated long and short investments across the capital structure.

In liquid strategies, we offer access to key investment strategies via single-manager hedge funds, fund of hedge funds, alternative beta products, ETFs and other indexed products. Our single-manager hedge fund platform provides access to leading in-house hedge fund managers and through partnerships with best-in-class partners. We also provide actively managed hedge funds of funds across several strategies, including event-driven, emerging markets, convertible arbitrage, fixed income arbitrage, global macro, managed futures, volatility arbitrage and long/short investing. In addition, we offer highly liquid, systematic market exposure to equity, fixed income, real estate, commodity, volatility and hedge fund markets. Liquid strategies also includes one of Europe’s leading ETF brands as well as the Credit Suisse Hedge Fund Index, one of the world’s leading hedge fund indices.

Traditional investment strategies

In the area of multi-asset class solutions, we provide clients around the world with innovative solutions and comprehensive management across asset classes to optimize client portfolios, with services that range from funds to fully customized solutions. Stressing investment principles such as risk management and asset allocation, we take an active, disciplined approach to investing. We develop and implement custom investment allocation strategies across asset classes for both private and institutional clients. These solutions can combine traditional investment, such as cash, bonds and equities, with alternative investments.

Other traditional investment strategies include a suite of fixed income and equity funds that are managed primarily in Switzerland. These strategies provide our clients access to an array of global and regional investment strategies and sophisticated investment processes, efficiency, flexibility, liquidity and transparency.

Organizational and regional structure

Organizational structure

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

– The CFO area includes Financial Accounting, Group Controlling, Product Control, Tax, Treasury, Group Insurance, New Business, Investor Relations, Strategic Process Change, Corporate Real Estate & Services, Supply Management, Operational Excellence, Centers of Excellence (CoE), Bank Efficiency Management, Shared Services Non-IT Efficiency Management and Security Services.

– 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 providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.

– The CRO area comprises strategic risk management, credit risk management, risk measurement and management, and operational risk oversight, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.

– The CIO area leverages technology across the business to facilitate execution and product delivery and innovative systems and platforms to meet the needs of our businesses and Shared Services. This area is organized around functional and regional departments.

Other functions providing corporate services include Corporate Communications, Human Resources, One Bank Collaboration, Corporate Development and Public Policy. Corporate Communications provides support in media relations, crisis management, executive communications, branding and corporate sponsorship. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment. One Bank Collaboration measures and controls collaboration revenues. Corporate Development analyzes merger and acquisition opportunities and proposes strategic planning initiatives, while Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The CEOs of the divisions and regions report directly to the Group CEO, and, together with the CFO, CIO, CRO, and General Counsel, they formed the Executive Board of Credit Suisse in 2009. In January 2010, we created the new role of Chief Talent, Branding and Communications Officer at the Executive Board level, responsible for human resources, corporate communications, corporate branding and advertising.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within our four regions. 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.

Market regions

Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ more than 20,900 people in Switzerland. In Wealth Management Clients, we offer expert advice and a comprehensive range of financial products and services tailored to different client groups, including >>ultra-high-net-worth and private clients. We strive for accelerated organic growth with regard to our private clients segment. Focus areas include client acquisition and retention, supported by marketing efforts to communicate our increased client focus and the continued optimization of our branch network. We leverage the full spectrum of our cross-divisional capabilities with the aim to offer unique value propositions such as tailored and comprehensive servicing of entrepreneurs, who increasingly seek solutions not only for their private wealth, but also for their business matters. With regard to Swiss corporate and institutional clients, we aim to continue our growth track by building superior targeted value propositions, covering the full range of client needs through intensive collaboration throughout the integrated Group. Targeted growth segments include international small and medium-sized enterprises, institutional investors and financial institutions with transaction banking needs.

EMEA

The EMEA region encompasses 8,800 employees in 78 offices in 25 countries. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses European countries, including France, Germany, Italy, Spain and the UK to key growth markets, including Poland, Russia, Turkey and the Middle East. We implement our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. To leverage our cross-divisional capabilities, we foster collaboration among employees across divisions to deliver innovative and tailored solutions to our clients. We continue to strengthen our footprint across the region by expanding our geographic coverage.

Americas

Americas comprises our operations in the US, Canada, the Caribbean and Latin America with approximately 11,500 employees. In the US, our emphasis is on our core client-focused and >>flow-based businesses in Investment Banking, and on building on the market share gains we have achieved in a capital-efficient manner. In Private Banking, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. Active growth of alternative investment products will help to bolster our Asset Management business. In Canada, we continue to expand our fast-growing securities businesses and leverage our banking advisory strength. In Latin America, we are focused on using our leading market position in Brazil to provide clients with a full range of cross-divisional services.

Asia Pacific

Credit Suisse is present in 13 Asia Pacific markets, giving it one of the broadest footprints among international banks in the region. With 6,400 employees we aim to substantially increase our presence in major markets, including Australia, China, India and Japan, broaden the scope of our offerings in countries where we have built a competitive advantage and invest in emerging franchises. Private Banking has its principal centers in Singapore and Hong Kong, opening recently in key onshore wealth markets such as Australia, Indonesia, Japan and China, leveraging our Investment Banking and Asset Management activities to deliver integrated solutions to clients. The Investment Banking division continues to expand in major markets, and we are one of the dominant players in Southeast Asia. We expanded our onshore presence in China with the launch of a securities joint venture, we established a bank branch in Taiwan, and in India we acquired a non-bank financial company. Asset Management in Asia Pacific operates as an integrated business in close collaboration with the Private Banking and Investment Banking division to deliver the best investment performance with a focus on alternative investments and multi-asset class solutions.

Regulation and supervision

Overview

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

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

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

Proposed regulations

Governments and regulatory authorities around the world have responded to the financial crisis by proposing numerous possible reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed by supranational organizations and in Switzerland, the US, the EU and the UK that could potentially have a material effect on our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to increase, we cannot predict the likely impact of proposed regulations on our businesses or results.

In December 2009, the BCBS published consultative proposals, aimed at strengthening capital, liquidity and the resilience of the banking sector, which are expected to be finalized by the end of 2010.

A major focus of the current proposals is the limitation of systemic risk in the financial sector, including addressing the issue of institutions that are considered "too big to fail." In Switzerland, a working group, including the Swiss National Bank (SNB), Swiss Financial Market Supervisory Authority (FINMA) and industry experts, has been charged with proposing regulation to address this issue. The US administration recently proposed that bank holding companies be prohibited from owning, investing or sponsoring hedge funds or private equity funds and from engaging in proprietary trading unrelated to a customer or intermediation function. The administration has also proposed a 0.15% tax on covered liabilities (other than deposits and tier 1 capital) of financial institutions with over USD 50 billion in assets in order to recoup funds paid out under the troubled asset relief program. Other significant reform proposals in this area include efforts before the US Congress to limit activities deemed to pose a systemic risk or to force systemically significant institutions to shrink, to change agency authority over banks and other systemically significant institutions and to impose bright line debt-to-equity ratio limits; and by the European Commission to amend bank capital requirements and to create frameworks for additional cross-border supervision of the financial sector and crisis management. Efforts at creating a new insolvency regime for systemically significant institutions are also underway in both the US and EU.

Regulators have continued to focus on compensation in the financial services industry. In Switzerland, FINMA has promulgated standards for the design and implementation of compensation plans and related disclosure effective January 1, 2010. Many other jurisdictions are also considering regulations that could potentially impact our compensation policies and practices. In the UK, reforms are anticipated as a result of the Financial Services Bill currently before Parliament, which proposes to give the UK Financial Services Authority (FSA) broader powers to reform executive compensation in regulated entities, and the Walker Review, an independent set of detailed recommendations commissioned in the UK proposing further reforms for executive pay and compensation in banks and financial institutions. In the EU, the European Commission is currently consulting on proposals to amend the Capital Requirements Directive with respect to executive compensation. There are also proposals before the US Congress to mandate more stringent regulations for certain financial institutions with compensation practices deemed to pose systemic risk.

Other current reform efforts that could potentially have a material effect on our businesses include proposals: in Switzerland to impose on large banks, including the Group, additional liquidity requirements in 2010 and to implement further measures for deposit protection; before the US Congress and regulators to more expansively regulate >>derivatives activities, hedge funds and major swap participants, to impose a fiduciary duty on broker-dealers, to expand the extra-territorial reach of the US securities laws and to impose additional short selling restrictions; by the European Commission to increase transparency and reduce risk in the derivatives market and to increase regulation for non-retail fund managers; and by Parliament in the UK through the Financial Services Bill (which includes certain recommendations made in the Walker Review) to provide the FSA with a statutory basis upon which to restrict short selling and to change certain corporate governance structures for regulated and listed entities.

Switzerland

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

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

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

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

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

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

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

Off-balance sheet – Capital management.

Banks are required to maintain a specified liquidity ratio under Swiss law. According to FINMA, 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 FINMA.

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

Effective January 1, 2010, compensation design and its implementation and disclosure must comply with standards promulgated by FINMA under its Circular on Remuneration Schemes.

US

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

The New York Branch is licensed by the Superintendent of Banks of the State of New York (Superintendent), examined by the New York State Banking Department, and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, the New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if the New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to take possession of the business and property of the New York Branch under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with the New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of creditors (unaffiliated with us) that arose out of transactions with the branch. After the claims of those creditors were paid out of the business and property of the Bank in New York, 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 Bank (FRB) in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the FRB. The New York Branch is subject to Fed requirements on deposits and restrictions on the payment of interest on demand deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the US Federal Deposit Insurance Corporation.

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

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

A major focus of US policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing. These laws and regulations impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, verify the identity of customers and comply with economic sanctions. Any failure to maintain and implement adequate programs to combat money laundering and terrorist financing, and violations of such economic sanctions, laws and regulations, could have serious legal and reputational consequences. We take our obligations to prevent money laundering and terrorist financing in the US and globally very seriously, while appropriately respecting and protecting the confidentiality of clients. We have policies, procedures and training intended to ensure that our employees comply with “know your customer” regulations and understand when a client relationship or business should be evaluated as higher risk for us.

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

Our US-based broker-dealers are subject to extensive regulation by US regulatory authorities. 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 (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulation Authority (FINRA) (formed in July 2007 by the merger of the former National Association of Securities Dealers, Inc. and the member regulation, enforcement and arbitration functions of the New York Stock Exchange), and by state securities authorities. For futures activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association.

Our US broker-dealers are registered with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands, and our US futures commission merchants and commodity trading advisors are registered with the CFTC. Our US registered entities are subject to extensive regulatory requirements that apply to all aspects of their 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 US 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. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

Certain of our US broker-dealers are also registered as futures commission merchants and subject to the capital and other requirements of the CFTC.

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

EU

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

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

On November 1, 2007, the national implementing legislation for the 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 investment services relating to commodity derivatives. In relation to these and other investment services and activities, MiFID provides a "passport" for investment firms, enabling them to conduct cross-border activities and establish branches throughout Europe on the basis of authorization from their home state regulator.

UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the 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 authorization, including the requirement for the firm to be fit and proper. In addition to regulation by the FSA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary Code of Conduct published by the Bank of England which FSA-regulated firms are expected to follow when conducting wholesale money market business.

On November 1, 2007, MiFID became effective in the UK and applies to our authorized entities in the UK. The London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the FSA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of "self-sufficiency", that a UK branch of European Economic Area (EEA) and non-EEA financial institutions would no longer be permitted to rely on capital held by other members of its group. The FSA, from December 1, 2009, has required UK branches of EEA and non-EEA financial institutions to maintain adequate liquidity resources, both as to quantity and quality of capital reserves. The London Branch is required to ensure that its liquidity resources are under the day-to-day supervision of the London Branch senior management, held in a custodian account in the name of the London Branch, unencumbered and attributed to the London Branch balance sheet. In addition, the FSA 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.

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.

On January 1, 2010, the FSA's code of practice on remuneration policies became effective, requiring large banks, building societies and broker-dealers to have in place remuneration policies that are consistent with effective risk management. It also includes eight principles covering areas of governance, performance measurement and composition of remuneration, to help firms understand how the FSA will assess compliance.

Operating and financial review

Operating environment

In the first half of 2009, the global recession deepened. With interest rates at historic lows and additional support measures by central banks and governments, global economic indicators improved in the second half of the year. The banking sector benefited from the stabilization of markets, however uncertainty relating to economic development in 2010 and the future regulation of banks remained.

Economic environment

At the beginning of 2009, global industrial production and trade contracted at a rapid pace. Central banks across the globe cut interest rates sharply, some close to zero. The European Central Bank (ECB) joined the Bank of England (BoE) and the US Federal Reserve (Fed) in introducing programs to purchase securities to support prices and financial institutions. Global economic key indicators improved significantly in the second half of the year. While improvement was initially seen only in some emerging markets, especially China, developed economies began to show a meaningful recovery from depressed levels.

Inflation fell sharply until the middle of the year and became negative in some developed countries, reflecting the sharp drop in energy prices compared to the middle of 2008, but rebounded toward year end. Divergence in economic performance was increasingly reflected in differing monetary policy responses. Central banks in commodity-driven economies, such as Norway and Australia, that had only experienced rather mild recessions, began to raise interest rates. Central banks in some emerging markets, which had to maintain high interest rates or even raise them during the crisis in order to prevent a sharp depreciation of their currencies, continued to lower benchmark rates. The Fed left interest rates unchanged in 2009, while the BOE and ECB lowered interest rates in the first half of the year.

Government bond yields, which had fallen to multi-decade lows at the beginning of the year, rose sharply for longer tenors until mid-year when markets began to reflect higher interest rate and inflation expectations, which had fallen to extreme lows. Concerns about high government debt levels increased. Various governments' credit ratings were downgraded, and the yield differential between German and other euro area government bonds widened sharply, reaching a peak in the first quarter. These concerns reappeared towards the end of the year when a government-owned investment company in Dubai asked creditors for a standstill agreement to extend the maturities of all debt repayments until May 2010, and the Greek sovereign rating was downgraded twice within a two month period.

The US dollar continued to appreciate from 2008 into early 2009 as deleveraging in financial markets continued. Volatility peaked in the first quarter of 2009, and financial market conditions began to normalize during the second quarter. Amid signs that expansionary monetary and fiscal policy could support future growth, risk appetite in currency markets increased. The US dollar depreciated, reflecting the very low level of US interest rates, while Asian currencies linked to global growth prospects and commodity currencies like the Australian dollar started to appreciate. The euro strengthened toward the end of 2009 from the lows reached in March, reflecting the weak US dollar and central bank purchases for diversification purposes. In December, the US dollar began to strengthen due to better than expected macroeconomic data and the scaling back of short US dollar positions as the year end approached.

2009 was characterized by a significant outperformance of emerging market stocks (refer to the charts "Equity markets"). Equity markets were very weak in the first quarter of 2009, and at the beginning of March developed markets showed losses of more than 20% and emerging market stocks had declined about 10% compared to the beginning of the year. March marked the low for the year, and it was the starting point of a very strong recovery. The year closed with a positive return of more than 20% for developed markets and about 60% for emerging market stocks.

Until the beginning of March, commodity prices continued their downward trend, as most commodity markets suffered from oversupply and rising inventories. However, towards mid-2009 the first signs of stabilization in commodity demand emerged, and prices began to rebound. The stabilization in global leading indicators, Chinese strategic buying and the general increase in risk appetite led to a quick upward movement in commodity prices. In particular, base metal prices benefited from a strategic stockpiling program that the Chinese government pursued, with some metals recording price gains of more than 100% during 2009. Moreover, commodity prices reflected buying activity in the >>derivatives markets as market participants started to cover short positions. Oil prices, for example, surged from a low of USD 34 per barrel to over USD 70 per barrel during the second quarter of 2009. The improvement in global oil demand, particularly from non-Organization for Economic Co-operation and Development (OECD) countries, supported prices well above USD 60 per barrel for the rest of the year. Precious metals prices benefited from the depreciation in the US dollar, falling real interest rates that spurred strong investment demand and central bank purchases. Agricultural prices traded mostly higher during the year, as global demand for soft commodities remained robust. Overall, major commodity price indices recorded solid gains.

Sector environment

Banking sector stocks experienced weakness in the first quarter, with its trough at the beginning of March. From the March lows, bank stocks outperformed the world index and ended the year with a return of more than 20% (refer to the charts “Equity markets”). The rally in the banking sector was driven by a steeper yield curve and clear signs of improvement in credit markets.

Driven by activity in investment-grade debt capital markets, investment banks around the globe experienced a stronger than expected start in the first quarter as companies sought to secure financing. Ongoing elevated volatility helped the rates and foreign exchange businesses. However, the reduced activity of hedge funds and mutual funds continued to impact trading volumes across the globe.

The global investment banking fee pool was unchanged compared to 2008. Equity capital markets led the global fee pool in 2009, with a share of 40%, followed by debt capital markets with 31%, mergers and acquisitions (M&A) with 22% and loan activity with 8%. Equity market volumes were considerably lower compared to 2008 in most European stock markets and some US markets. Global bond market volumes decreased 10% compared to 2008, with the most significant drop in corporate debt volumes.

Equity underwriting activity was very weak in the first quarter, which recorded the lowest volumes since 2003. However, there was a resurgence in activity later in the year, with record follow-on issuances and rebounding initial public offerings (IPOs), resulting in a 66% increase in global equity underwriting fees from 2008. Global debt underwriting fees were up 36% compared to 2008. European debt underwriting fees were up 40% compared to 2008. M&A activity was sluggish during 2009, as companies remained cautious, affected by continued uncertainty regarding the economy, and difficulty obtaining financing. Announced global M&A volumes were down 27% compared to 2008. In Europe, announced M&A volumes were down 45% compared to 2008. Completed global M&A volumes were down 37% compared to 2008. In Europe, completed M&A volumes decreased 42% compared to 2008. Global investment grade syndicated lending recorded the lowest annual volume since 2002, with volumes down 36% compared to 2008.

At the beginning of the year, the US Treasury administered stress tests and injected capital into a number of banks in the US. In addition, the US Treasury announced a Public-Private Investment Program to induce private investors to purchase troubled assets from banks and increased the Term Asset-Backed Securities Loan Facility in order to help stimulate both new issuances and the removal of assets from bank balance sheets. Regulatory capital ratios improved in the second quarter as a result of earnings and capital raising activities. However, the credit cycle continued its negative trend, with rising non-performing loans in retail banking and slightly higher corporate credit defaults. In the second half of the year, several large banks in the US repaid Troubled Asset Relief Program money received from the government, regaining greater flexibility.

For the financial services industry, regulatory focus on compensation practices, the level and quality of capital, liquidity, increased transparency, leverage and systemic risk dominated the agenda throughout the year. Ahead of the >>G-20 Summit in April 2009, Austria, Liechtenstein, Luxembourg, Singapore, and Switzerland, among others, announced their intention to adopt OECD standards on administrative assistance in taxation matters. Under the OECD protocols, sufficient evidence and reasonable suspicion of a tax offense can result in an exchange of banking information between governments. Several countries introduced tax amnesties, and the issue of tax compliance continued to weigh on the wealth management industry. Toward the end of the year, the sector was impacted by intensifying discussions by governments regarding taxation of variable compensation. For more information, refer to Core Results – Regulatory proposals.

Market volumes (growth in % year on year)

2009	Global	Europe
Equity trading volume [1]	(23)	(34)
Fixed income trading volume [2]	(10)	3
Announced mergers and acquisitions [3]	(27)	(45)
Completed mergers and acquisitions [3]	(37)	(42)
Equity underwriting [3]	66	68
Debt underwriting [3]	36	40
Syndicated lending - investment-grade [3]	(36)	–

1 London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ 2 Deutsche Börse and Federal Reserve Bank of New York 3 Dealogic

Credit Suisse

In 2009, we recorded net income attributable to shareholders of CHF 6,724 million. Diluted earnings per share were CHF 5.14. Return on equity attributable to shareholders was 18.3%. We continued to reduce risk and further strengthened our capital position with a BIS tier 1 ratio of 16.3%.

Results

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net interest income	6,891	8,536	8,442	(19)	1
Commissions and fees	13,750	14,812	18,929	(7)	(22)
Trading revenues	12,151	(9,880)	6,146	–	–
Other revenues	502	(4,200)	5,804	–	–
Net revenues	**33,294**	**9,268**	**39,321**	259	(76)
Provision for credit losses	**506**	**813**	**240**	(38)	239
Compensation and benefits	15,013	13,254	16,098	13	(18)
General and administrative expenses	7,701	7,809	6,833	(1)	14
Commission expenses	1,997	2,294	2,410	(13)	(5)

Total other operating expenses	9,698	10,103	9,243	(4)	9
Total operating expenses	**24,711**	**23,357**	**25,341**	6	(8)
Income/(loss) from continuing operations before taxes	**8,077**	**(14,902)**	**13,740**	–	–
Income tax expense/(benefit)	1,835	(4,596)	1,248	–	–
Income/(loss) from continuing operations	**6,242**	**(10,306)**	**12,492**	–	–
Income/(loss) from discontinued operations	169	(531)	6	–	–
Net income/(loss)	**6,411**	**(10,837)**	**12,498**	–	–
Less net income/(loss) attributable to noncontrolling interests	(313)	(2,619)	4,738	(88)	–
Net income/(loss) attributable to shareholders	**6,724**	**(8,218)**	**7,760**	–	–
of which from continuing operations	6,555	(7,687)	7,754	–	–
of which from discontinued operations	169	(531)	6	–	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	5.14	(7.51)	7.06	–	–
Basic earnings/(loss) per share	5.28	(8.01)	7.07	–	–
Diluted earnings/(loss) per share from continuing operations	5.01	(7.51)	6.77	–	–
Diluted earnings/(loss) per share	5.14	(8.01)	6.78	–	–
Return on equity (%)					
Return on equity attributable to shareholders	18.3	(21.1)	18.0	–	–
Return on tangible equity attributable to shareholders [1]	25.1	(29.3)	24.5	–	–
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

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

Credit Suisse and Core Results

	Core Results			Noncontrolling interests without SEI			Credit Suisse		
in	2009	2008	2007	2009	2008	2007	2009	2008	2007

Statements of operations (CHF million)									
Net revenues	**33,617**	**11,862**	**34,539**	**(323)**	**(2,594)**	**4,782**	**33,294**	**9,268**	**39,321**
Provision for credit losses	**506**	**813**	**240**	**0**	**0**	**0**	**506**	**813**	**240**
Compensation and benefits	14,927	13,179	15,982	86	75	116	15,013	13,254	16,098
General and administrative expenses	7,604	7,739	6,767	97	70	66	7,701	7,809	6,833
Commission expenses	1,997	2,294	2,410	0	0	0	1,997	2,294	2,410
Total other operating expenses	9,601	10,033	9,177	97	70	66	9,698	10,103	9,243
Total operating expenses	**24,528**	**23,212**	**25,159**	**183**	**145**	**182**	**24,711**	**23,357**	**25,341**
Income/(loss) from continuing operations before taxes	**8,583**	**(12,163)**	**9,140**	**(506)**	**(2,739)**	**4,600**	**8,077**	**(14,902)**	**13,740**
Income tax expense/(benefit)	1,835	(4,596)	1,248	0	0	0	1,835	(4,596)	1,248
Income/(loss) from continuing operations	**6,748**	**(7,567)**	**7,892**	**(506)**	**(2,739)**	**4,600**	**6,242**	**(10,306)**	**12,492**
Income/(loss) from discontinued operations	169	(531)	6	0	0	0	169	(531)	6
Net income/(loss)	**6,917**	**(8,098)**	**7,898**	**(506)**	**(2,739)**	**4,600**	**6,411**	**(10,837)**	**12,498**
Less net income/(loss) attributable to noncontrolling interests	193	120	138	(506)	(2,739)	4,600	(313)	(2,619)	4,738
Net income/(loss) attributable to shareholders	**6,724**	**(8,218)**	**7,760**	**0**	**0**	**0**	**6,724**	**(8,218)**	**7,760**
Statement of operations metrics (%)									
Cost/income ratio	73.0	195.7	72.8	–	–	–	74.2	252.0	64.4
Pre-tax income margin	25.5	(102.5)	26.5	–	–	–	24.3	(160.8)	34.9
Effective tax rate	21.4	37.8	13.7	–	–	–	22.7	30.8	9.1
Net income margin [1]	20.0	(69.3)	22.5	–	–	–	20.2	(88.7)	19.7

1 Based on amounts attributable to shareholders.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking, Investment Banking and Asset Management segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the three segments, however, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. In 2009, these related principally to the activities of Clariden Leu, Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking, and hedging activities relating to share-based compensation awards. Core Results also includes certain Group corporate center activities that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group. For further information on the Bank refer to Note 38 – Supplementary subsidiary guarantee information in V – Consolidated financial statements – Credit Suisse Group and VII – Consolidated financial statements – Credit Suisse (Bank).

Differences between Group and Bank businesses

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

Comparison of consolidated statements of operations

			Group			Bank
in	2009	2008	2007	2009	2008	2007
Statements of operations (CHF million)						
Net revenues	**33,294**	**9,268**	**39,321**	**31,993**	**7,305**	**36,890**
Total operating expenses	**24,711**	**23,357**	**25,341**	**24,176**	**22,347**	**24,498**
Income/(loss) from continuing operations before taxes	**8,077**	**(14,902)**	**13,740**	**7,357**	**(15,839)**	**12,165**
Income tax expense/(benefit)	1,835	(4,596)	1,248	1,794	(4,922)	844
Income/(loss) from continuing operations	**6,242**	**(10,306)**	**12,492**	**5,563**	**(10,917)**	**11,321**
Income/(loss) from discontinued operations	169	(531)	6	169	(531)	6
Net income/(loss)	**6,411**	**(10,837)**	**12,498**	**5,732**	**(11,448)**	**11,327**
Less net income/(loss) attributable to noncontrolling interests	(313)	(2,619)	4,738	(697)	(3,379)	5,013
Net income/(loss) attributable to shareholders	**6,724**	**(8,218)**	**7,760**	**6,429**	**(8,069)**	**6,314**

Comparison of consolidated balance sheets

		Group		Bank
end of	2009	2008	2009	2008
Balance sheet statistics (CHF million)				
Total assets	1,031,427	1,170,350	1,010,482	1,151,669
Total liabilities	983,099	1,123,129	964,731	1,105,520

Capitalization

	Group	Bank

end of	2009	2008	2009	2008
Capitalization (CHF million)				
Due to banks	36,214	58,183	50,081	74,948
Customer deposits	286,694	296,986	258,697	267,010
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	191,687	243,370	191,587	243,970
Long-term debt	159,365	150,714	156,676	148,550
Other liabilities	309,139	373,876	307,690	371,042
Total liabilities	**983,099**	**1,123,129**	**964,731**	**1,105,520**
Total equity	48,328	47,221	45,751	46,149
Total capitalization	**1,031,427**	**1,170,350**	**1,010,482**	**1,151,669**

Capital adequacy

		Group		Bank
end of	2009	2008	2009	2008
Capital (CHF million)				
Tier 1 capital	36,207	34,208	34,695	34,192
of which hybrid instruments	12,198	12,140	11,617	11,897
Total eligible capital	45,728	46,090	46,320	47,839
Capital ratios (%)				
Tier 1 ratio	16.3	13.3	16.5	13.9
Total capital ratio	20.6	17.9	22.0	19.5

Dividends of the Bank to the Group

end of	2009	2008
Per share issued (CHF)		
Dividend [1]	68.19	0.23
Net income/(loss)	8.58	(50.90)

Registered shares of CHF 100.00 nominal value each. As of December 31, 2009 and 2008, total share capital consisted of 43,996,652 registered shares.

1 In 2007, 2006 and 2005, dividends per share issued were CHF 59.10, CHF 0.23 and CHF 56.14, respectively.

Core Results

For 2009, net income attributable to shareholders was CHF 6,724 million. Private Banking attracted CHF 41.6 billion of net new assets, with strong inflows in both the international and Swiss businesses, despite the challenging operating environment. Investment Banking had record income before taxes and record net revenues, reflecting the successful implementation of our client-focused, capital-efficient strategy and an increase in our market share across various businesses and geographies. Asset Management had improved operating performance and benefited from gains on securities purchased from our money market funds and the sale of part of our traditional investment strategies business to Aberdeen Asset Management, but results were impacted by investment-related losses.

Results

			in		% change
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net interest income	6,763	8,409	8,303	(20)	1
Commissions and fees	13,702	14,755	18,960	(7)	(22)
Trading revenues	12,127	(9,853)	6,146	–	–
Other revenues	1,025	(1,449)	1,130	–	–
Net revenues	**33,617**	**11,862**	**34,539**	183	(66)
Provision for credit losses	**506**	**813**	**240**	(38)	239
Compensation and benefits	14,927	13,179	15,982	13	(18)
General and administrative expenses	7,604	7,739	6,767	(2)	14
Commission expenses	1,997	2,294	2,410	(13)	(5)
Total other operating expenses	9,601	10,033	9,177	(4)	9
Total operating expenses	**24,528**	**23,212**	**25,159**	6	(8)
Income/(loss) from continuing operations before taxes	**8,583**	**(12,163)**	**9,140**	–	–
Income tax expense/(benefit)	1,835	(4,596)	1,248	–	–
Income/(loss) from continuing operations	**6,748**	**(7,567)**	**7,892**	–	–
Income/(loss) from discontinued operations	169	(531)	6	–	–
Net income/(loss)	**6,917**	**(8,098)**	**7,898**	–	–
Less net income/(loss) attributable to noncontrolling interests	193	120	138	61	(13)
Net income/(loss) attributable to shareholders	**6,724**	**(8,218)**	**7,760**	–	–
of which from continuing operations	6,555	(7,687)	7,754	–	–
of which from discontinued operations	169	(531)	6	–	–
Statement of operations metrics (%)					
Cost/income ratio	73.0	195.7	72.8	–	–

Pre-tax income margin	25.5	(102.5)	26.5	–	–
Effective tax rate	21.4	37.8	13.7	–	–
Net income margin [1]	20.0	(69.3)	22.5	–	–
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

1 Based on amounts attributable to shareholders.

Core Results include the results of our three segments, the Corporate Center and discontinued operations. Core Results exclude revenues and expenses in respect of noncontrolling interests in which we do not have SEI. The Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, the Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Our Core Results are impacted by changes in credit spreads for Credit Suisse debt carried at fair value. In the second quarter of 2009, we entered into a transaction designed to reduce the volatility of these changes. In the transaction (the >>FVOD transaction) we made loans, which we carry at fair value, to Alpine Securitization Corp. (Alpine), a multi-seller >>commercial paper (CP) conduit administered by Credit Suisse. The Group does not have any ownership interest in Alpine. The FVOD transaction was designed to offset a significant portion of the volatility in credit spread movements on Credit Suisse vanilla debt. Following the FVOD transaction, the aggregate gains on this Credit Suisse debt as of the end of the first quarter 2009 will be reversed and charged to the segments on a straight-line amortization basis, and the difference between this amortization and the net impact on valuation adjustments on this Credit Suisse debt from changes in credit spreads will be included in the Corporate Center. For information on the impact of accounting changes on the FVOD transaction effective first quarter of 2010, refer to – Accounting changes adopted in first quarter 2010.

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

Certain reclassifications have been made to prior periods to conform to the current presentation.

Results overview

2009 versus 2008

In 2009, we recorded net income attributable to shareholders of CHF 6,724 million, compared to a net loss attributable to shareholders of CHF 8,218 million in 2008. Net revenues were CHF 33,617 million compared to CHF 11,862 million in 2008. Total operating expenses were CHF 24,528 million, up CHF 1,316 million, or 6%. Our 2009 results included fair value losses of CHF 4,458 million on Credit Suisse vanilla debt, mostly offset by gains of CHF 3,708 million from the FVOD transaction. CHF 423 million of the net fair value losses were charged to the segments (primarily Investment Banking) and CHF 327 million of net fair value losses were included in the Corporate Center.

In Private Banking, we realigned our client coverage into Wealth Management Clients and Corporate & Institutional Clients. Swiss private client coverage is now part of Wealth Management Clients, which covers all individual clients, including affluent, high-net-worth and ultra-high-net-worth clients. Corporate & Institutional Clients provides banking services to corporates and institutions in Switzerland.

In **Private Banking**, net revenues were CHF 11,662 million, a decline of 10% from 2008. Recurring revenues, representing 77% of net revenues, declined 11%, mainly reflecting a decrease in recurring commissions and fees. Lower recurring commissions and fees reflected a 6.4% decrease in average assets under management and a shift into lower margin investments, also within managed investment products, resulting from cautious investor behavior, offset in part by strong performance fees from Hedging-Griffo. Net interest income decreased 3% due to lower margins on slightly lower average loan volumes, mostly offset by higher margins on higher average deposit volumes. Transaction-based revenues were down 6%, reflecting fair value losses from the Clock Finance transaction of CHF 118 million in 2009, compared to fair value gains of CHF 110 million in 2008. Excluding the impact of the Clock Finance transaction in 2009 and 2008, respectively, transaction based revenues increased 2%, as significantly higher integrated solutions revenues were mostly offset by lower product issuing fees, foreign exchange income from client transactions and brokerage fees.

In **Investment Banking**, net revenues increased to a record CHF 20,537 million from negative CHF 1,971 million in 2008. Our key client businesses generated revenues of CHF 18.2 billion, reflecting solid contributions from global rates and foreign exchange, cash equities, US >>residential mortgage-backed securities (RMBS) secondary trading, prime services, flow and corporate derivatives and high grade trading. Our repositioned businesses had revenues of CHF 5.4 billion for the year, driven by our US leveraged finance, emerging markets trading, corporate lending, trading strategies and convertibles businesses. We had losses of CHF 2.7 billion in our exit businesses, primarily driven by valuation reductions in >>commercial mortgage-backed securities (CMBS). Approximately CHF 1.3 billion of revenues in the first quarter from our ongoing businesses were due to more normalized market conditions. Debt underwriting revenues increased significantly, primarily due to strong results in leveraged finance, which reflected a significant increase in industry-wide high yield issuance, as 2009 was the second highest year on record for high yield issuance, and fee revenues in 2009 compared to fee losses of CHF 200 million in 2008. Equity underwriting revenues increased, driven by a significant increase in industry-wide equity issuance volumes and an increase in market share across most product categories and regions. Advisory and other fees decreased due to significantly lower levels of global completed M&A activity and a decline in completed M&A market share. Fixed income trading revenues increased significantly, primarily due to revenues, including valuation gains, in our combined structured products and US leveraged finance businesses compared to net valuation reductions in 2008, mostly in exit businesses. We had significant valuation reductions in CMBS as we reduced our risk exposures, compared to substantially higher valuation reductions in 2008. We also had revenues in our corporate lending and emerging markets businesses compared to losses in 2008. In addition, we had strong revenues in 2009 in many of our client and >>flow-based businesses, including our US RMBS secondary trading and global rates and foreign exchange businesses, and revenues in our commodities business compared to losses in 2008, mostly in exit businesses. Our results reflected significant market share gains in many of our fixed income businesses. Equity trading revenues increased significantly, primarily due to revenues in certain businesses compared to significant losses in the second half of 2008 in the convertibles business, illiquid trading strategies and equity derivatives. We substantially reduced our trading positions relating to illiquid equity trading strategies. We had higher revenues from our fund-linked products and prime services businesses. Results in our cash equities business continued to be strong. Our results also included net fair value losses on Credit Suisse debt of CHF 397 million in 2009 (including CHF 365 million of gains in the first quarter and CHF 762 million of charges reflecting the straight-line amortization following the FVOD transaction), compared to fair value gains of CHF 4,654 million in 2008, and higher allocated funding costs.

In **Asset Management**, net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008 and lower investment-related losses. Net revenues before securities purchased from our money market funds and investment-related gains/(losses) were CHF 2,098 million, primarily due to the higher revenues from equity participations and joint ventures, partially offset by lower asset management and placement fees. Asset management fees were down, primarily reflecting significantly lower fees in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Asset management fees in alternative investment strategies were stable. Placement fees were down significantly, reflecting the difficult fundraising environment in 2009. Performance fees and carried interest were up, mainly in liquid strategies relating to management of the partner asset facility (PAF), partially offset by lower performance fees and carried interest primarily in private equity. Equity participations and joint venture revenues were up, primarily reflecting aggregate gains of CHF 286 million from the sale of part of our traditional investment strategies business to Aberdeen and the sale of two joint ventures.

Corporate Center loss from continuing operations before taxes of CHF 1,948 million primarily reflected litigation provisions of CHF 705 million relating to the US economic sanctions matter and >>auction rate securities (ARS), the negative difference between the straight-line amortization and the net impact on valuation adjustments on Credit Suisse debt from changes in credit spreads of CHF 327 million, the elimination of the CHF 228 million Aberdeen gain in discontinued operations that was reported in Asset Management and CHF 100 million for captive insurance settlements for non-credit-related provisions in Wealth Management Clients.

Provision for credit losses was CHF 506 million in 2009, with CHF 326 million in Investment Banking and CHF 180 million in Private Banking.

Total operating expenses increased 6% compared to 2008, reflecting higher compensation and benefits, partially offset by lower commission expenses and a slight decrease in general and administrative expenses. The increase in compensation and benefits was due to higher performance-related compensation, reflecting improved risk-adjusted profitability in Investment Banking and the deferral of compensation under the cash retention award (CRA) program in 2008, of which CHF 822 million was expensed in 2009. 2008 included CHF 596 million of severance and other compensation expenses associated with the accelerated implementation of our strategy. Compensation and benefits included CHF 629 million of compensation expense relating to the PAF, of which CHF 383 million were gains reflected in trading revenues that were reclassified in Corporate Center, as the PAF gains and offsetting compensation expense were included in Investment Banking trading revenues. General and administrative expenses were slightly lower, reflecting decreases in most expense categories, primarily professional fees, travel and entertainment and goodwill and intangible assets impairments, mostly offset by higher non-credit related provisions, information technology (IT) and occupancy expenses.

The **Core Results effective tax rate** was 21.4% in 2009, compared to 37.8% in 2008. The effective tax rate primarily reflected foreign exchange translation gains of CHF 460 million relating to deferred tax assets on tax loss carry forwards recorded in UK entities, net release of CHF 156 million of tax contingency accruals following the favorable resolution of certain tax matters, together with the geographical mix of results. The foreign exchange movements arose due to tax loss carry-forwards denominated in British pounds, which differs from the functional currency of the reporting entities. UK tax law was enacted during 2009 which had the effect of removing these foreign exchange movements going forward. Net deferred tax assets decreased CHF 951 million, or 9.7%, to CHF 8,819 million as of the end of 2009, including foreign exchange translation impacts. For further information, refer to Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Assets under management from continuing operations were CHF 1,229.0 billion as of the end of 2009, an increase of CHF 122.9 billion, or 11.1%, compared to the end of 2008. We had net new assets of CHF 41.6 billion in Private Banking and CHF 0.4 billion in Asset Management.

2008 versus 2007

In 2008, we recorded a net loss of CHF 8,218 million, compared to net income attributable to shareholders of CHF 7,760 million in 2007. The net loss included a loss from discontinued operations of CHF 531 million relating to our agreement to sell part of our traditional investment strategies business in Asset Management. Net revenues were CHF 11,862 million in 2008, down 66%, compared to 2007.

Private Banking delivered good net new assets and solid net revenues. The Private Banking results were impacted by net non-credit-related provisions of CHF 766 million relating to ARS and a CHF 190 million charge relating to the close-out of a client's account.

In Investment Banking, net revenues were negative, reflecting the intensified market disruption. The results were also negatively impacted by a severe widening of credit spreads resulting in sharp declines in fair value levels of credit instruments across most markets and an increase in the divergence between the cash and synthetic markets. The results also reflected higher credit-related exposures to certain trading counterparties. Our combined leveraged finance and structured products businesses had net valuation reductions of CHF 10,923 million in 2008 compared to CHF 3,187 million in 2007. Other areas adversely impacted by the extreme market disruption included structured fixed income derivatives, leveraged finance trading, emerging markets trading, long/short and event and risk arbitrage equity trading strategies, equity derivatives and convertibles, all of which recorded significant losses. However, Investment Banking reported good results in client-driven businesses, including flow-based rate and US and European high grade products, cash equities and prime services.

Asset Management results reflected investment-related losses of CHF 656 million compared to gains of CHF 621 million in 2007. The results also include losses on securities purchased from our money market funds of CHF 687 million, compared to losses of CHF 920 million in 2007.

Our results benefited from fair value gains of CHF 4,988 million from widening credit spreads on Credit Suisse debt. We continued to manage down our exposures to assets most significantly impacted by the dislocation in the mortgage and credit markets and to securities purchased from our money market funds. Provision for credit losses increased from CHF 240 million to CHF 813 million.

Total operating expenses decreased compared to 2007, with significantly higher general and administrative expenses, more than offset by lower performance-related compensation. The increase in general and administrative expenses primarily reflected costs of CHF 833 million related to the accelerated implementation of our strategic plan, recorded in the Corporate Center, the net provisions relating to ARS and the charge relating to the close-out of a client's account in Wealth Management Clients.

In 2008, we recorded an income tax benefit due to the impact of the geographical mix of results in 2008 and the recognition of a tax benefit for the current period losses.

Core Results reporting by division

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenues (CHF million)					
Wealth Management Clients	9,871	10,697	11,640	(8)	(8)
Corporate & Institutional Clients	1,791	2,210	1,882	(19)	17
Private Banking	11,662	12,907	13,522	(10)	(5)
Investment Banking	20,537	(1,971)	18,584	–	–
Asset Management	1,842	632	2,390	191	(74)
Corporate Center	(424)	294	43	–	–
Net revenues	**33,617**	**11,862**	**34,539**	183	(66)
Provision for credit losses (CHF million)					
Wealth Management Clients	33	141	20	(77)	–
Corporate & Institutional Clients	147	(8)	(79)	–	(90)
Private Banking	180	133	(59)	35	–

Investment Banking	326	679	301	(52)	126
Corporate Center	0	1	(2)	(100)	–
Provision for credit losses	**506**	**813**	**240**	(38)	239
Total operating expenses (CHF million)					
Wealth Management Clients	6,940	8,047	7,219	(14)	11
Corporate & Institutional Clients	891	877	876	2	0
Private Banking	7,831	8,924	8,095	(12)	10
Investment Banking	13,366	11,142	14,787	20	(25)
Asset Management	1,807	1,817	2,040	(1)	(11)
Corporate Center	1,524	1,329	237	15	461
Total operating expenses	**24,528**	**23,212**	**25,159**	6	(8)
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	2,898	2,509	4,401	16	(43)
Corporate & Institutional Clients	753	1,341	1,085	(44)	24
Private Banking	3,651	3,850	5,486	(5)	(30)
Investment Banking	6,845	(13,792)	3,496	–	–
Asset Management	35	(1,185)	350	–	–
Corporate Center	(1,948)	(1,036)	(192)	88	440
Income/(loss) from continuing operations before taxes	**8,583**	**(12,163)**	**9,140**	–	–

Core Results reporting by region

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenues (CHF million)					
Switzerland	8,800	10,096	10,396	(13)	(3)
EMEA	9,009	138	10,822	–	(99)
Americas	12,794	660	9,408	–	(93)
Asia Pacific	3,438	674	3,870	410	(83)
Corporate Center	(424)	294	43	–	–
Net revenues	**33,617**	**11,862**	**34,539**	183	(66)
Income before taxes (CHF million)					
Switzerland	3,295	4,426	4,746	(26)	(7)
EMEA	2,146	(6,642)	3,092	–	–
Americas	4,262	(6,923)	127	–	–
Asia Pacific	828	(1,988)	1,367	–	–
Corporate Center	(1,948)	(1,036)	(192)	88	440
	8,583	**(12,163)**	**9,140**	–	–

Income/(loss) from continuing operations before taxes

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For Private Banking, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. For Investment Banking, trading results are allocated based on where the risk is primarily managed and fee-based results are allocated where the client is domiciled. For Asset Management, results are allocated based on the location of the investment advisors and sales teams.

Capital trends

Our consolidated Bank for International Settlements (BIS) tier 1 ratio under Basel II was strong at 16.3% as of the end of 2009, compared to 13.3% as of the end of 2008. The increase reflected decreased risk-weighted assets and increased tier 1 capital.

Our Board of Directors will propose a cash dividend of CHF 2.00 per share for 2009 at the Annual General Meeting (AGM) on April 30, 2010. The proposal is subject to approval by shareholders at the AGM.

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

Risk trends

In 2009, our overall >>position risk, measured on the basis of our economic capital model, decreased 5% compared to 2008. Excluding the US dollar translation impact, position risk decreased 3%, primarily due to lower emerging markets exposures and reduced real estate & structured assets exposures, primarily in the CMBS exit businesses, mostly offset by increased position risks in fixed income trading and private banking corporate & retail lending. The average value-at-risk (VaR) decreased 33% to CHF 120 million in 2009, compared to CHF 178 million in 2008, reflecting our continued risk reduction, partially offset by additional market volatility included in the historical data set and a change in VaR methodology. For further information on risk trends, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management.

Management and Board of Directors changes

Tobias Guldimann, Chief Risk Officer of Credit Suisse Group and a member of the Executive Board, assumed sole responsibility for risk management on the Executive Board with effect from June 1, 2009. At that time, D. Wilson Ervin, Chief Risk Officer of Credit Suisse, stepped down from the Executive Board and assumed a role as a Senior Adviser, reporting to Brady W. Dougan.

In June 2009, Karl Landert, Chief Information Officer of Credit Suisse, was appointed to the Executive Board.

In December 2009, we announced that Hans-Ulrich Doerig will remain Chairman of the Board of Directors until the AGM in April 2011 when he will be succeeded by Vice-Chairman Urs Rohner.

In January 2010, we announced that Pamela Thomas-Graham joined Credit Suisse in the newly created role of Chief

Talent, Branding and Communications Officer. She is a member of the Executive Board and has global responsibility for human resources, corporate communications, corporate branding and advertising.

As of the AGM on April 24, 2009, Thomas W. Bechtler stepped down as member of the Board of Directors. Andreas Koopmann, former CEO of Bobst Group S.A., Urs Rohner, former COO and General Counsel of Credit Suisse Group, and John Tiner, CEO of the UK firm Resolution Group and former CEO of the UK Financial Services Authority (FSA), were elected as new members of the Board of Directors. On August 10, 2009, we announced that Robert H. Benmosche stepped down as a member of the Board of Directors with immediate effect, as a result of his appointment as President and CEO of American International Group (AIG). The Board of Directors proposes the following members be re-elected to the Board of Directors: Noreen Doyle, Aziz D. Syriani, David Syz and Peter F. Weibel and proposes the following additions to the Board of Directors: Jassim Bin Hamad J.J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, subject to their election by the shareholders. Changes in AIG's business have made it possible for Mr. Benmosche to rejoin the Board of Directors. Ernst Tanner has decided to step down from the Board of Directors as of the date of the AGM.

Regulatory proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. G-20 leaders pledged to increase regulation and improve coordination of oversight of banks and financial institutions. In December 2009, the Basel Committee on Banking Supervision published consultative proposals, aimed at strengthening capital, liquidity and the resilience of the banking sector, which are expected to be finalized at the end of 2010 and implemented over time. The US Congress and regulators continued working to restructure the regulatory framework for financial services in the US. The US administration and other governments proposed the imposition of taxes and other levies on financial institutions, including on certain compensation and liabilities. The US administration also proposed prohibiting certain activities, including investing in private equity and hedge funds and proprietary trading unrelated to serving clients, and limiting the size, of certain depositary financial institutions. Any final regulations or legislation could result in additional costs or limit or restrict the way we conduct our business, although uncertainty remains about the impact of regulatory reform. We believe the regulatory response must be closely coordinated on an international basis to provide a level playing field and must be carefully balanced to ensure a strong financial sector and global economy. We believe we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity. We made changes to the structure of compensation for 2009 consistent with the G-20 guidelines for best compensation practices and took steps to address the proposed levy on variable compensation in the UK.

For more information, see I – Information on the company – Regulation and supervision.

Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a variable component. The variable component reflects the performance-based compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

Changes to our compensation structure

Our 2009 compensation reflected changes to the structure of compensation for managing directors and directors. The new structure is already substantially compliant with G-20 and the Swiss Financial Market Supervisory Authority (FINMA) guidelines for best compensation practices. The changes are designed to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the longterm success of the Group. The changes also link the delivery of compensation with the Group's future financial performance, both on the basis of share price and return on equity (ROE), and ensure a continued focus on a strong control culture.

The new features of our compensation design for managing directors and directors are:

– increased fixed compensation (salary) beginning in 2010 to ensure a more appropriate balance between fixed and variable compensation;

– an increase in the proportion of variable compensation that is deferred; and

– the introduction of two new instruments for deferred variable compensation, the Adjustable Performance Plan (APP) award and the Scaled Incentive Share Unit (SISU). The APP is a cash-based plan with three-year vesting and positive and negative adjustments linked to future business area profit or loss and the Group ROE (in the case of employees in revenue generating divisions) and the Group ROE (in the case of Shared Services and certain other employees). SISUs are share-based instruments with four-year vesting and are linked to the long-term development of the Group's share price and average ROE. Deferred variable compensation for 2009 for managing directors and directors was awarded 50% in APP awards and 50% in SISUs.

These new award structures will also be used for senior management, including all members of the Executive Board. We have introduced additional requirements for Group share ownership for members of the Executive Board and divisional and regional management committees.

Determination of the overall amount of variable compensation awarded for 2009 was made on the basis of our operating results after considering risk and the cost of capital, the assessment of performance by senior management and the overall economic and competitive environment. All variable compensation awarded for 2009 was approved by the Board of Directors. All variable compensation awarded for 2009 to members of the Executive Board at December 31, 2009 was deferred. In response to the UK levy on variable compensation exceeding GBP 25,000, we reduced the aggregate amount of variable compensation for 2009 by 5%, and significantly reduced the amount of variable compensation for 2009 of managing directors in the UK. These measures will absorb the majority of the levy's expected cost. Expenses in 2009 do not include an accrual related to this UK levy on variable compensation as it is not yet enacted law, a requirement under accounting principles generally accepted in the US (US GAAP) for recognition.

Sale of part of traditional investment strategies business in Asset Management

In 2009 the Group sold part of its traditional investment strategies business in Asset Management to Aberdeen Asset Management for 240 million shares in Aberdeen, a 23.9% interest. The gain on disposal of CHF 261 million in 2009 represents gains from the deconsolidation of subsidiaries and primarily includes valuation gains of CHF 228 million on the Aberdeen shares received and the effect of a decrease in net assets transferred to Aberdeen.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, including human resources, legal and compliance, risk management and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

We centrally manage our funding activities. New securities for funding and capital purposes are issued primarily by the Bank. The Bank lends funds to our operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

Transfer pricing, using market rates, is used to record net revenues and expense in each of the segments for this capital and funding. Our funds transfer pricing system is designed to allocate to our businesses funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Accounting changes adopted in first quarter 2010

The adoption of new accounting principles under US GAAP on January 1, 2010 governing when an entity should be consolidated resulted in an increase in assets of CHF 15 billion to the opening first quarter 2010 consolidated balance sheet and a reduction of approximately CHF 2 billion in opening first quarter 2010 retained earnings. The reduction in retained earnings was related to the consolidation of Alpine and represents Alpine’s cumulative losses from the FVOD transaction of CHF 3.7 billion before tax. Alpine’s losses do not affect tier 1 capital as these fair value losses on Credit Suisse debt are excluded from the determination of regulatory capital. The consolidation of Alpine and other entities under these new rules did not have an impact on tier 1 capital or risk-weighted assets because of the securitization framework used under Basel II, which differs from US GAAP.

After the consolidation of Alpine, the remaining net gains on Credit Suisse debt of CHF 1.5 billion will continue to be charged to the segments on a straight-line amortization basis. Any difference between this amortization and the valuation adjustments on this Credit Suisse debt from changes in credit spreads will continue to be included in Corporate Center.

We expect a majority of these additional assets and liabilities in our opening first quarter 2010 consolidated balance sheet to be level 3 assets and liabilities, however we do not have additional economic risk in these increased assets and liabilities as any future reductions in assets would be offset by corresponding reductions in liabilities.

These changes do not affect our 2009 financial statements.

Fair valuations

Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs. For further information, refer to Note 1 – Summary of significant accounting policies and Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets (level 1) or observable inputs (level 2). These instruments include government and agency securities, certain CP, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain >>over-the-counter (OTC) derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs (level 3). For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain high yield debt securities, distressed debt securities, certain OTC derivatives, certain >>collateralized debt obligations (CDO), certain asset-backed and mortgage-backed securities, non-traded equity securities, private equity and other long-term investments.

As of the end of 2009, 57% and 42% of our total assets and total liabilities attributable to shareholders, respectively, were measured at fair value. As of the end of 2009, 5% of total assets attributable to shareholders were classified as level 3 assets attributable to shareholders compared to 7% as of the end of 2008. As of the end of 2009, 9% of total assets attributable to shareholders measured at fair value were recorded as level 3 assets attributable to shareholders compared to 14% as of the end of 2008.

As of the end of 2009, our net level 3 assets attributable to shareholders were CHF 52.7 billion and those attributable to noncontrolling interests arising from private equity activities were CHF 7.0 billion.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Asset Management, specifically certain private equity investments. Total assets recorded as level 3 declined during 2009, primarily in private equity, reflecting the deconsolidation of certain entities under US GAAP, in loans and credit products, equity derivatives, equity-linked securities and non-agency RMBS exposures, reflecting transfers to level 2, and in loans and credit products and CDO and CMBS exit positions, reflecting asset disposals. Transfers to level 2 continued during 2009 as observability in credit markets increased.

Models were used to value many level 2 and level 3 products. Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products, which were volatile during 2009. Consideration of these indices has become more significant in our valuation techniques during periods of lower market activity.

For a description of our valuation techniques, refer to Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

For all transfers to level 3 or out of level 3, we determine and disclose as level 3 events any gains or losses through the last day of the reporting period, even if the transfer occurred prior to the last day of the reporting period. We believe this provides greater transparency over the financial impact of our level 3 assets and liabilities. We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition.

Personnel

Headcount at the end of 2009 was 47,600, down 200 from the end of 2008, and down 500 from the end of 2007. For additional information on personnel, refer to IV – Corporate governance.

Key performance indicators

To benchmark our achievements, we have defined a set of KPIs for which we have targets to be achieved over a three to five year period across market cycles.

Growth

We target integrated bank collaboration revenues in excess of CHF 10 billion annually by 2012. For 2009, integrated bank collaboration revenues were CHF 5.2 billion.

For net new assets, we target a growth rate above 6%. In 2009, we recorded a net new asset growth rate of 4.0%.

Efficiency and performance

For total shareholder return, we target superior share price appreciation plus dividends compared to our peer group. For 2009, total shareholder return was 80.1%. The 2009 average total shareholder return of our peer group was 35.2%.

For return on equity attributable to shareholders, we target an annual rate of return of above 18%. The return on equity attributable to shareholders was 18.3% in 2009.

We target a Core Results cost/income ratio of 65%. Our Core Results cost/income ratio was 73.0% for 2009.

Risk and capital

For the BIS tier 1 ratio, we target a minimum ratio of 12.5%. The BIS tier 1 ratio was 16.3% as of the end of 2009.

in / end of	2009	2008	2007
Growth			
Collaboration revenues (CHF billion)	5.2	5.2	5.9
Net new asset growth (%)	4.0	(0.2)	3.1

Efficiency and performance (%)			
Total shareholder return [1]	80.1	(56.1)	(17.8)
Return on equity attributable to shareholders	18.3	(21.1)	18.0
Core Results cost/income ratio	73.0	195.7	73.1
Risk and capital (%)			
BIS tier 1 ratio	16.3	13.3	10.0 [2]

1 The total return of an investor is measured by the capital gain/(loss) plus dividends received. 2 Under Basel I we reported a tier 1 ratio of 11.1% as of the end of 2007.

Private Banking

In 2009, we reported sound net revenues of CHF 11,662 million, income before taxes of CHF 3,651 million and a strong and stable gross margin of 131 basis points in Wealth Management Clients despite the challenging operating environment. We attracted net new assets of CHF 41.6 billion, with strong inflows in both the international and Swiss businesses.

Results

			in / end of		% change
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	**11,662**	**12,907**	**13,522**	(10)	(5)
Provision for credit losses	**180**	**133**	**(59)**	35	–
Compensation and benefits	4,651	4,260	4,529	9	(6)
General and administrative expenses	2,580 [1]	3,919 [2]	2,670	(34)	47
Commission expenses	600	745	896	(19)	(17)
Total other operating expenses	3,180	4,664	3,566	(32)	31
Total operating expenses	**7,831**	**8,924**	**8,095**	(12)	10
Income before taxes	**3,651**	**3,850**	**5,486**	(5)	(30)
of which Wealth Management Clients	2,898	2,509	4,401	16	(43)
of which Corporate & Institutional Clients	753	1,341	1,085	(44)	24
Statement of operations metrics (%)					
Cost/income ratio	67.1	69.1	59.9	–	–
Pre-tax income margin	31.3	29.8	40.6	–	–
Utilized economic capital and return					

Average utilized economic capital (CHF million)	6,906	6,778	6,494	2	4
Pre-tax return on average utilized economic capital (%) [3]	53.3	57.3	85.1	–	–
Number of employees (full-time equivalents)					
Number of employees	24,300	24,400	23,200	0	5

1 Includes CHF 100 million of captive insurance settlement proceeds in Wealth Management Clients. 2 Includes net provisions relating to ARS of CHF 766 million and a charge of CHF 190 million relating to the close-out of a client's account in Wealth Management Clients. 3 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in / end of		% change
	2009	2008	2007	09 / 08	08 / 07
Net revenues (CHF million)					
Net interest income	5,000	5,157	4,788	(3)	8
Total non-interest income	6,662	7,750	8,734	(14)	(11)
Net revenues	**11,662**	**12,907**	**13,522**	(10)	(5)
Net revenue detail (CHF million)					
Recurring	8,980	10,041	10,051	(11)	0
Transaction-based	2,682	2,866	3,471	(6)	(17)
Net revenues	**11,662**	**12,907**	**13,522**	(10)	(5)
Provision for credit losses (CHF million)					
New provisions	419	288	175	45	65
Releases of provisions	(239)	(155)	(234)	54	(34)
Provision for credit losses	**180**	**133**	**(59)**	35	–
Balance sheet statistics (CHF million)					
Net loans	**175,245**	**174,880**	**175,506**	0	0
of which Wealth Management Clients [1]	124,907	123,772	128,153	1	(3)
of which Corporate & Institutional Clients	50,338	51,108	47,353	(2)	8
Deposits	**257,650**	**246,787**	**242,052**	4	2
of which Wealth Management Clients [1]	210,718	203,675	197,314	3	3
of which Corporate & Institutional Clients	46,932	43,112	44,738	9	(4)
Number of relationship managers					
Switzerland	1,980	1,980	1,940	0	2
EMEA	1,190	1,250	1,140	(5)	10

Americas	550	540	440	2	23
Asia Pacific	360	410	340	(12)	21
Wealth Management Clients	4,080	4,180	3,860	(2)	8
Corporate & Institutional Clients (Switzerland)	490	490	460	0	7
Number of relationship managers	**4,570**	**4,670**	**4,320**	(2)	8

1 Wealth Management Clients covers individual clients, including affluent, high-net-worth and ultra-high-net-worth clients.

Business environment

The contraction of the global economy which started at the end of 2008 extended into 2009, with key economic data indicating a global recession. The declines in gross domestic product (GDP) reflected diminishing investments and private expenditure, only partially mitigated by increased government expenditures. Unemployment rates increased, in particular in the US. In response, stimulus measures were implemented by central banks in order to stabilize the global economy and reduce uncertainty. The Fed, the BoE, the ECB and the Swiss National Bank (SNB) eased monetary conditions, including interest rate cuts, purchases of securities and expansion of asset purchase facilities, in order to fight recession and stimulate the economy. Switzerland was also affected by the global economic downturn, reflected in increasing unemployment rates and corporate insolvencies. Towards the end of 2009, a recovery of the global economy began, driven by economic stimulus, companies rebuilding inventories and increased public and private spending.

As of the end of the year, the euro was stable and the US dollar had weakened against the Swiss franc.

Financial markets improved after the first quarter of 2009. The risk appetite among investors increased slightly from the very low levels at the end of 2008 and the beginning of 2009. Equity markets had strong gains, while volatility significantly decreased. However, clients remained cautious during 2009 with regard to more sophisticated investment products and generally remained risk averse.

The private banking industry continued to be faced with challenging trends during 2009 and new wealth creation was limited. Competition for client deposits intensified, especially from government guaranteed banks. In addition, net new asset generation was impacted by tax amnesties, particularly in Italy, measures designed to encourage the repatriation of investments held abroad. Regulatory uncertainty in connection with tax matters, including enforcement action in the US, and banking secrecy in the conduct of cross-border wealth management continued to weigh on the industry.

In the beginning of 2009, the Swiss government, among others including Austria, Liechtenstein, Luxembourg and Singapore, decided to adopt Art. 26 of the OECD standards on administrative assistance in tax matters.

For further information, refer to – Operating environment.

Results overview

During 2009, we realigned our client coverage into Wealth Management Clients and Corporate & Institutional Clients. Swiss private client coverage is now part of Wealth Management Clients, which covers all individual clients, including affluent, high-net-worth and ultra-high-net-worth clients. Corporate & Institutional Clients provides banking services to corporates and institutions in Switzerland. In 2009, we changed the allocation of the term spread credit on stable deposit funding and the term spread charge on loans. Reclassifications have been made to prior periods to conform to the current presentation.

For 2009, we reported income before taxes of CHF 3,651 million, down 5% compared to 2008. Net revenues of CHF 11,662 million declined 10% from 2008. Recurring revenues, representing 77% of net revenues, declined 11%, mainly reflecting a decrease in recurring commissions and fees. Lower recurring commissions and fees reflected a 6.4% decline in average assets under management and a shift into lower margin investments, also within managed investment products, resulting from cautious investor behavior, offset in part by strong performance fees from Hedging-Griffo. Net interest income decreased 3% due to lower margins on slightly lower average loan volumes, mostly offset by higher margins on higher average deposit volumes. Transaction-based revenues were down 6%, reflecting fair value losses from the Clock Finance transaction of CHF 118 million in 2009, compared to fair value gains of CHF 110 million in 2008. Excluding the impact of the Clock Finance transaction in 2009 and 2008, respectively, transaction based revenues increased 2%, as significantly higher integrated solutions revenues were mostly offset by lower product issuing fees, foreign exchange income from client transactions and, to a lesser extent, brokerage fees.

We recorded moderate net provisions for credit losses of CHF 180 million, substantially relating to our corporate and institutional loan portfolio, with net provisions of CHF 147 million in Corporate & Institutional Clients and net provisions of CHF 33 million in Wealth Management Clients.

Total operating expenses were CHF 7,831 million, down 12% compared to 2008. 2008 had significant non-credit-related provisions, including CHF 766 million of net provisions related to ARS and a charge of CHF 190 million relating to the close-out of a client's account. General and administrative expenses across other expense categories declined, reflecting our cost containment efforts. Compensation and benefits increased 9%, mainly as performance-related compensation was lower in 2008, due to the deferral of compensation under the CRA program in 2008 and the impact of the amortization of deferred compensation from the CRA program and other prior-year awards in 2009.

Assets under management as of the end of 2009 were CHF 914.9 billion, up 16.0% compared to 2008. This increase reflected the impact from positive market movements and strong net new assets, offset in part by adverse foreign exchange-related movements, mainly due to the weakening of the US dollar against the Swiss franc. Net new assets of CHF 41.6 billion benefited from good inflows in all regions. We generated CHF 29.8 billion of net new assets in our international businesses and CHF 11.8 billion in our Swiss business. A tax amnesty in Italy caused net client outflows of CHF 5.6 billion in the fourth quarter of 2009, negatively impacting net new assets in Europe, Middle East and Africa (EMEA) and Switzerland.

For 2008, we reported income before taxes of CHF 3,850 million, down 30% compared to 2007. In spite of the market conditions, we achieved solid net revenues of CHF 12,907 million, down 5%. Transaction-based revenues declined 17%, mainly driven by lower commissions and fees, affected by a substantial decrease in client activity. Recurring revenues were stable, as the decrease in asset-based commissions and fees was offset by higher net interest income. Lower asset-based commissions and fees mainly reflected a 7.3% decrease in average assets under management and the shift into lower margin investments. Net interest income increased 8%, driven by higher revenues on loans and deposits.

Provision for credit losses resulted in net provisions of CHF 133 million, primarily on loans collateralized by securities in Wealth Management Clients, compared to net releases of CHF 59 million in 2007.

Total operating expenses were CHF 8,924 million, up 10%, compared to 2007, mainly driven by CHF 766 million of net provisions relating to ARS in the second half of 2008 and a charge of CHF 190 million relating to the close-out of a client's account. This impact was partially offset by a 6% decrease in compensation and benefits and a 17% decrease in commission expenses.

Assets under management - Private Banking

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Assets under management by region (CHF billion)					
Switzerland	328.2	301.3	392.2	8.9	(23.2)
EMEA	277.3	243.2	312.4	14.0	(22.2)
Americas	129.6	103.2	123.7	25.6	(16.6)
Asia Pacific	67.7	46.5	65.5	45.6	(29.0)
Wealth Management Clients	802.8	694.2	893.8	15.6	(22.3)
Corporate & Institutional Clients (Switzerland)	112.1	94.7	101.6	18.4	(6.8)
Assets under management	**914.9**	**788.9**	**995.4**	16.0	(20.7)
Assets under management by currency (CHF billion)					
USD	298.2	264.8	343.5	12.6	(22.9)
EUR	248.4	212.1	257.6	17.1	(17.7)
CHF	269.9	229.7	269.9	17.5	(14.9)
Other	98.4	82.3	124.4	19.6	(33.8)
Assets under management	**914.9**	**788.9**	**995.4**	16.0	(20.7)
Net new assets by region (CHF billion)					
Switzerland	5.5	2.5	9.3	120.0	(73.1)
EMEA	10.3	16.4	26.8	(37.2)	(38.8)
Americas	8.0	16.8	7.3	(52.4)	130.1
Asia Pacific	11.5	8.2	9.3	40.2	(11.8)
Wealth Management Clients	35.3	43.9	52.7	(19.6)	(16.7)
Corporate & Institutional Clients (Switzerland)	6.3	7.0	0.8	(10.0)	–
Net new assets	**41.6**	**50.9**	**53.5**	(18.3)	(4.9)
Growth in assets under management (CHF billion)					
Net new assets	35.3	43.9	52.7	–	–
Other effects	73.3	(243.5)	1.5	–	–
of which market movements	83.3	(183.8)	–	–	–
of which currency	(4.1)	(54.5)	–	–	–
of which other	(5.9)	(5.2)	–	–	–
Wealth Management Clients	108.6	(199.6)	54.2	**–**	**–**
Corporate & Institutional Clients (Switzerland)	17.4	(6.9)	0.9	**–**	**–**
Growth in assets under management	**126.0**	**(206.5)**	**55.1**	–	–

Growth in assets under management (%)					
Net new assets	5.3	5.1	5.7	–	–
of which Wealth Management Clients	5.1	4.9	6.3	–	–
of which Corporate & Institutional Clients (Switzerland)	6.7	6.9	0.8	–	–
Other effects	10.7	(25.9)	0.2	–	–
Growth in assets under management	**16.0**	**(20.8)**	**5.9**	**–**	**–**

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. In 2009, the pre-tax income margin was 31.3% compared to 29.8% in 2008 and 40.6% in 2007.

Net new asset growth rate for Wealth Management Clients (KPI)

Our target over market cycles is a growth rate over 6%. In 2009, which included net client outflows of CHF 5.6 billion related to a tax amnesty in Italy, our net new asset growth rate was 5.1%. In 2008, which was affected by significant deleveraging in the fourth quarter, net new asset growth was 4.9%.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 versus 2007.

Net revenues

Recurring revenues arise from net interest income, recurring commissions and fees, including performance-based fees, related to assets under management and custody assets, as well as fees for general banking products and services. Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Transaction-based revenues arise primarily from brokerage and product issuing fees, foreign exchange income from client transactions and other transaction-based income.

2009 vs 2008: Down 10% from CHF 12,907 million to CHF 11,662 million
The decrease reflected an 11% decline in recurring revenues and a 6% decrease in transaction-based revenues. Lower recurring revenues were mainly driven by a 19% decline in recurring commissions and fees. Lower recurring commissions and fees primarily reflected a 6.4% decline in average assets under management and a shift into lower margin investments, also within managed investment products, resulting from cautious investor behavior, offset in part by strong performance fees from Hedging-Griffo. Net interest income declined 3% due to lower margins on slightly lower average loan volumes, mostly offset by higher margins on higher average deposit volumes. Transaction-based revenues were down 6%, primarily reflecting fair value losses from the Clock Finance transaction of CHF 118 million in 2009 compared to fair value gains of CHF 110 million in 2008. Excluding the impact of the Clock Finance transaction, transaction based revenues increased 2%, as significantly higher integrated solutions revenues and gains on ARS positions and the sale of real estate were mostly offset by lower product issuing fees, foreign exchange income from client transactions and, to a lesser extent, brokerage fees.

2008 vs 2007: Down 5% from CHF 13,522 million to CHF 12,907 million
The decrease was driven by 17% lower transaction-based revenues, mainly brokerage and product issuing fees, affected by a substantial decrease in client activity. This was partially offset by fair value gains of CHF 110 million in 2008 on the Clock Finance portfolio compared to fair value losses of CHF 18 million in 2007. Recurring revenues were stable, as the 8% increase in net interest income, driven by higher margins on slightly higher average loan and deposit volumes, was offset by lower recurring commissions and fees. The decline in recurring commissions and fees was primarily from managed investment products and a 7.3% decrease in average assets under management.

Provision for credit losses

2009 vs 2008: Up 35% from CHF 133 million to CHF 180 million
Provision for credit losses reflected net provisions of CHF 147 million in Corporate & Institutional Clients and net provisions of CHF 33 million in Wealth Management Clients. A substantial part of the new provisions of CHF 419 million and releases of CHF 239 million were related to the Corporate & Institutional Clients loan portfolio. While the credit environment deteriorated in 2009, our corporate and institutional loan portfolio has sound quality, relatively low concentrations and is mainly collateralized by mortgages and securities. The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities.

2008 vs 2007: Up from CHF (59) million to CHF 133 million
Provision for credit losses reflected net provisions of CHF 141 million in Wealth Management Clients and net releases of CHF 8 million in Corporate & Institutional Clients. A substantial part of the new provisions of CHF 288 million were on Wealth Management Clients loans collateralized by securities relating to the forced deleveraging of client positions in highly volatile equity markets in the fourth quarter. A majority of the releases of CHF 155 million were related to the Corporate & Institutional Clients loan portfolio.

Operating expenses

Compensation and benefits
2009 vs 2008: Up 9% from CHF 4,260 million to CHF 4,651 million
The increase was due to lower performance-related compensation in 2008, due to the deferral of compensation under the CRA program in 2008 and the impact of the amortization of deferred compensation from the CRA program and other prior-year awards in 2009.

2008 vs 2007: Down 6% from CHF 4,529 million to CHF 4,260 million
The decrease was due to lower performance-related compensation, reflecting the lower results and the deferral of compensation under the CRA program, offset in part by higher salaries and related benefits due to the growth in

headcount, including relationship managers.

General and administrative expenses
2009 vs 2008: Down 34% from CHF 3,919 million to CHF 2,580 million
The decrease mainly reflected lower non-credit-related provisions, as 2008 included CHF 766 million of net provisions related to ARS, a charge of CHF 190 million from the close-out of a client's account and other non-credit-related provisions, including for the buy-back of certain clients' Lehman Brothers structured notes. 2009 included CHF 35 million of additional non-credit-related provisions for the buy-back of Lehman Brothers structured notes and CHF 100 million of recoveries on non-credit-related provisions from captive insurance settlement proceeds. Other general and administrative expenses declined, reflecting our cost containment efforts.

2008 vs 2007: Up 47% from CHF 2,670 million to CHF 3,919 million
The increase was driven by the net provisions relating to ARS, the charge relating to the close-out of a client's account and other non-credit-related provisions. Other general and administrative expenses reflected higher infrastructure costs related to our international expansion.

Personnel

Headcount at the end of 2009 was 24,300, compared to 24,400 at the end of 2008 and 23,200 at the end of 2007. The net decrease of 100 relationship managers in Wealth Management Clients in 2009 reflected a talent upgrade of our relationship managers, mainly in EMEA and Asia Pacific, while the number of relationship managers was stable in Switzerland and slightly higher in the Americas. The increase of 320 relationship managers in Wealth Management Clients from 2007 to 2008 reflected the strengthening of our front-office teams, primarily in EMEA, the Americas and Asia Pacific.

Wealth Management Clients

Net revenues

Recurring
2009 vs 2008: Down 11% from CHF 8,234 million to CHF 7,310 million
The decrease was driven by lower recurring commissions and fees, reflecting a 7.5% decline in average assets under management and a shift to lower margin investments, also within managed investment products, resulting from the ongoing cautious investor behavior, offset in part by strong performance fees from Hedging-Griffo. Net interest income was stable, as the impact from lower margins on lower average loan volumes was offset by higher margins on higher average deposit volumes.

2008 vs 2007: Down 3% from CHF 8,447 million to CHF 8,234 million
The decrease was driven by lower commissions and fees, mainly from managed investment products, as average assets under management declined 8.0%. The decline in commissions and fees was partly offset by higher net interest income, driven by higher margins on slightly higher average loan volumes and higher margins on slightly higher average deposit volumes.

Transaction-based
2009 vs 2008: Up 4% from CHF 2,463 million to CHF 2,561 million
The increase was mainly driven by higher integrated solutions revenues from transactions originated and jointly executed with Investment Banking and gains on ARS positions and the sale of real estate, partially offset by lower product issuing fees, foreign exchange income from client transactions and, to a lesser extent, brokerage fees.

2008 vs 2007: Down 23% from CHF 3,193 million to CHF 2,463 million
The decrease was mainly driven by lower brokerage and product issuing fees and foreign exchange income from client transactions, reflecting low client activity.

Gross Margin

Our gross margin was strong at 131 basis points in 2009, stable compared to 2008 and 2007. Compared to 2008, the recurring margin decreased four basis points in 2009, as recurring revenues declined 11% while average assets under management decreased 7.5%. The transaction-based margin increased four basis points, as transaction-based revenues increased 4%, mainly from higher integrated solutions revenues.

Results - Wealth Management Clients

			in / end of		% change
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	**9,871**	**10,697**	**11,640**	(8)	(8)
Provision for credit losses	**33**	**141**	**20**	(77)	–
Total operating expenses	**6,940**	**8,047**	**7,219**	(14)	11
Income before taxes	**2,898**	**2,509**	**4,401**	16	(43)
Statement of operations metrics (%)					
Cost/income ratio	70.3	75.2	62.0	–	–
Pre-tax income margin	29.4	23.5	37.8	–	–
Net revenue detail (CHF million)					
Net interest income	3,706	3,754	3,593	(1)	4
Total non-interest income	6,165	6,943	8,047	(11)	(14)
Net revenues	**9,871**	**10,697**	**11,640**	(8)	(8)
Net revenue detail (CHF million)					
Recurring	7,310	8,234	8,447	(11)	(3)
Transaction-based	2,561	2,463	3,193	4	(23)
Net revenues	**9,871**	**10,697**	**11,640**	(8)	(8)
Gross margin on assets under management (bp)					
Recurring	97	101	95	–	–
Transaction-based	34	30	36	–	–
Gross margin	**131**	**131**	**131**	–	–

Corporate & Institutional Clients

Net revenues

Net interest income

2009 vs 2008: Down 8% from CHF 1,403 million to CHF 1,294 million

The decrease was primarily due to lower margins on higher average loan volumes. Net interest income on deposits was stable, reflecting lower margins on slightly lower average volumes.

2008 vs 2007: Up 17% from CHF 1,195 million to CHF 1,403 million

The increase was mainly driven by significantly higher margins on slightly higher average loan and deposit volumes.

Total non-interest income

2009 vs 2008: Down 38% from CHF 807 million to CHF 497 million

The decrease was mainly driven by fair value losses of CHF 118 million on the Clock Finance transaction in 2009, compared to fair value gains of CHF 110 million in 2008. Excluding the fair value gains and losses on the Clock Finance transaction, non-interest income decreased 12%, mainly driven by lower foreign exchange income from client transactions and small declines in certain asset-based and other transaction-based commissions and fees, partially offset by increased integrated solutions revenues.

2008 vs 2007: Up 17% from CHF 687 million to CHF 807 million

The increase was mainly driven by fair value gains of CHF 110 million on the Clock Finance transaction in 2008, compared to fair value losses of CHF 18 million in 2007. Excluding the fair value gains and losses on the Clock Finance transaction, non-interest income was stable, reflecting stable transaction-based revenues and asset-based commissions and fees.

Return on business volume

Return on business volume measures revenues over average business volume, which is comprised of client assets and net loans.

Return on business volume in 2009 of 86 basis points was 18 basis points below 2008, mainly reflecting fair value losses on the Clock Finance transaction. Excluding the fair value gains/(losses) on the Clock Finance transaction, return on business volume was 91 basis points in 2009 compared to 99 basis points in 2008, reflecting the lower net interest income and higher client assets.

Results - Corporate & Institutional Clients

		in / end of		% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	**1,791**	**2,210**	**1,882**	(19)	17
Provision for credit losses	**147**	**(8)**	**(79)**	–	(90)
Total operating expenses	**891**	**877**	**876**	2	0
Income before taxes	**753**	**1,341**	**1,085**	(44)	24
Statement of operations metrics (%)					
Cost/income ratio	49.7	39.7	46.5	–	–
Pre-tax income margin	42.0	60.7	57.7	–	–
Net revenue detail (CHF million)					
Net interest income	1,294	1,403	1,195	(8)	17

Total non-interest income	497	807	687	(38)	17
Net revenues	**1,791**	**2,210**	**1,882**	(19)	17
Net revenue detail (CHF million)					
Recurring	1,670	1,807	1,604	(8)	13
Transaction-based	121	403	278	(70)	45
Net revenues	**1,791**	**2,210**	**1,882**	(19)	17
Return on business volume (bp) [1]					
Return on business volume	86	104	88	–	–
Business volume (CHF billion)					
Client assets	170.0	148.2	172.1	15	(14)
of which assets under management	112.1	94.7	101.6	18	(7)
of which commercial assets	51.1	49.3	59.1	4	(17)
of which custody assets	6.8	4.2	11.4	62	(63)
Net loans	50.3	51.1	47.4	(2)	8
Business volume	**220.3**	**199.3**	**219.5**	11	(9)

1 Net revenues divided by average business volume.

Investment Banking

During 2009, Investment Banking reported record income before taxes of CHF 6,845 million. Record net revenues of CHF 20,537 million was driven by strong results in our key client businesses including global rates and foreign exchange, cash equities, US RMBS secondary trading and prime services and improved performance in many of our repositioned businesses. These results reflected the successful implementation of our client-focused, capital-efficient strategy throughout 2009.

Results

			in / end of		% change
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	**20,537**	**(1,971)**	**18,584**	–	–
Provision for credit losses	**326**	**679**	**301**	(52)	126
Compensation and benefits	8,652	7,006	9,989	23	(30)
General and administrative expenses [1]	3,559	2,794	3,416	27	(18)
Commission expenses	1,155	1,342	1,382	(14)	(3)
Total other operating expenses	4,714	4,136	4,798	14	(14)
Total operating expenses	**13,366**	**11,142**	**14,787**	20	(25)

Income/(loss) before taxes	**6,845**	**(13,792)**	**3,496**	–	–
Statement of operations metrics (%)					
Cost/income ratio	65.1	–	79.6	–	–
Pre-tax income margin	33.3	–	18.8	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	20,782	29,342	37,503	(29)	(22)
Pre-tax return on average utilized economic capital (%) [2]	33.5	(46.6)	9.9	–	–
Number of employees (full-time equivalents)					
Number of employees	19,400	19,600	20,500	(1)	(4)

1 Includes litigation charges/(releases) of CHF 461 million and CHF (540) million in 2009 and 2008, respectively. 2 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenue detail (CHF million)					
Debt underwriting	1,141	431	1,900	165	(77)
Equity underwriting	1,190	856	1,519	39	(44)
Total underwriting	2,331	1,287	3,419	81	(62)
Advisory and other fees	793	1,348	1,879	(41)	(28)
Total underwriting and advisory	**3,124**	**2,635**	**5,298**	19	(50)
Fixed income trading	10,460	(5,372)	5,670	–	–
Equity trading	7,469	1,471	7,772	408	(81)
Total trading	**17,929**	**(3,901)**	**13,442**	–	–
Other	(516)	(705)	(156)	(27)	352
Net revenues	**20,537**	**(1,971)**	**18,584**	–	–
Average one-day, 99% Value-at-Risk (CHF million)					
Interest rate and credit spread	142	148	72	(4)	106
Foreign exchange	14	22	26	(36)	(15)
Commodity	20	36	17	(44)	112
Equity	36	65	80	(45)	(19)
Diversification benefit	(94)	(94)	(81)	0	16
Average one-day, 99% Value-at-Risk	**118**	**177**	**114**	(33)	55
Risk-weighted assets (million) [1]					
Risk-weighted assets (CHF)	144,439	172,503	265,822	(16)	(35)

Risk-weighted assets (USD)	140,096	163,278	236,034	(14)	(31)

1 Includes additional risk-weighted asset equivalents attributable to the segment that are deducted from Group tier 1 capital.

Business environment

The global economy remained challenging in 2009 despite signs of recovery in the second half of the year. Both the US and the Euro zone economies came out of recession in the third quarter, with the US GDP increase in the fourth quarter being the highest in six years. Nevertheless, the 2009 annual GDP in the US fell 2.4%, its biggest drop since 1946. Within the Euro zone, strong rates of expansion in certain countries, including France and Germany, were partially offset by continuing recession in others, including Greece, Ireland, Italy, Portugal and Spain.

The nascent economic recovery toward the end of 2009 was fueled in part by government stimulus programs and historically low interest rates. Stimulus measures introduced by various governments in 2009 included a reduction in income taxes, tax benefits for homeowners and car buyers and increased spending on infrastructure programs. Initial indications of recovery in the second half of the year included an increase in household and business spending in the US, manufacturing gains and an improvement in housing market activity. However, prospects for a more broad-based recovery remained modest given continued tight credit markets and weak consumer spending and employment data.

Equity markets ended the year significantly higher after initially declining in the first quarter, and the Dow Jones Industrial Average posted its biggest annual percent gain in six years. During the year, equity market volatility continued to decline from the record levels in November 2008. Equity trading volumes were up in the US but down in Europe, and fixed income volumes were down in the US but up slightly in Europe. Credit spreads narrowed throughout the year, with significant tightening in the first quarter from dramatically high levels in the fourth quarter of 2008. Cash and synthetic markets returned to a more normalized relationship in the first quarter, following substantial dislocation in the fourth quarter of 2008.

Global M&A activity declined significantly during the year. According to *Dealogic*, global revenue from M&A activity in 2009 was the lowest since 2003. The decline in volume would have been more severe had it not been for extraordinary government investments in financial institutions around the world, which partially offset the decline in strategic deals. However, in the fourth quarter, M&A activity rebounded significantly as the availability of financing increased. Debt and equity issuance increased throughout the year, driven by financial institutions seeking to raise capital to strengthen their balance sheets and exit government ownership. In particular, follow-on equity issuance volumes remained high throughout the year driven by issuance by financial institutions, while IPO volumes increased significantly in the fourth quarter of the year. Investment grade issuance volumes were higher in 2009 compared to 2008. The volume of high yield debt offerings in 2009 more than doubled from 2008 levels, and 2009 was the second highest year on record for high yield issuance. As 2009 came to a close, market conditions for underwriting and advisory remained favorable as equity market valuations continued to rise and credit spreads continued to tighten.

For further information, refer to Operating environment.

Results overview

For 2009, income before taxes was a record CHF 6,845 million, compared to a loss before taxes of CHF 13,792 million in 2008. Net revenues were a record CHF 20,537 million, compared to negative CHF 1,971 million in 2008, as we made substantial progress in the implementation of our client-focused, capital-efficient strategy, and as a result, were well-positioned to increase our market share across various businesses and geographies and to benefit from a recovery in the global financial markets. We had strong results in our fixed income and equity trading businesses compared to significant losses in 2008, mostly in exit businesses, driven by the dislocation in the structured products and credit markets, as well as the extreme volatility and the restrictions on short selling in the second half of 2008. Our 2009 fixed income trading results included valuation gains in our structured products and leveraged finance businesses, compared to net valuation reductions of CHF 10,923 million in 2008. We also had strong revenues in our debt and equity underwriting businesses, reflecting increased industry-wide equity and debt issuance volumes and market share improvement in many products.

Our key client businesses generated revenues of CHF 18.2 billion, reflecting solid contributions from global rates and foreign exchange, cash equities, US RMBS secondary trading, prime services, flow and corporate derivatives and high grade trading.

Our repositioned businesses had revenues of CHF 5.4 billion for the year, driven by our US leveraged finance, emerging markets trading, corporate lending, trading strategies and convertibles businesses. We had losses of CHF 2.7 billion in our exit businesses, primarily driven by valuation reductions in CMBS.

Approximately CHF 1.3 billion of revenues in the first quarter from our ongoing businesses were due to more normalized market conditions, including the narrowing of credit spreads, the reduction in the differential between cash and synthetic instruments, the reduction in market volatility and the stabilization of the convertible bond market from the fourth quarter of 2008. Our results also included net fair value losses on Credit Suisse debt of CHF 397 million in 2009, compared to fair value gains of CHF 4,654 million in 2008, and higher allocated funding costs.

Provision for credit losses decreased, reflecting higher releases and recoveries.

Total operating expenses were CHF 13,366 million, up CHF 2,224 million, or 20%, reflecting a 23% increase in compensation and benefits and a 14% increase in total other operating expenses. The increase in compensation and benefits was primarily due to higher performance-related compensation, reflecting improved risk-adjusted profitability, and higher voluntary deferred compensation, offset in part by lower deferred compensation from prior-year share awards, salaries and benefits and severance costs. Total other operating expenses declined 9% from 2008 (excluding litigation charges of CHF 461 million in 2009 and net litigation releases of CHF 540 million in 2008), reflecting decreases across most expense categories, reflecting our continued focus on cost discipline. During 2009, our IT investment costs increased compared to 2008, reflecting increased investment in infrastructure in our client-focused businesses.

For 2008, loss before taxes was CHF 13,792 million compared to income before taxes of CHF 3,496 million for 2007. Negative net revenues were CHF 1,971 million compared to net revenues of CHF 18,584 million for 2007. We had significantly lower revenues in most areas of Investment Banking, reflecting the widespread market disruption, which persisted throughout the year and intensified in the second half. Results in 2008 were negatively impacted by the dislocation in the structured products and credit markets, which led to significantly lower fixed income trading results compared to 2007. In addition, extreme volatility and the restrictions on short selling in the second half of the year adversely affected many of our other fixed income and equity trading businesses. Results included CHF 4,654 million of fair value gains on Credit Suisse debt compared to CHF 1,111 million of fair value gains in 2007. Provision for credit losses increased due to provisions against loans made to various borrowers in Asia, as well as higher provisions related to a guarantee provided in a prior year to a third-party bank. Total operating expenses decreased 25%, reflecting a 30% decline in compensation and benefits and a 14% decline in total other operating expenses. The weakening of the average rate of the US dollar against the Swiss franc from 2007 favorably impacted expenses and losses. For information on foreign currency translation rates, refer to X – Investor information.

Selected risk exposures

end of	2009	2008	% change
Origination-related positions (CHF billion) [1]			

Unfunded commitments	0.3	0.3	0
Funded positions	0.5	0.6	(17)
Leveraged finance	**0.8**[2]	**0.9**	(11)
Commercial mortgages	**3.1**[3]	**8.8**	(65)
Trading book-related positions (CHF billion) [4]			
US subprime	1.1	1.9	(42)
US Alt-A	0.9	0.6	50
US prime	3.8	0.6	–
European/Asian	0.8	2.0	(60)
Residential mortgages and subprime CDO	**6.6**	**5.1**	29

The risk exposures for the leveraged finance and structured products businesses reflect a risk management rather than a financial reporting perspective.
1 Exposures shown gross. 2 Excludes an aggregate of CHF 1.2 billion of fair valued non-recourse term financing for executed transactions. Fair value gains and losses on this term financing are reflected in net valuation adjustments in leveraged finance. Excludes the impact of the PAF transaction of CHF 2.1 billion, of which CHF 1.1 billion consisted primarily of leveraged finance loans and CHF 1.0 billion consisted of assets underlying non-recourse financing. 3 Excludes an aggregate of CHF 2.6 billion of term financing for executed transactions, of which CHF 2.2 billion is non-recourse, and the impact of the PAF transaction of CHF 1.1 billion. 4 Exposures shown net.

Performance indicators

Pre-tax income margin

Our target over market cycles is a pre-tax income margin of 25% or greater. The 2009 pre-tax income margin was 33.3%. The 2008 pre-tax income margin was not meaningful given our losses, reflecting the extremely challenging operating environment.

Value-at-Risk

The 2009 average one-day, 99% VaR was CHF 118 million compared to CHF 177 million in 2008. For further information on VaR for Credit Suisse, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management.

Pre-tax return on average utilized economic capital

The 2009 pre-tax return on average utilized economic capital was 33.5% compared to a negative 46.6% in 2008.

Risk-weighted assets

Risk-weighted assets declined 14% to USD 140 billion from the end of 2008. Risk-weighted assets in ongoing businesses declined to USD 123 billion from USD 128 billion as of the end of 2008. Risk-weighted assets in exit businesses declined from USD 35 billion as of the end of 2008 to USD 17 billion as of the end of 2009, reflecting our efforts to support growth in our client-focused businesses and reallocate capital from our exit businesses.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 results versus 2007.

Net revenues

Debt underwriting
2009 vs 2008: Up 165% from CHF 431 million to CHF 1,141 million
The increase was due to strong results in leveraged finance, which reflected a significant increase in industry-wide high yield issuance, as 2009 was the second highest year on record for high yield issuance, and fee revenues in 2009 compared to fee losses of CHF 200 million in 2008. In addition, we had higher revenues from investment grade debt issuance, driven by higher industry-wide issuance volumes, and higher revenues from asset-backed securities, reflecting improved market share.

2008 vs 2007: Down 77% from CHF 1,900 million to CHF 431 million
The decrease was primarily due to the significantly weaker performance in the leveraged finance business resulting from lower levels of high yield and leveraged lending issuance activity and higher fee losses in leveraged finance, offset in part by improved performance in the structured products business compared to fee losses in 2007. Despite a significant decline in the demand for most fixed income securities due to continued weakness in the credit markets, revenues from investment grade and emerging markets were stable.

Equity underwriting
2009 vs 2008: Up 39% from CHF 856 million to CHF 1,190 million
The increase was due to a significant increase in industry-wide equity issuance volumes and an increase in market share across most product categories and regions. The increase in industry-wide issuance volumes was driven by high levels of follow-on issuance volumes throughout 2009 as financial institutions sought to raise capital to strengthen their balance sheets and exit government ownership. In addition, there was a considerable increase in IPO issuance volumes in the fourth quarter.

2008 vs 2007: Down 44% from CHF 1,519 million to CHF 856 million
The decrease was primarily due to a 33% decline in industry-wide equity issuance volumes, compared to record industry-wide equity issuance volumes in 2007, and a decline in market share. 2008 had the lowest number of IPOs globally since *Dealogic* began tracking the statistics in 1995.

Advisory and other fees
2009 vs 2008: Down 41% from CHF 1,348 million to CHF 793 million
The decrease was due to significantly lower levels of global completed M&A activity and a decline in completed M&A market share.

2008 vs 2007: Down 28% from CHF 1,879 million to CHF 1,348 million
The decrease was primarily due to a decline in industry-wide M&A activity.

Fixed income trading
2009 vs 2008: From CHF (5,372) million to CHF 10,460 million
The increase was primarily due to revenues, including valuation gains, in our combined structured products and US leveraged finance businesses compared to net valuation reductions of CHF 10,648 million in 2008, mostly in exit businesses. We had significant valuation reductions in CMBS as we reduced our risk exposures, compared to higher valuation reductions in 2008. Our results reflected positive revenues in certain businesses, compared to significant losses in 2008, due to significant adverse conditions in the second half of 2008. We also had revenues in our corporate lending and emerging markets businesses compared to losses in 2008. In addition, we had strong revenues in 2009 in many of our client and flow-based businesses, including our US RMBS secondary trading and global rates and foreign exchange businesses, and revenues in our commodities business compared to losses in 2008, mostly in exit businesses. Our results reflected significant market share gains in many of our fixed income businesses, including US RMBS secondary trading, global rates and foreign exchange, US leveraged finance trading and our emerging markets businesses as well as favorable market conditions for many products. Approximately CHF 1,100 million of fixed income trading revenues in the first quarter were driven by the narrowing of credit spreads that had widened dramatically in the fourth quarter of 2008, and the return to a more normalized relationship between the cash and synthetic markets following a period of substantial dislocation in the fourth quarter of 2008. Businesses that benefited from these trends included our corporate lending business, US RMBS secondary trading, high grade trading, US leveraged finance and emerging markets. These results were partially offset by net fair value losses of CHF 358 million on Credit Suisse debt compared to fair value gains of CHF 4,188 million in 2008.

2008 vs 2007: From CHF 5,670 million to CHF (5,372) million
The decrease was primarily due to higher net valuation reductions of CHF 10,648 million in our combined structured products and leveraged finance businesses compared to valuation reductions of CHF 2,283 million in 2007. Results also reflected losses in certain businesses, compared to significant revenues in 2007, reflecting the significantly more adverse conditions in the second half of 2008. We had losses in our emerging markets businesses compared to significant revenues in 2007, resulting from price declines in several markets reflecting widening credit spreads in the second half of 2008. We had significant losses in structured derivatives compared to good revenues in 2007, primarily reflecting losses associated with structured foreign exchange derivatives in Asia in the fourth quarter and losses resulting from the sharp shift in the Euro yield curve in June. In the fourth quarter, we had leveraged finance trading losses of CHF 451 million relating to businesses we are exiting, specifically European trading and several discontinued trading strategies in the US, and losses of CHF 362 million driven by the US loan trading business, which experienced unprecedented price declines. In addition, we had losses in our fixed income proprietary trading business compared to strong revenues in 2007. We had higher valuation reductions in our corporate loan business, reflecting valuation reductions of CHF 3.2 billion offset in part by a CHF 1.8 billion positive impact from a change in estimate of the value of the loans. We had net valuation reductions on our investments in the preferred shares and hybrid capital securities of certain financial institutions and in our non-subprime CDO business, primarily reflecting a decline in market values for collateralized loan obligation securities. We also had higher losses in our commodities business in the power and energy sector. These results were partially offset by fair value gains of CHF 4,188 million on Credit Suisse debt, significantly higher revenues in flow-based rates and US and European high grade products, positive revenues in RMBS compared to negative results in 2007 and higher revenues in our life finance business.

Equity trading
2009 vs 2008: Up 408% from CHF 1,471 million to CHF 7,469 million
The increase was due to significant revenues in 2009 in certain businesses compared with losses in the second half of 2008. Losses in the second half of 2008 included CHF 1,725 million in the convertibles business, CHF 1,120 million in long/short event and risk arbitrage trading strategies and CHF 1,815 million in the fourth quarter of 2008 in equity derivatives stemming from losses in the structured derivatives and corporate and flow derivatives businesses. By the end of first quarter, we had substantially reduced our trading positions relating to illiquid equity trading strategies. In

addition, we had higher revenues from our fund-linked products and prime services businesses. Results in our cash equities business continued to be strong. Equity trading results included net fair value losses of CHF 40 million on Credit Suisse debt compared to fair value gains of CHF 466 million in 2008. In the first quarter of 2009, the results included approximately CHF 200 million of equity trading revenues, primarily in our equity derivatives and convertibles businesses, that were driven by a reduction in market volatility and the stabilization of the convertible bond market.

2008 vs 2007: Down 81% from CHF 7,772 million to CHF 1,471 million
The decrease was primarily driven by losses in the second half of 2008 in certain businesses that had significant revenues in 2007. Losses in the second half of 2008 included CHF 1,725 million in the convertibles business, driven by the restrictions on short selling of financial institutions, which severely impacted the convertible bond market, and CHF 1,120 million in long/short event and risk arbitrage trading strategies. The decline was also driven by losses of CHF 1,815 million in the fourth quarter in equity derivatives stemming from losses in the structured derivatives businesses, most of which we have reduced, and corporate and flow derivatives, resulting from highly volatile market conditions and counterparty-related defaults. In addition, our non-US cash equities businesses had lower revenues compared to a very strong 2007. These results were partially offset by a significantly stronger performance in prime services, due to growth in client mandates, and in our US cash equities business which benefited from higher revenues in our >>Advanced Execution Services® business. Equity trading results also included fair value gains of CHF 466 million on Credit Suisse debt.

Other
2009 vs 2008: From CHF (705) million to CHF (516) million
The increase was due to gains from the impact of economic hedging of voluntary deferred compensation compared to losses in 2008, revenues from private equity-related investments not managed as part of Asset Management, compared to losses in 2008, and valuation reductions in 2008 from our leveraged finance bridge commitments. These results were partially offset by integrated solutions payments.

2008 vs 2007: From CHF (156) million to CHF (705) million
The decrease was due to losses from private equity-related investments not managed as part of Asset Management, compared to significant gains in 2007, and losses from the impact of economic hedging of voluntary deferred compensation, partially offset by lower valuation reductions on our bridge commitments.

Provision for credit losses

2009 vs 2008: Down 52% from CHF 679 million to CHF 326 million
The decrease was driven by higher releases and recoveries in 2009, as well as lower net provisions relating to a guarantee provided in a prior year to a third-party bank.

2008 vs 2007: Up 126% from CHF 301 million to CHF 679 million
The increase was driven by provisions against loans made to various borrowers in Asia, with the majority of the increase related to a single borrower, as well as higher provisions relating to a guarantee provided in a prior year to a third-party bank. A portion of these provisions was offset by gains on credit defaults swaps recorded in trading revenues.

Operating expenses

Compensation and benefits
2009 vs 2008: Up 23% from CHF 7,006 million to CHF 8,652 million

The increase was primarily due to higher performance-related compensation, reflecting improved risk-adjusted profitability, and higher voluntary deferred compensation, offset in part by lower deferred compensation from prior-year share awards, salaries and benefits and severance costs.

2008 vs 2007: Down 30% from CHF 9,989 million to CHF 7,006 million
The decrease was primarily due to lower performance-related compensation costs resulting from lower revenues as well as the deferral of compensation under the CRA program and lower voluntary deferred compensation expense. We previously economically hedged voluntary deferred compensation with a derivative instrument, and the gains/losses on the underlying compensation liability were offset in compensation expenses by the losses/gains on the derivative. In 2008, we began to economically hedge with a cash instrument, and the gains/losses on the underlying compensation liability are recorded in compensation and benefits and the losses/gains on the hedge are recorded in other revenues. The decrease also reflected a reduction in salary expense.

General and administrative expenses
2009 vs 2008: Up 27% from CHF 2,794 million to CHF 3,559 million
The increase reflected litigation charges of CHF 461 million in 2009 compared to net litigation releases of CHF 540 million in 2008. Excluding these litigation charges and releases, expenses decreased CHF 236 million, reflecting decreases across most expense categories, primarily legal fees, travel and entertainment expenses, occupancy costs and recruiting fees, reflecting our continued focus on cost discipline. During 2009, our IT investment costs increased compared to 2008, reflecting increased investment in infrastructure in our client-focused businesses.

2008 vs 2007: Down 18% from CHF 3,416 million to CHF 2,794 million
The decrease primarily reflected a decline in expense provisions, as releases from our reserve for certain private litigation matters of CHF 812 million were partially offset by a charge of CHF 272 million related to the Parmalat settlement and higher litigation expense provisions. In addition, due to a slowdown in market activity, professional fees declined due to lower business and tax services fees and lower fees paid to recruiting firms. Other general and administrative expenses were stable, reflecting our continued focus on cost management.

Personnel

Headcount as of the end of 2009 was 19,400, down slightly from 19,600 as of the end of 2008 and down significantly from 20,500 as of the end of 2007.

Asset Management

In 2009, we recorded income before taxes of CHF 35 million, including investment-related losses of CHF 365 million, gains on securities purchased from our money market funds of CHF 109 million and a gain of CHF 228 million from the sale of part of our traditional investment strategies business to Aberdeen Asset Management.

Results

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	**1,842**	**632**	**2,390**	191	(74)

Provision for credit losses	**0**	**0**	**0**	–	–
Compensation and benefits	1,090	1,055[1]	1,286	3	(18)
General and administrative expenses	557	604[2]	545	(8)	11
Commission expenses	160	158	209	1	(24)
Total other operating expenses	717	762	754	(6)	1
Total operating expenses	**1,807**	**1,817**	**2,040**	(1)	(11)
Income/(loss) before taxes	**35**	**(1,185)**	**350**	–	–
Statement of operations metrics (%)					
Cost/income ratio	98.1	287.5	85.4	–	–
Pre-tax income margin	1.9	(187.5)	14.6	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	3,408	3,273	2,725	4	20
Pre-tax return on average utilized economic capital (%) [3]	2.1	(34.9)	14.8	–	–
Number of employees (full-time equivalents)					
Number of employees	3,100	3,100	3,700	0	(16)

1 Includes severance costs of CHF 47 million relating to realignments. 2 Includes an impairment charge on acquired intangible assets of CHF 41 million. 3 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in		% change
	2009	2008	2007	09 / 08	08 / 07
Net revenue detail by type (CHF million)					
Asset management fees	1,384	1,534	1,824	(10)	(16)
Placement fees	55	141	366	(61)	(61)
Performance fees and carried interest	82	75	202	9	(63)
Equity participations and joint ventures	542	174	171	211	2
Securities purchased from our money market funds	109	(687)	(920)	–	(25)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Other revenues	35	51	126	(31)	(60)
Net revenues	**1,842**	**632**	**2,390**	191	(74)
Net revenue detail by line of business (CHF million)					
Private equity	238	411	569	(42)	(28)
Real estate	245	264	386	(7)	(32)
Credit strategies	96	102	128	(6)	(20)
Liquid strategies [1]	279	176	297	59	(41)

Other	6	44	49	(86)	(10)
Alternative investment strategies	**864**	**997**	**1,429**	(13)	(30)
Multi-asset class solutions	476	708	854	(33)	(17)
Other	216	96	235	125	(59)
Traditional investment strategies	**692**	**804**	**1,089**	(14)	(26)
Equity participations and joint ventures [2]	**542** [3]	**174** [4]	**171**	211	2
Securities purchased from our money market funds	**109**	**(687)**	**(920)**	–	(25)
Net revenues before investment-related gains/(losses)	**2,207**	**1,288**	**1,769**	71	(27)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Net revenues	**1,842**	**632**	**2,390**	191	(74)
Gross and net margin on assets under management (bp)					
Gross margin before investment-related gains/(losses)	**53** [3]	**25**	**28**	–	–
Gross margin	**44** [3]	**12**	**38**	–	–
Net margin (pre-tax)	**1**	**(23)**	**6**	–	–

1 Includes multi-manager hedge funds, single-manager hedge fund strategies and index strategies. 2 Includes Asset Management Finance LLC, Hedging-Griffo, Credit Suisse (Brazil) and Aberdeen Asset Management. 3 Includes gains on shares received from the Aberdeen transaction of CHF 228 million and gains from the sale of the PKO Bank Polski and Woori Credit Suisse Asset Management joint ventures of CHF 58 million. 4 Includes a CHF 43 million impairment charge on our Korean joint venture Woori Credit Suisse Asset Management.

Business environment

The global financial crisis continued to affect the asset management industry in 2009. Financial markets were highly volatile in the early part of the year, but signs of an economic recovery helped build momentum for a broad rally across most asset classes, which resulted in reduced volatility. The MSCI World Index rose 27% in 2009. Investors began to reposition their portfolios, seeking more liquid, transparent products and more robust risk management. Fundraising varied considerably across asset classes, as investors coped with the impact of the market downturn and asset allocation distortion. In alternative investments, illiquid fundraising was generally challenging, particularly in private equity. Fundraising in real estate varied significantly by country, with developed market opportunities more focused on distressed strategies. Investor demand for credit exposure was steady in 2009. The hedge fund industry experienced significant redemptions in the first half of the year, but stabilized in the second half. Hedge fund performance rebounded in 2009 as the HFRI Fund Weighted Composite Index gained 20%. Within the traditional products sector, investor risk appetite began to return in the second half of the year, with flows out of cash and money market funds primarily into fixed income products. Fixed income markets also had gains for the year, with the largest rallies in the high yield bond and leveraged loan sectors, evidenced by a 45% gain in the Credit Suisse Leveraged Loan index. Emerging markets products gathered significant momentum, with the MSCI Emerging Markets Index gaining 74% over the year. Demand for passive investments, including exchange-traded funds (ETF) and index products, increased in 2009. Real estate markets improved, with the FTSE NAREIT Composite, an index of publicly traded real estate investment trusts, gaining 20%. The S&P GSCI Total Return commodity index rose 13%, and gold prices reached a multi-year high in December.

For further information, refer to – Operating environment.

Results overview

In 2009, income before taxes was CHF 35 million, up CHF 1,220 million, compared to a loss before taxes of CHF 1,185 million in 2008. Net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008, lower investment-related losses and higher revenues from equity participations and joint ventures, including aggregate gains of CHF 286 million from the Aberdeen transaction and the sale of two joint ventures.

Net revenues before securities purchased from our money market funds and investment-related gains/(losses) of CHF 2,098 million were up 6%, primarily due to the higher revenues from equity participations and joint ventures, partially offset by lower asset management and placement fees. Average assets under management decreased 18.7% over the past year. Asset management fees of CHF 1,384 million were down 10%, primarily from significantly lower revenues in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Asset management fees in alternative investment strategies were stable. Placement fees of CHF 55 million were down 61%, reflecting the difficult fundraising environment in 2009. Performance fees and carried interest of CHF 82 million were up 9%, mainly in liquid strategies relating to management of the PAF, partially offset by lower performance fees and carried interest primarily in private equity. Equity participations and joint venture revenues of CHF 542 million were up CHF 368 million, primarily reflecting the gain of CHF 228 million from the sale of part of our traditional investment strategies business to Aberdeen Asset Management, increased performance-based fees from Hedging-Griffo and CHF 58 million from the sale of two joint ventures in Poland and Korea, PKO Bank Polski and Woori Credit Suisse Asset Management. 2008 revenues included an impairment charge on the Korean joint venture.

Total operating expenses of CHF 1,807 million were flat, as higher performance-related compensation was offset by a decline in general and administrative expenses.

Assets under management were CHF 416.0 billion, up 1.1% compared to the end of 2008, primarily reflecting positive market performance, partially offset by the transfer of the managed lending business to Investment Banking and the sale of the two joint ventures. Net new assets in 2009 of CHF 0.4 billion included inflows of CHF 7.6 billion in alternative investment strategies, mainly from the quantitative strategies group (including their ETFs) and real estate, and CHF 2.0 billion in Swiss advisory, mostly offset by outflows of CHF 5.6 billion in multi-asset class solutions, which also included the impact of a tax amnesty in Italy, and CHF 4.9 billion in money markets assets in the managed lending business.

We continued to manage down our exposure to securities purchased from our money market funds, with exposure of CHF 260 million as of the end of 2009, compared to CHF 567 million as of the end of 2008.

In the first quarter of 2009, the private fund group, which raises capital for hedge funds, private equity and real estate funds, was transferred to Asset Management from Investment Banking, and prior periods have been conformed to the current presentation.

In 2008, the loss before taxes was CHF 1,185 million, down CHF 1,535 million compared to 2007, primarily reflecting investment-related losses of CHF 656 million compared to gains of CHF 621 million in 2007 and significantly lower losses from securities purchased from our money market funds. Net revenues of CHF 1,975 million before securities purchased from our money market funds and investment-related gains/(losses) were down

27%, mainly from lower asset management fees in traditional investment strategies, reflecting the significant decline in average assets under management, and lower placement and performance fees. 2008 revenues included losses on proprietary hedge fund positions and our investment in Ospraie. Total operating expenses were CHF 1,817 million, a decrease of 11% compared to 2007, primarily reflecting lower performance-related compensation. Assets under management were CHF 411.5 billion, down from CHF 599.4 billion as of the end of 2007, primarily reflecting negative market performance, net asset outflows of CHF 63.3 billion and adverse foreign exchange-related movements.

Results before securities purchased from our money market funds

			in		% change
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues before investment-related gains/(losses)	**2,098**	**1,975**	**2,689**	6	(27)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Net revenues	**1,733**	**1,319**	**3,310**	31	(60)
Provision for credit losses	**0**	**0**	**0**	–	–
Compensation and benefits	1,090	1,055	1,286	3	(18)
Total other operating expenses	717	762	754	(6)	1
Total operating expenses	**1,807**	**1,817**	**2,040**	(1)	(11)
Income/(loss) before taxes	**(74)**	**(498)**	**1,270**	(85)	–
Statement of operations metrics (%)					
Cost/income ratio	104.3	137.8	61.6	–	–
Pre-tax income margin	(4.3)	(37.8)	38.4	–	–
Gross and net margin on assets under management (bp)					
Gross margin before investment-related gains/(losses)	**50**[1]	**38**	**43**	–	–
Gross margin	**41**[1]	**25**	**53**	–	–
Net margin (pre-tax)	**(2)**	**(10)**	**20**	–	–

Management believes that results before securities purchased from our money market funds is meaningful as it more appropriately reflects the performance of the ongoing business.
1 Includes gains on shares received from the Aberdeen transaction of CHF 228 million and gains from the sale of the PKO Bank Polski and Woori Credit Suisse Asset Management joint ventures of CHF 58 million.

Gains/(losses) on securities purchased from our money market funds

			in		% change
	2009	2008	2007	09 / 08	08 / 07
Gains/(losses) (CHF million)					
Realized gains/(losses)	(31)	(36)	(113)	(14)	(68)
Unrealized gains/(losses)	127	(792)	(807)	–	(2)

Net gains/(losses) [1]	**96**	**(828)**	**(920)**	**–**	**(10)**
Other [2, 3]	13	141	0	(91)	–
Securities purchased from our money market funds	**109**	**(687)**	**(920)**	**–**	**(25)**

1 Includes net interest income. 2 Includes hedging gains/(losses) of CHF 3 million and CHF 189 million in 2009 and 2008, respectively. 3 Includes cash infusions/(refunds) and costs associated with the closing of our money market funds of CHF (10) million and CHF 48 million in 2009 and 2008, respectively.

Movements of securities purchased from our money market funds

CP, bonds and other securities issued by	Fair value at beginning of period	Purchased	Net gains/ (losses)	Sold	Matured/ restruc- tured	Foreign exchange	Fair value at end of period
2009 (CHF million)							
Structured investment vehicles	356	0	66	(55)	(109)	2	**260**
Asset-backed securities vehicles	1	44	3	(47)	0	(1)	**0**
Corporates	210	226	27	(482)	0	19	**0**
Total	**567**	**270**	**96**	**(584)**	**(109)**	**20**	**260**
2008 (CHF million)							
Structured investment vehicles	2,481	0	(598)	(25)	(1,373)	(129)	**356**
Asset-backed securities vehicles	1,026	108	(118)	(842)	(117)	(56)	**1**
Corporates	414	269	(112)	(114)	(242)	(5)	**210**
Total	**3,921**	**377**	**(828)**	**(981)**	**(1,732)**	**(190)**	**567**

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. The pre-tax margin was 1.9% in 2009, compared to negative 187.5% in 2008. The pre-tax income margin before securities purchased from our money market funds was negative 4.3% in 2009, compared to negative 37.8% in 2008. The pre-tax income margin before securities purchased from our money market funds and investment-related gains/(losses) was 13.9% in 2009, compared to 8.0% in 2008.

Net new asset growth rate

In 2009, the growth rate was 0.1%, compared to negative 10.6% in 2008.

Gross margin

The gross margin on assets under management was 44 basis points in 2009, compared to 12 basis points in 2008. The gross margin on assets under management before securities purchased from our money market funds and investment-related gains/(losses) was 50 basis points in 2009, compared to 38 basis points in 2008.

Assets under management – Asset Management

		in / end of		% change	
	2009	2008	2007	09 / 08	08 / 07
Assets under management (CHF billion)					
Private equity	31.6	37.2	32.5	(15.1)	14.5
Real estate	36.8	34.4	37.4	7.0	(8.0)
Credit strategies	16.3	13.1	28.6	24.4	(54.2)
Liquid strategies [1]	69.2	54.9	63.3	26.0	(13.3)
Other	4.0	2.3	3.0	73.9	(23.3)
Alternative investment strategies	**157.9**	**141.9**	**164.8**	11.3	(13.9)
Multi-asset class solutions	170.2	159.9	219.9	6.4	(27.3)
Other	70.6	94.4	189.9	(25.2)	(50.3)
Traditional investment strategies	**240.8**	**254.3**	**409.8**	(5.3)	(37.9)
Equity participations and joint ventures [2]	**17.3**	**15.3**	**24.8**	13.1	(38.3)
Assets under management	**416.0**	**411.5**	**599.4**	1.1	(31.3)
Assets under management by currency (CHF billion)					
USD	94.8	105.9	161.2	(10.5)	(34.3)
EUR	61.5	56.5	74.9	8.8	(24.6)
CHF	240.3	224.6	297.9	7.0	(24.6)
Other	19.4	24.5	65.4	(20.8)	(62.5)
Assets under management	**416.0**	**411.5**	**599.4**	1.1	(31.3)
Growth in assets under management (CHF billion)					
Net new assets	0.4	(63.3)	(3.6)	–	–
Other effects	4.1	(124.6)	15.5	–	–
of which market movements	30.7	(78.6)	11.4	–	–
of which currency	0.2	(23.5)	(10.3)	–	–
of which other	(26.8) [3]	(22.5)	14.4 [4, 5]	–	–
Growth in assets under management	**4.5**	**(187.9)**	**11.9**	–	–
Growth in assets under management (%)					
Net new assets	0.1	(10.6)	(0.6)	–	–
Other effects	1.0	(20.8)	2.6	–	–

Growth in assets under management	**1.1**	**(31.4)**	**2.0**	**–**	**–**
Principal investments (CHF billion)					
Principal investments [6]	3.8	4.0	3.3	(5.0)	21.2

1 Includes multi-manager hedge funds, single-manager hedge fund strategies and index strategies. 2 Includes Hedging-Griffo and Credit Suisse (Brazil). 3 Includes assets under management of the managed lending business transferred to Investment Banking of CHF 13.2 billion and reductions relating to the sale of two joint ventures. 4 Includes CHF 16.6 billion of assets under management relating to the acquisition of Hedging-Griffo. 5 Includes outflows from the sale of the insurance business. 6 Includes primarily private equity investments.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 versus 2007.

Net revenues

Net revenues before investment-related gains/(losses) include asset management fees (including fees from fund administration services), performance-based fees and carried interest, placement fees, revenues from joint ventures and strategic collaborations and realized and unrealized gains and losses on securities purchased from our money market funds. Investment-related gains/(losses) include realized and unrealized gains and losses and net interest and dividend income on investments.

Alternative investment strategies
2009 vs 2008: Down 13% from CHF 997 million to CHF 864 million
The decrease was mainly due to lower revenues in private equity, partially offset by higher revenues in liquid strategies. The decrease in private equity revenues was due to lower placement fees in a challenging fund raising environment, higher allocated funding costs and lower performance fees and carried interest, partially offset by an increase in asset management fees. 2008 private equity revenues included CHF 49 million in losses from our investment in Ospraie. Real estate revenue decreased due to lower asset management fees. The increase in liquid strategies revenues reflected losses in 2008 associated with proprietary hedge fund positions, and higher performance fees relating to management of the PAF, partially offset by lower asset management fees in 2009.

2008 vs 2007: Down 30% from CHF 1,429 million to CHF 997 million
The decrease was mainly due to lower revenues across all strategies. The decrease in private equity revenues reflected lower placement and performance fees and carried interest and the losses from our investment in Ospraie, which was adversely impacted by the closing of one of its major funds, partially offset by lower allocated funding costs. The decline in real estate revenues was mainly from lower placement fees. The decrease in liquid strategies was mainly due to losses associated with proprietary hedge fund positions, including seed capital investments, lower asset management fees, reflecting lower average assets under management, and lower performance fees and carried interest. The decline in credit strategies reflected lower revenues from our leveraged corporate investment business.

Traditional investment strategies
2009 vs 2008: Down 14% from CHF 804 million to CHF 692 million
The decrease was mainly due to significantly lower asset management fees from multi-asset class solutions, reflecting a 13.1% decline in average assets under management, and a shift into lower margin products, partially offset by

realized gains on securities acquired from client securities lending portfolios and higher fees from fund administration services.

2008 vs 2007: Down 26% from CHF 1,089 million to CHF 804 million

The decrease was mainly due to lower fees as a result of lower average assets under management across most products and lower fees from our Luxembourg-based funds, reflecting weak performance.

Equity participations and joint ventures
2009 vs 2008: Up 211% from CHF 174 million to CHF 542 million
The increase was mainly due to the CHF 228 million gain from the Aberdeen transaction, increased performance-based fees from Hedging-Griffo, the CHF 39 million net gain from the sale of PKO Bank Polski and the CHF 19 million gain from the sale of Woori Credit Suisse Asset Management. 2008 included an impairment charge on the Korean joint venture.

2008 vs 2007: Up 2% from CHF 171 million to CHF 174 million

The increase was mainly due to higher asset management fees from Hedging-Griffo, which we acquired in the fourth quarter of 2007, mostly offset by an impairment charge on the Korean joint venture and lower performance-based fees from Credit Suisse (Brazil).

Investment-related gains/(losses)
2009 vs 2008: From CHF (656) million to CHF (365) million
In 2009, we had unrealized losses in private equity investments, mainly in the real estate, financial services and energy sectors, partially offset by unrealized gains in credit-related investments. 2008 included unrealized losses in private equity investments, mainly in the real estate, financial services and commodity sectors, and in credit-related and emerging market investments.

2008 vs 2007: Down from CHF 621 million to CHF (656) million
In 2008, we had unrealized losses in private equity investments, mainly in the real estate, financial services and commodity sectors, and in credit-related and emerging market investments. 2007 included realized and unrealized gains in private equity investments, mainly in the pharmaceutical, real estate, energy and commodity sectors, and in emerging markets investments, partially offset by unrealized losses in credit-related investments.

Operating expenses

Compensation and benefits
2009 vs 2008: Up 3% from CHF 1,055 million to CHF 1,090 million
The increase was mainly due to higher performance-related compensation, due to the deferral of compensation under the CRA program in 2008, and the amortization of CRA in 2009, partially offset by lower deferred compensation from prior-year share awards and lower salaries.

2008 vs 2007: Down 18% from CHF 1,286 million to CHF 1,055 million
The decrease was mainly due to lower performance-based compensation reflecting lower results and the deferral of compensation under the CRA program. Compensation in 2008 included CHF 47 million of severance costs relating to realignments.

General and administrative expenses
2009 vs 2008: Down 8% from CHF 604 million to CHF 557 million

The decrease mainly reflected the CHF 41 million impairment charge on acquired intangible assets in 2008, partially offset by higher non-credit-related provisions. Other general and administrative expenses were stable, reflecting our focus on cost management.

2008 vs 2007: Up 11% from CHF 545 million to CHF 604 million
The increase was mainly due to the impairment charge of CHF 41 million on acquired intangible assets and slightly higher general and administrative expenses across most categories, partially offset by lower professional fees.

Personnel

In 2009, headcount was 3,100, stable compared to 2008 and down significantly from 2007. Headcount in 2008 included a reduction of 400 employees due to the Aberdeen transaction.

Corporate Center

In 2009, we recorded a loss from continuing operations before taxes of CHF 1,948 million primarily associated with litigation provisions and fair value adjustments on Credit Suisse debt.

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

The following provides a comparison of our 2009 results versus 2008 and 2008 results versus 2007.

Loss from continuing operations before taxes

2009 vs 2008: From CHF (1,036) million to CHF (1,948) million
The increased loss primarily reflected litigation provisions of CHF 705 million relating to the settlement of the US sanctions matter of CHF 560 million and ARS of CHF 135 million. Additionally, Corporate Center included the negative difference between the straight-line amortization and the net impact of fair valuation adjustments on Credit Suisse debt from changes in credit spreads of CHF 327 million, the elimination of the Aberdeen gain in discontinued operations in Asset Management of CHF 228 million and a CHF 100 million cost for captive insurance settlements for non-credit-related provisions in Wealth Management Clients.

2008 vs 2007: From CHF (192) million to CHF (1,036) million
The increased loss primarily reflected costs of CHF 833 million associated with the accelerated implementation of our strategic plan. These costs included CHF 596 million of severance and other compensation expenses and CHF 120 million of IT-related impairments and write-offs. The decision to exit our non-integrated mortgage origination business in Investment Banking resulted in CHF 82 million of goodwill impairment. The increased loss also reflected CHF 150 million for captive insurance settlements relating to ARS.

Results

			in		% change
	2009	2008	2007	09 / 08	08 / 07

Statements of operations (CHF million)					
Net revenues	**(424)**	**294**	**43**	–	–
Provision for credit losses	**0**	**1**	**(2)**	(100)	–
Compensation and benefits	534	858	178	(38)	382
General and administrative expenses	908	422	136	115	210
Commission expenses	82	49	(77)	67	–
Total other operating expenses	990	471	59	110	–
Total operating expenses	**1,524**	**1,329**	**237**	15	461
Loss from continuing operations before taxes	**(1,948)**	**(1,036)**	**(192)**	88	440

Results overview

	Private Banking			Investment Banking			Asset Management			Corporate Center		
in / end of	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Statements of operations (CHF million)												
Net revenues	**11,662**	**12,907**	**13,522**	**20,537**	**(1,971)**	**18,584**	**1,842**	**632**	**2,390**	**(424)**	**294**	**43**
Provision for credit losses	**180**	**133**	**(59)**	**326**	**679**	**301**	**0**	**0**	**0**	**0**	**1**	**(2)**
Compensation and benefits	4,651	4,260	4,529	8,652	7,006	9,989	1,090	1,055	1,286	534	858	178
General and administrative expenses	2,580	3,919	2,670	3,559	2,794	3,416	557	604	545	908	422	136
Commission expenses	600	745	896	1,155	1,342	1,382	160	158	209	82	49	(77)
Total other operating expenses	3,180	4,664	3,566	4,714	4,136	4,798	717	762	754	990	471	59
Total operating expenses	**7,831**	**8,924**	**8,095**	**13,366**	**11,142**	**14,787**	**1,807**	**1,817**	**2,040**	**1,524**	**1,329**	**237**
Income/(loss) from continuing operations before taxes	**3,651**	**3,850**	**5,486**	**6,845**	**(13,792)**	**3,496**	**35**	**(1,185)**	**350**	**(1,948)**	**(1,036)**	**(192)**
Income tax expense/(benefit)	–	–	–	–	–	–	–	–	–	–	–	

Income/(loss) from continuing operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Income from discontinued operations	–	–	–	–	–	–	–	–	–	–	–	
Net income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Less net income/(loss) attributable to noncontrolling interests	–	–	–	–	–	–	–	–	–	–	–	
Net income/(loss) attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Statement of operations metrics (%)												
Cost/income ratio	67.1	69.1	59.9	65.1	–	79.6	98.1	287.5	85.4	–	–	
Pre-tax income margin	31.3	29.8	40.6	33.3	–	18.8	1.9	(187.5)	14.6	–	–	
Effective tax rate	–	–	–	–	–	–	–	–	–	–	–	
Income margin from continuing operations	–	–	–	–	–	–	–	–	–	–	–	
Net income margin	–	–	–	–	–	–	–	–	–	–	–	
Utilized economic capital and return												
Average utilized economic capital (CHF million)	6,906	6,778	6,494	20,782	29,342	37,503	3,408	3,273	2,725	(31)[2]	(10)[2]	(343)
Pre-tax return on average utilized economic capital (%) [3]	53.3	57.3	85.1	33.5	(46.6)	9.9	2.1	(34.9)	14.8	–	–	
Balance sheet statistics (CHF million)												
Total assets	345,488	374,771	376,800	819,081	976,713	1,140,740	19,289	21,580	27,784	(161,826)	(217,147)	(201,947)
Net loans	175,245	174,880	175,506	61,939	60,837	64,892	–	–	–	(4)	80	136
Goodwill	789	765	975	6,843	6,972	7,465	1,635	1,593	2,442	–	–	
Number of employees (full-time equivalents)												
Number of employees	24,300	24,400	23,200	19,400	19,600	20,500	3,100	3,100	3,700	800	700	700

1 Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncont
benefit. 3 Calculated using a return excluding interest costs for allocated goodwill.

Assets under management

As of December 31, 2009, assets under management from continuing operations were CHF 1,229.0 billion, up 11.1% compared to December 31, 2008, primarily reflecting net new assets in Private Banking of CHF 41.6 billion and positive market movements.

Assets under management and client assets

			end of		% change
	2009	2008	2007	09 / 08	08 / 07
Assets under management (CHF billion)					
Private Banking	914.9	788.9	995.4	16.0	(20.7)
Asset Management	416.0	411.5	599.4	1.1	(31.3)
Assets managed by Asset Management for Private Banking clients	(101.9)	(94.3)	(132.0)	8.1	(28.6)
Assets under management from continuing operations	**1,229.0**	**1,106.1**	**1,462.8**	11.1	(24.4)
of which discretionary assets	422.3	416.1	586.9	1.5	(29.1)
of which advisory assets	806.7	690.0	875.9	16.9	(21.2)
Discontinued operations [1]	0.0	67.9	91.9	(100.0)	(26.1)
Assets under management	**1,229.0**	**1,174.0**	**1,554.7**	4.7	(24.5)
Client assets (CHF billion)					
Private Banking	1,063.4	919.9	1,159.4	15.6	(20.7)
Asset Management	444.7	425.1	629.8	4.6	(32.5)
Assets managed by Asset Management for Private Banking clients	(101.9)	(94.3)	(132.0)	8.1	(28.6)
Client assets from continuing operations	**1,406.2**	**1,250.7**	**1,657.2**	12.4	(24.5)
Discontinued operations [1]	0.0	67.9	91.9	(100.0)	(26.1)
Client assets	**1,406.2**	**1,318.6**	**1,749.1**	6.6	(24.6)

1 Includes assets under management relating to the sale of part of our traditional investment strategies business in Asset Management. Prior periods have been restated to conform to the current presentation.

Growth in assets under management

in	2009	2008	2007
Growth in assets under management (CHF billion)			
Private Banking	41.6	50.9	53.5

Asset Management	0.4	(63.3)	(3.6)
Assets managed by Asset Management for Private Banking clients	2.2	9.4	(6.7)
Net new assets	**44.2**	**(3.0)**	**43.2**
Private Banking	84.4	(257.4)	1.6
Asset Management	4.1	(124.6)	15.5
Assets managed by Asset Management for Private Banking clients	(9.8)	28.3	(0.2)
Other effects	**78.7**	**(353.7)**	**16.9**
Private Banking	126.0	(206.5)	55.1
Asset Management	4.5	(187.9)	11.9
Assets managed by Asset Management for Private Banking clients	(7.6)	37.7	(6.9)
Total growth in assets under management from continuing operations	**122.9**	**(356.7)**	**60.1**
Total growth in assets under management from discontinued operations [1]	(67.9)	(24.0)	9.5
Total growth in assets under management	**55.0**	**(380.7)**	**69.6**
Growth in assets under management (%) [2]			
Private Banking	5.3	5.1	5.7
Asset Management	0.1	(10.6)	(0.6)
Assets managed by Asset Management for Private Banking clients	(2.3)	(7.1)	5.4
Net new assets	**4.0**	**(0.2)**	**3.1**
Private Banking	10.7	(25.9)	0.2
Asset Management	1.0	(20.8)	2.6
Assets managed by Asset Management for Private Banking clients	10.4	(21.4)	0.2
Other effects	**7.1**	**(24.2)**	**1.2**
Private Banking	16.0	(20.8)	5.9

Asset Management	1.1	(31.4)	2.0
Assets managed by Asset Management for Private Banking clients	8.1	(28.5)	5.6
Total growth in assets under management	**11.1**	**(24.4)**	**4.3**

1 Includes assets under management relating to the sale of part of our traditional investment strategies business in Asset Management. Prior periods have been restated to conform to the current presentation. 2 Calculated based on continuing operations.

Assets under management

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

Discretionary assets are assets for which the customer fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the segment in which the advice is provided, as well as in the segment in which the investment decisions take place. Assets managed by Asset Management for Private Banking clients are reported in both segments and eliminated at Group level.

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

As of December 31, 2009, assets under management from continuing operations were CHF 1,229.0 billion, up CHF 122.9 billion, or 11.1%, compared to December 31, 2008, primarily reflecting net new assets in Private Banking of CHF 41.6 billion and positive market movements.

In Private Banking, assets under management were CHF 914.9 billion, up CHF 126.0 billion, or 16.0%, compared to the end of 2008. In Asset Management, assets under management were CHF 416.0 billion, up CHF 4.5 billion, or 1.1%, compared to the end of 2008, as positive market movements were mostly offset by other effects, including the transfer of the managed lending business to Investment Banking and the sale of two joint ventures. For further information, refer to II – Operating and financial review – Private Banking and – Asset Management.

Net new assets

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

Private Banking recorded net new assets of CHF 41.6 billion, with strong inflows in both the international and Swiss businesses. Asset Management recorded net new assets of CHF 0.4 billion, compared to net asset outflows of CHF 63.3 billion in 2008, as net inflows in alternative investment strategies were mostly offset by net outflows in traditional investment strategies.

Client assets

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

Critical accounting estimates

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

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

Fair value

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

In addition, we hold financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, concentration, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain OTC derivatives, certain corporate, mortgage-related and CDO securities, certain equity derivatives and equity-linked securities, private equity investments, certain loans and credit products (including leveraged finance, certain syndicated loans and certain high-grade bonds) and life finance instruments.

We have availed ourselves of the simplification in accounting offered under the fair value option guidance in Accounting Standards Codification (ASC) Topic 820 – Fair Value Measurements and Disclosures, primarily in the Investment Banking and Asset Management segments. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. For instruments for which there was an inability to achieve hedge accounting and for which we are economically hedged, we have elected the fair value option. Where we manage an activity on a fair value basis but previously have been unable to achieve fair value accounting, we have utilized the fair value option to align our financial accounting to our risk management reporting.

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

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

For further information on fair value, refer to Note 2 – Recently issued accounting standards and Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

Variable interest entities

As a normal part of our business, we engage in various transactions that include entities which are considered >>variable interest entities (VIEs). VIEs are special purpose entities (SPEs) that typically lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that will absorb the majority of expected losses, receive the majority of the expected residual returns, or both. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, initially and if certain events occur that require us to reassess whether consolidation is required, may require the exercise of significant management judgment.

For further information on VIEs, refer to Note 1 – Summary of significant accounting policies, Note 2 – Recently issued accounting standards and Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

Contingencies and loss provisions

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

Litigation contingencies

From time to time, we are involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of our businesses. It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken for costs of defense, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel and other advisers, our defenses and experience in similar cases or proceedings as well as our assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

For further information on legal proceedings, refer to IX – Additional information – Legal proceedings and Note 36 – Litigation in V – Consolidated financial statements – Credit Suisse Group.

Allowance and provision for losses

As a normal part of our business, we are exposed to credit risks through our lending relationships, commitments and letters of credit as well as counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the risk that a borrower or counterparty is unable to meet its financial obligations. In the event of a default, we generally incur a loss equal to the amount owed by the counterparty, less a recovery amount resulting from foreclosure, liquidation of collateral or restructuring of the counterparty's obligation. The allowance for loan losses is considered adequate to absorb credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

For further information on allowance for loan losses, refer to Note 1 – Summary of significant accounting policies and Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group.

Inherent loan loss allowance

The inherent loan loss allowance is for all credit exposures not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The inherent loan loss allowance is established by analyzing historical and current default probabilities, historical recovery assumptions and internal risk ratings. The methodology for Investment Banking adjusts the rating-specific default probabilities to incorporate not only historic third-party data over a period but also those implied from current quoted credit spreads.

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

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

Specific loan loss allowances

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

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

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

Goodwill impairment

Under US GAAP, goodwill is not amortized, but is reviewed for a potential impairment on an annual basis as of December 31 and at any other time that events or circumstances indicate that the carrying value of goodwill may not be recoverable. Circumstances that could trigger an impairment test include, but are not limited to: a significant adverse change in the business climate or legal factors; an adverse action or assessment by a regulator or additional regulatory or legislative changes; unanticipated competition; loss of key personnel; the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise disposed of; results of testing for recoverability of a significant asset group within a reporting unit; and recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit.

For the purpose of testing goodwill for impairment, each reporting unit is assessed individually. A reporting unit is an operating segment or one level below an operating segment, also referred to as a component. A component of an operating segment is deemed to be a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. In Private Banking, Wealth Management Clients and Corporate & Institutional Clients are considered to be reporting units, and Investment Banking is considered to be one reporting unit. In Asset Management, alternative investment strategies and traditional investment strategies are considered to be reporting units. If the estimated >>fair value of a reporting unit exceeds its carrying value, there is no goodwill impairment. Factors considered in determining the fair value of reporting units include, among other things: an evaluation of recent acquisitions of similar entities in the market place; current share values in the market place for similar publicly traded entities, including price multiples; recent trends in our share price and those of competitors; estimates of our future earnings potential based on our three-year strategic business plan; and the level of interest rates.

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

For further information on goodwill and related impairment testing, refer to Note 19 – Goodwill and other intangible assets in V – Consolidated financial statements – Credit Suisse Group.

Taxes

Uncertainty of income tax positions

The Group has applied the guidance contained in ASC Topic 740 – Income Taxes, to evaluate income tax positions.

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

For further information, refer to Note 2 – Recently issued accounting standards and Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Deferred tax valuation allowances

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

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

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

Management concluded that, with one exception noted below, no valuation allowance was needed against the deferred tax assets of its major operating entities. As part of its normal practice, management has conducted a detailed evaluation of its expected future results. This evaluation has taken into account the Group's commitment to the integrated banking model and the importance of the Investment Banking segment within the integrated bank, as well as the changes in the Group's core businesses and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant deferred tax assets, such as the US and UK. Management then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20 year carry-forward period for net operating losses and UK tax law allows for an unlimited carry-forward period for net operating losses. Management concluded, based on this analysis, that a partial valuation allowance against deferred tax assets was appropriate for one of its operating entities in the US.

As of December 31, 2009 and 2008, we had deferred tax assets resulting from temporary differences and from net operating losses that could reduce taxable income in future periods. The consolidated balance sheets as of December 31, 2009 and 2008 included gross deferred tax assets of CHF 13.3 billion and CHF 15.4 billion, respectively, and gross deferred tax liabilities of CHF 1.7 billion and CHF 2.7 billion, respectively. The decrease in net deferred tax assets from 2008 to 2009 was primarily due to the reduction in deferred tax assets on net operating losses. Due to uncertainty concerning our ability to generate the necessary amount and mix of taxable income in future periods, we recorded a valuation allowance against deferred tax assets in the amount of CHF 2.8 billion and CHF 3.0 billion as of December 31, 2009 and 2008, respectively, which related primarily to deferred tax assets on net operating loss carry-forwards.

For further information on deferred tax assets, refer to Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Pension plans

The Group

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

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

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

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI). In 2008 the Group changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2009 included an amount related to our assumption for future salary increases of CHF 1,202 million, compared to CHF 1,297 million as of December 31, 2008. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the >>fair value of plan assets and the ABO was an overfunding of CHF 67 million for 2009, compared to an overfunding of CHF 211 million for 2008.

We are required to estimate the expected long-term rate of return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of operations. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset mix. In calculating pension expense and in determining the expected long-term rate of return, we use the market value of assets. The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date.

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs in 2009 and 2008 was 4.8% and 5%, respectively, for the Swiss plans and 7.5% and 7.6%, respectively, for the international plans. In 2009, if the expected long-term rate of return had been increased/decreased 1%, net pension expense for the Swiss plans would have decreased/increased CHF 128 million and net pension expense for the international plans would have decreased/increased CHF 22 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The average discount rate used for Swiss plans decreased 0.4 percentage point from 3.9% as of December 31, 2008, to 3.5% as of December 31, 2009, mainly due to a decrease in Swiss bond market rates. The average discount rate used for international plans decreased 0.3 percentage point from 6.3% as of December 31, 2008, to 6.0% as of December 31, 2009, mainly due to a decrease in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2009, a 1% decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,827 million and an increase in pension expense of CHF 128 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,592 million and a decrease in the pension expense of CHF 9 million. A 1% decline in the discount rate for the international plans as of December 31, 2009 would have resulted in an increase in the PBO of CHF 502 million and an increase in pension expense of CHF 44 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 400 million and a decrease in the pension expense of CHF 30 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2009, was approximately ten years for the Swiss plans and six to 24 years for the international plans. The expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2009, 2008 and 2007 was CHF 60 million, CHF 79 million and CHF 158 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2010, which is assessed at the beginning of the year, is expected to be CHF 87 million, net of tax. The amount by which the actual return on plan assets differs from our estimate of the expected return on those assets further impacts the amount of net recognized actuarial losses, resulting in a higher or lower amount of amortization expense in periods after 2010.

For further information on our pension benefits, refer to Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. The funded status of the Group plan is recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs are recognized in equity as a component of AOCI. In 2008 the Bank changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

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

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

In 2009, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs would have been 4.8%. In 2009, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic pension cost for the international single-employer defined benefit pension plans was 7.5%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2009, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic pension cost would have been 3.5% and 3.9%, respectively. For the year ended December 31, 2009, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 6.0% and 6.3%, respectively. A 1% decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 502 million and an increase in pension expense of CHF 44 million, and a 1% increase in the discount rate would have resulted in a decrease in PBO of CHF 400 million and a decrease in pension expense by CHF 30 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2009, 2008 and 2007 was CHF 18 million, CHF 40 million and CHF 76 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2010, which is assessed at the beginning of the year, is expected to be CHF 22 million, net of tax.

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

Treasury, Risk, Balance sheet and Off-balance sheet

Treasury management

Risk management

Balance sheet, off-balance sheet and other contractual obligations

Treasury management

During 2009, we further strengthened our capital, balance sheet, liquidity and funding. The majority of our unsecured funding is generated from stable client deposits and long-term debt. Our consolidated BIS tier 1 ratio was 16.3% as of the end of 2009 and our leverage ratio was 4.2%.

Funding, liquidity, capital and our foreign exchange exposures in the banking book are managed centrally by Treasury. Oversight of these activities is provided by Capital Allocation and Risk Management Committee (CARMC), a committee that includes the CEOs of the Group and the divisions, the CFO, the CRO and the Treasurer. It is CARMC's responsibility to review the capital position, balance sheet development, current and prospective funding and interest rate risk and foreign exchange exposure and to define and monitor adherence to internal risk limits.

Liquidity and funding management

Our liquidity and funding strategy is approved by CARMC and overseen by the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to our funding policy and the efficient coordination of the secured funding desks. This approach enhances our ability to manage potential liquidity and funding risks and to promptly adjust our liquidity and funding levels to meet any stress situation. Our liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define our risk tolerance and the balance sheet usage of the businesses.

Our liquidity and funding profile reflects our risk appetite, business activities, strategy, the markets and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis and the subsequent change in our business strategy. Our liquidity risk management also reflects evolving best practice standards in light of the challenging environment. We are an active participant in regulatory and industry forums to promote best practice standards on liquidity management, including the Basel Committee on Banking Supervision (BCBS) and the Institute of International Finance. In 2009, we continued to adapt our liquidity management as we anticipated increased liquidity requirements in discussion with our regulators and in industry forums. In December 2009, the BCBS published consultative proposals to strengthen the resilience of the banking sector. The proposals are aimed at strengthening capital and liquidity regulations. The BCBS proposals are not expected to be finalized until later in 2010 following an impact assessment by the BCBS and are expected to be implemented over a period of time. The impact of these proposals on us will be assessed as the details and timing of the implementation are clarified. Final BCBS requirements may be adjusted when implemented by Swiss Financial Market Supervisory Authority (FINMA) and our other regulators. Once finalized, we expect that the BCBS liquidity framework will help to increase transparency and comparability among global banks. We expect FINMA to introduce additional liquidity requirements, which may be incremental to those of the BCBS, effective from the third quarter of 2010. We expect the costs associated with additional liquidity requirements to increase. For more information, refer to I – Information on the company – Regulation and supervision.

We discuss below how we manage our liquidity and funding and how our approach has enabled us to manage successfully through the credit and financial markets dislocations in 2008 to further strengthen our position in 2009.

For further information on the market environment, refer to II – Operating and financial review – Operating environment.

Liquidity risk management

Our internal liquidity risk management framework has been subject to review and monitoring by regulators and rating agencies for many years. Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this due to a conservative asset/liability management strategy aimed at maintaining a funding structure with long-term wholesale and stable deposit funding and cash well in excess of illiquid assets. To address short-term liquidity stress we maintain a buffer of highly liquid securities and cash that covers unexpected needs of short-term liquidity. We have increased our unsecured long-term debt and liquid assets in amounts greater than required for funding our businesses in order to adequately manage liquidity risk. Our funding and liquidity costs have increased as a result.

Our targeted funding profile is designed to enable us to continue to pursue activities for an extended period of time without changing business plans during times of stress. The principal measure used to monitor our liquidity position is the "liquidity barometer," which allows us to manage the time horizon over which the adjusted market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments. The barometer is a key component of our liquidity risk management framework under which we model both Credit Suisse specific and systemic market stress scenarios. This framework is supplemented by the modeling of additional stress events and additional liquidity risk measurement tools.

CARMC reviews the methodology and assumptions of the liquidity risk management framework and determines the liquidity horizon to be maintained by Treasury in order to ensure that the liquidity profile is managed at an appropriate level. We manage our liquidity profile at a level such that, in the event that we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time well in excess of our minimum target of 160 days. Our highly integrated liquidity risk management framework is based on similar methodologies as those contemplated under the BCBS proposals for short-term and long-term funding.

The stress assumptions we apply to our balance sheet are in line with the BCBS proposals and include, but are not limited to, the following:

– A two-notch downgrade in the Bank's long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations at the end of 2009, including a >>commercial paper (CP) conduit and draw-downs on unfunded bank liabilities, as well as increased collateral requirements to support derivatives contracts (the BCBS proposals are based on a three-notch downgrade, which would not materially impact our assessment);

– Significant withdrawals from private banking client deposits;

– Potential cash outflows associated with the prime brokerage business;

– Availability of secured funding is subject to significant over-collateralization depending on the collateral type, and certain asset classes such as real estate loans and emerging market securities may become ineligible for secured funding;

– Capital markets, certificates of deposit and CP markets will not be available;

– Other money market access will be significantly reduced;

– A loss in funding value of unencumbered assets;

– The inaccessibility of assets held by subsidiaries due to regulatory, operational and other constraints; and

– The possibility of providing non-contractual liquidity support in times of market stress, including purchasing our unsecured debt.

Immediately at the start of the financial market crisis, we increased the frequency of our risk reporting, adjusted the transfer pricing processes to promote efficient usage of liquidity, reviewed emerging market funding risks with a particular focus on offshore and country risks and adopted new liquidity risk measurement tools, such as the Modified Funding Capacity Analysis (MFCA). The MFCA dealt specifically with potential impacts and risks from the specific market dislocations and our relevant business exposures. We combined the results of the analysis with our contingency plans in order to be able to respond to any stress without delay. The tool was particularly valuable in assessing short-term impacts on funding in an adverse market environment, including specific counterparty and market stress, and complemented our liquidity barometer methodology. In 2009 we integrated the MFCA into our permanent liquidity risk management framework, and it is now fully embedded into our barometer methodology.

Treasury also manages a sizeable portfolio of liquid assets, comprised of high grade bonds and cash, which serve as a liquidity buffer. The bonds are eligible for repo transactions with various central banks including the Swiss National Bank, the US Federal Reserve, the European Central Bank and the Bank of England. We expect that our portfolio of high grade bonds would qualify as eligible assets for purposes of the proposed BCBS liquidity ratio. In response to the credit crisis, many central banks widened the range of eligible securities which they accept as collateral and also introduced new refinancing facilities. These new facilities have been tested to serve as a secondary source of liquidity. We have always assumed that these expanded programs are temporary in nature and have not relied on them. As of the end of 2009, our liquid assets included CHF 135 billion of cash and securities accepted under central bank facilities, stable from the end of 2008, despite the decrease in our balance sheet and the extension of the maturity of our funding profile.

In the event of a liquidity crisis, we would activate our liquidity contingency plan, which focuses on the specific actions that would be taken in the event of a crisis, including a detailed communication plan for creditors, investors and customers. The plan, which is regularly updated, sets out a three-stage process of the specific actions that would be taken:

– Stage I – Market disruption or Group/Bank event

– Stage II – Unsecured markets partially inaccessible

– Stage III – Unsecured funding totally inaccessible

The contingency plan would be activated by the Liquidity Crisis Committee, which includes senior business line, funding and finance department management. This committee would meet frequently throughout the crisis to ensure that the plan is executed. In response to the severe dislocation in the credit markets, we introduced additional liquidity stress assumptions to address systemic liquidity risk and increased our liquid assets and funding profile for scenarios in which credit markets become dislocated.

Funding

We primarily fund our balance sheet through long-term debt, shareholders' equity and core customer deposits. A substantial portion of our balance sheet is >>match funded and requires no unsecured funding. Cash and due from banks is highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, are comprised of securities inventories and collateralized receivables, which fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities. Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess buffer of 22% as of December 31, 2009. We fund other illiquid assets, including real estate, private equity and other long-term investments and a >>haircut for the illiquid portion of securities, with long-term debt and equity, where we try to maintain a substantial funding buffer. For more information, refer to the table "Balance sheet funding structure" and – Balance sheet and off-balance sheet.

Our core customer deposits totaled CHF 279 billion as of the end of 2009, an increase of 5% compared to year end 2008, These deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits with banks and certificates of deposits. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions.

Our core customer deposit funding is supplemented by the issuance of long-term debt. In 2009, we benefitted from a strong recovery in funding markets. We were able to fully execute the 2009 funding plan despite difficult market conditions in the earlier part of the year and pre-funded a portion of our expected 2010 funding needs.

Treasury is responsible for the development, execution and regular updating of our funding plan which reflects projected business growth, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market conditions.

The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Debt issuances

Our capital markets debt issuance includes issues of senior and subordinated debt in US registered offerings and medium-term note programs, euro market medium-term note programs and a Samurai shelf registration statement in Japan. As a global bank, we have access to multiple markets worldwide and our major funding operations include Zurich, New York, London and Tokyo. We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants that could trigger an increase of our cost of financing or accelerate the maturity of the debt, including adverse changes in our credit ratings, cash flows, results of operations or financial ratios.

Our long-term debt increased CHF 8.7 billion from the end of 2008, primarily due to an increase in senior debt, partly offset by a decrease in subordinated debt capital securities. In 2009 we further reduced due to banks and short-term debt to CHF 52 billion from CHF 100 billion in 2008, and extended our maturity profile. The percentage of unsecured funding from long-term debt was 32% as of the end of 2009, an increase of three percentage points from 2008. The weighted average maturity of long-term debt was 6.4 years (including certificates of deposits with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity). In 2009, we raised CHF 6.3 billion of covered bonds, CHF 15.9 billion of senior debt securities and CHF 139 million of subordinated debt securities, while CHF 671 million of covered bonds, CHF 10.8 billion of senior debt securities and CHF 1.9 billion of subordinated debt securities matured or were redeemed. Credit Suisse did not participate in any government guaranteed debt issuance program. For information on capital securities, refer to – Capital management.

Interest expense on long-term debt, excluding structured notes, is monitored and managed relative to certain indices, such as London Interbank Offered Rate, that are relevant to the financial services industry. This approach to term funding best reflects the sensitivity of both our liabilities and our assets to changes in interest rates. Funding spreads relative to such indices narrowed significantly for Credit Suisse during the second half of 2009, and the level of interest rates and indices was low. Our average funding spread, which is allocated to the divisions, increased compared to the end of 2008, primarily reflecting the long-term debt and hybrid tier 1 capital issued in the fourth quarter of 2008 during the financial crisis.

We continually work to manage the impact of funding spreads through careful management of our liability maturity mix and opportunistic issuance of debt. The effect of funding spreads on interest expense will depend on many factors, including the absolute level of the indices on which our funding is based.

We also raise secured funding in the form of mortgage-backed loans funded by covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss parliament to centralize the issuance of covered bonds.

We diversify our funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. We generally hedge structured notes with positions in the underlying assets or derivatives. Our liquidity planning includes settlement of structured notes. We had CHF 40.9 billion of structured notes outstanding as of the end of 2009 compared to CHF 48.7 billion as of the end of 2008, reflecting the continued change in client activity and risk aversion in 2009.

Our primary sources of liquidity are through consolidated entities. The funding through non-consolidated special purpose entities (SPEs) and asset securitization activity is immaterial.

For further information, refer to Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group.

In the first quarter of 2010, the Bank issued EUR 2.25 billion, USD 1.5 billion, AUD 1.1 billion, CHF 650 million and JPY 50 billion of senior debt with maturities ranging between four and seven years and issued USD 2.5 billion and CHF 200 million of subordinated debt with maturities of ten years. The Bank also raised CHF 614 million in covered bonds with multiple maturities.

Funds transfer pricing

We maintain an internal funds transfer pricing system based on market rates. Our funds transfer pricing system is designed to allocate to our businesses all funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Cash flows from operating, investing and financing activities

As a global financial institution, our cash flows are complex and interrelated and bear little relation to our net earnings and net assets. Consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the funding and liquidity policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends in our business.

For the year ended December 31, 2009, net cash used in operating activities of continuing operations was CHF 14.2 billion, reflecting a decrease in other liabilities and net cash used in trading assets and liabilities, partly offset by a decrease in other assets. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held-to-maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2009, net cash of CHF 62.1 billion was provided by investing activities from continuing operations, primarily due to the decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares and had no active share buyback program in 2009. In 2009, net cash used in financing activities of continuing operations was CHF 84.9 billion, mainly reflecting repayments of long-term debt, a decrease in central bank funds purchased, securities sold under >>repurchase agreements and securities lending transactions and a decrease in due to banks and customer deposits, offset by issuances of long-term debt.

Credit ratings

Our access to the debt capital markets and our borrowing costs depend significantly on our credit ratings. Rating agencies take many factors into consideration in determining a company's rating, including such factors as earnings performance, business mix, market position, ownership, financial strategy, level of capital, risk management policies and practices, management team and the broader outlook for the financial services industry. The rating agencies may raise, lower or withdraw their ratings, or publicly announce an intention to raise or lower their ratings, at any time.

Although retail and private bank deposits are generally less sensitive to changes in a bank's credit ratings, the cost and availability of other sources of unsecured external funding is generally a function of credit ratings. Credit ratings are especially important to us when competing in certain markets and when seeking to engage in longer-term transactions, including >>over-the-counter (OTC) derivative instruments.

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions under certain of our trading and collateralized financing contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two notch downgrade in our credit ratings. The impact of a one, two and three notch downgrade in the Bank's long-term debt ratings would result in additional collateral requirements of CHF 2.6 billion, CHF 4.9 billion and CHF 5.6 billion, respectively, as of December 31, 2009 and would not be material to our liquidity and funding planning.

For further information on the Group and Bank credit ratings, refer to X – Investor information.

Capital management

Capital management framework

Our capital management framework is intended to ensure that there is sufficient capital to support our underlying risks and to achieve management's regulatory and credit rating objectives. Our framework considers the capital needed to absorb losses, both realized and unrealized, while remaining a strongly capitalized institution. We focus on both the quantity and quality of capital and where in the legal structure it is best placed to support the anticipated needs of our business. Our overall capital needs are continually reviewed. Multi-year projections and capital plans are prepared for the Group and its major subsidiaries. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios. Capital contingency plans are developed in connection with these stress tests to ensure that possible mitigating actions are consistent with both the amount of capital at risk and the market conditions for accessing additional capital.

Regulatory capital

Overview

Both the Group and the Bank are subject to regulation by FINMA. In November 2008, a decree was issued by FINMA defining new capital adequacy and leverage ratio requirements, with compliance to be phased in by 2013. The new capital adequacy target will be in a range between 50% and 100% above the Pillar I requirements under Basel II. Under this agreement with FINMA, lower tier 2 capital will no longer qualify for regulatory capital after 2020, but can be issued through 2010. In addition, the decree includes leverage limits that require us to maintain by 2013 a leverage ratio of tier 1 capital to total assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis. Total assets are adjusted for purposes of calculating this leverage ratio. The adjustments include assets from Swiss lending activities (excluding Swiss interbank lending), cash and balances with central banks, certain Swiss franc >>reverse repurchase agreements and certain other assets, such as goodwill and intangible assets, that are excluded in determining regulatory tier 1 capital. FINMA has indicated that it expects the appropriate size of the additional capital buffer will be impacted by market conditions, but the intention is to ensure it can accommodate the procyclical aspects of this measurement tool.

The following table sets forth the leverage ratio of the Group and the Bank consolidated level as of December 31, 2009 and 2008, respectively.

Leverage ratio

	Group		Bank	
end of	2009	2008	2009	2008
Adjusted assets (CHF billion) [1]				
Average assets	1,047	1,312	1,026	1,291
Adjustments: Assets from Swiss lending activities [2]	(137)	(138)	(114)	(115)
Cash and balances with central banks	(32)	(38)	(32)	(38)
Other	(19)	(18)	(15)	(16)
Adjusted average assets	**859**	**1,118**	**865**	**1,122**
Tier 1 capital	**36.2**	**34.2**	**34.7**	**34.2**
Leverage ratio (%)	**4.2**	**3.1**	**4.0**	**3.0**

1 Adjusted assets are calculated as the average of the month-end values for the previous three calendar months. 2 Excludes Swiss interbank lending.

BIS statistics

			Group			Bank
end of	2009	2008	% change	2009	2008	% change
Risk-weighted assets (CHF million)						
Credit risk [1]	164,997	180,425	(9)	154,982	169,561	(9)
Non-counterparty risk	7,141	6,994	2	6,547	6,370	3
Market risk	17,458	39,911	(56)	17,011	39,108	(57)

Operational risk	32,013	30,137	6	32,013	30,137	6
Risk-weighted assets	**221,609**	**257,467**	(14)	**210,553**	**245,176**	(14)
Eligible capital (CHF million)						
Total shareholders' equity	37,517	32,302	16	31,228	26,868	16
Goodwill and intangible assets	(10,140)	(9,932)	2	(8,983)	(8,785)	2
Hybrid instruments [2]	12,198	12,140	–	11,617	11,897	(2)
Qualifying noncontrolling interests	1,742	1,701	2	4,762	4,860	(2)
Capital deductions 50% from tier 1	(837)	(479)	75	(779)	(484)	61
Other adjustments [3]	(4,273)	(1,524)	180	(3,150)	(164)	–
Tier 1 capital	**36,207**	**34,208**	6	**34,695**	**34,192**	1
Upper tier 2	1,989	3,021	(34)	2,681	3,581	(25)
Lower tier 2	8,369	9,340	(10)	9,723	10,550	(8)
Capital deductions 50% from tier 2	(837)	(479)	75	(779)	(484)	61
Tier 2 capital	**9,521**	**11,882**	(20)	**11,625**	**13,647**	(15)
Total eligible capital	**45,728**	**46,090**	(1)	**46,320**	**47,839**	(3)
Capital ratios (%)						
Tier 1 ratio	16.3	13.3	–	16.5	13.9	–
Total capital ratio	20.6	17.9	–	22.0	19.5	–

1 Also includes securitization risk, settlement risk and risk related to equity type securities in the banking book. 2 Non-cumulative perpetual preferred securities and capital notes. FINMA has advised that Credit Suisse Group and the Bank may continue to include as tier 1 capital CHF 1.7 billion and CHF 4.4 billion, respectively, in 2009 (2008: CH 1.8 billion and CHF 4.6 billion) of equity from special purpose entities that are deconsolidated under US GAAP. Hybrid tier 1 capital represented 32.9% and 32.7% (2008: 35.0% and 34.3%) of the Group's and the Bank's adjusted tier 1 capital, respectively, as of the end of 2009. Under the decree with FINMA, a maximum of 35% of tier 1 capital can be in the form of these hybrid capital instruments. 3 Includes cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 1 capital

end of	2009
Tier 1 capital (CHF million)	
Balance at beginning of period	**34,208**
Net income	6,724
Adjustments for fair value gains/(losses) reversed for regulatory purposes, net of tax	425
Foreign exchange impact on tier 1 capital	(456)
Recategorization of hybrid instruments in tier 1	339

Other	(5,033)
Balance at end of period	**36,207**

In addition, since January 1, 2008, Credit Suisse has operated under the international capital adequacy standards known as Basel II set forth by the BCBS as implemented by FINMA. These standards affect the measurement of both risk-weighted assets (RWAs) and eligible capital and are summarized below. In December 2009, the BCBS issued proposals, which included new eligibility criteria for tier 1 capital and the implementation of a leverage ratio. The BCBS proposals are expected to be finalized by year-end 2010 and implemented over time. Proposed risk measures derived from the balance sheet, such as the BCBS leverage ratio, may require extensive adjustments to account for differences in accounting standards. The impact of these proposals on Credit Suisse will be assessed as the details and the timing of implementation are clarified. Final BCBS requirements may be adjusted when implemented by FINMA and other regional regulators.

Credit Suisse believes it is well positioned to transition to the higher capital requirements under the BCBS proposals. The use of tier 1 capital instruments such as hybrid capital instruments would need to be reduced over time, resulting in a greater focus on core capital such as common shares and retained earnings. While Credit Suisse is already subject to a leverage ratio requirement, the BCBS proposal includes both balance sheet and off-balance sheet exposures on a nominal rather than adjusted basis.

Group

Our consolidated BIS tier 1 ratio was 16.3% as of the end of 2009, compared to 13.3% as of the end of 2008. The increase in the tier 1 ratio reflected the 14% decrease in RWAs and the 6% increase in tier 1 capital.

RWAs decreased CHF 35.9 billion to CHF 221.6 billion as of the end of 2009 due to reductions across credit and market risk and a minor US dollar foreign exchange translation impact. Credit risk decreased 9%, most significantly in Investment Banking primarily due to reductions in exit businesses. The 56% decline in market risk was primarily due to a decrease in incremental capital charges on trading book market RWAs and the reduction in scaled value-at-risk (VaR). For further information, refer to – Basel II – Description of regulatory approaches and Risk management – Market risk. Operational risk increased 6%, reflecting revised scenario parameters, partially offset by the foreign exchange translation impact.

Our tier 1 capital increased from CHF 34.2 billion as of the end of 2008 to CHF 36.2 billion as of the end of 2009. The increase was driven by net income (excluding the impact of fair value gains/(losses) on Credit Suisse debt, net of tax), partially offset by a dividend accrual, the effect of share-based compensation and foreign exchange translation impacts. Total eligible capital decreased from CHF 46.1 billion as of the end of 2008 to CHF 45.7 billion as of the end of 2009. Tier 2 capital decreased from CHF 11.9 billion to CHF 9.5 billion due to the regulatory amortization of lower tier 2 instruments, the call of two upper tier 2 notes, the recategorization of hybrid instruments to tier 1 capital (within allowable limits) and the reduction of the excess in eligible credit provisions over regulatory expected losses, partially offset by the issuance of lower tier 2 notes. For further information, refer to the table “BIS statistics”.

Our total capital ratio was 20.6% as of the end of 2009, an increase from 17.9% as of the end of 2008, primarily reflecting the decrease in RWAs.

Bank

The Bank’s consolidated BIS tier 1 ratio was 16.5% as of the end of 2009, an increase from 13.9% as of the end of 2008. The increase in the tier 1 ratio reflected the 14% decrease in RWAs and the 1% increase in tier 1 capital.

RWAs decreased CHF 34.6 billion to CHF 210.6 billion as of the end of 2009 and the Bank’s tier 1 capital increased from CHF 34.2 billion as of the end of 2008 to CHF 34.7 billion as of the end of 2009. The Bank’s consolidated total eligible capital decreased from CHF 47.8 billion as of the end of 2008 to CHF 46.3 billion as of the end of 2009.

The total capital ratio was 22.0% as of the end of 2009, an increase from 19.5% as of the end of 2008, primarily reflecting the decrease in RWAs, which more than offset the decrease in eligible capital.

The business of the Bank is substantially the same as the business of the Group. The trends for the Bank under Basel II are consistent with those for the Group.

The above chart illustrates the main types of balance sheet positions and off-balance sheet exposures that translate into market, credit, operational and non-counterparty risk RWAs. Market risk RWAs reflect the capital costs of potential changes in the fair values of financial instruments in response to market movements inherent in both the balance sheet and the off-balance sheet items. Credit risk RWAs reflect the capital costs of the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Operational risk RWAs reflect the capital costs of the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty risk RWAs primarily reflect the capital costs of our premises and equipment.

It is not the nominal size, but the nature (including risk mitigation such as collateral or hedges), of the balance sheet positions or off-balance sheet exposures that determines the RWAs.

Capital issuances in 2009

Our capital position remained strong during 2009. In March, the Bank issued USD 135 million of lower tier 2 notes, maturing in 2020 and with a par value of USD 221 million.

In the first quarter of 2010, the Bank issued USD 2.5 billion and CHF 200 million of subordinated debt with a maturity of ten years.

Capital structure

Tier 1 capital

Tier 1 capital in aggregate consists of shareholders' equity, qualifying noncontrolling interests in subsidiaries and hybrid tier 1 capital.

Qualifying noncontrolling interests include common shares in majority-owned and consolidated banking and finance subsidiaries as well as participation securities of the Bank issued to a third party SPE (tier 1 capital securities). The third party SPE issued perpetual, non-cumulative notes secured by the tier 1 capital securities of the Bank and preferred securities issued by a subsidiary of the Group that are guaranteed on a subordinated basis by the Bank. Payments of dividends on the tier 1 capital securities and preferred securities are subject to adequacy of distributable profits, no regulatory prohibition on payments on the tier 1 capital securities or the preferred securities and compliance with capital adequacy and liquidity requirements. The redemption of the tier 1 capital securities or the preferred securities is subject to capital adequacy, solvency and prior approval of FINMA.

Hybrid tier 1 instruments include preferred securities, which are issued by SPEs, and capital notes issued directly by the Bank. These hybrid tier 1 instruments are unsecured, perpetual, non-cumulative, deeply subordinated instruments senior only to common shares and qualifying noncontrolling interests. We are obligated to pay interest or dividends on hybrid tier 1 instruments only if we pay dividends on common shares and qualifying noncontrolling interests. These hybrid tier 1 instruments are risk-bearing on a comparable basis with common shares and qualifying noncontrolling interests and can, up to a 15% limit, have step-ups in conjunction with call options only after a minimum of five years from the issue date. Payment of interest or dividends on these instruments is subject to adequacy of distributable profits, compliance with capital adequacy requirements and solvency. The redemption of these instruments is subject to capital adequacy, solvency and prior approval of FINMA.

Hybrid tier 1 capital instruments are subject to a limit of 50% of tier 1 capital. The following categories and maximum values determine the extent to which these hybrid instruments can be attributed to tier 1 capital:

– A maximum of 15% of tier 1 capital can be in the form of “innovative instruments” that either have a fixed maturity or an incentive to repay, such as a step-up in the coupon if the instrument is not redeemed when callable.

– A maximum of 35% of tier 1 capital, less the instruments subject to the 15% limit, can be in the form of other hybrid capital instruments that have no fixed maturity and no incentive for repayment.

– A maximum of 50% of tier 1 capital, less the instruments subject to the 15% and 35% limits, can be in the form of instruments that include a predefined mechanism that converts them into tier 1 capital, such as mandatory convertible bonds convertible into common shares.

To derive eligible tier 1 capital, certain deductions are made from the tier 1 instruments, as follows:

– goodwill and other intangible assets;

– participations in insurance entities, investments in certain bank and finance entities, and certain securitization exposures (equally deducted from tier 1 and tier 2 capital); and

– other adjustments, including cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 2 capital
Tier 2 capital consists of upper and lower tier 2 instruments. Upper tier 2 instruments are unsecured, perpetual, subordinated instruments that are senior only to tier 1 instruments. Interest payments are deferrable, but we are obligated to pay interest (including deferred interest) on these upper tier 2 instruments if we pay dividends on tier 1 capital or on redemption. These upper tier 2 instruments can have moderate step-ups in conjunction with call options only after a minimum of five years from the issue date. The redemption of these instruments is subject to solvency. Upper tier 2 capital also includes any excess in eligible provisions over expected losses (up to a maximum amount of 0.6% of the risk-weighted positions) for exposures subject to the credit risk >>advanced internal ratings-based approach (A-IRB).

Lower tier 2 instruments are unsecured, subordinated instruments that are senior only to tier 1 instruments and upper tier 2 instruments and have a fixed maturity of at least five years. Lower tier 2 capital eligibility is subject to amortization for regulatory purposes over the five years prior to redemption.

As of December 31, 2009, we had outstanding CHF 12.2 billion of tier 1 capital hybrid instruments, of which CHF 3.7 billion were innovative instruments, and CHF 1.6 billion of qualifying noncontrolling interests (tier 1 capital securities secured by participation securities issued by the Bank). In October 2009, the CHF 1.7 billion of mandatory convertible bonds issued in the fourth quarter of 2008 were converted into 50 million common shares at CHF 32.55 per share. We had no mandatory convertible bonds outstanding as of December 31, 2009.

Basel II

Overview
In June 2006, the BCBS published its comprehensive version of the revised framework for the international convergence of capital measurement and capital standards known as Basel II. Basel II describes the framework for

measuring capital adequacy and the minimum standards to be achieved by the adopting supervisory authorities. This framework is based on three pillars, which are viewed as mutually reinforcing:

– Pillar 1: Minimum Capital Requirements – requires an institution to hold sufficient capital to cover its credit, market and operational risks.

– Pillar 2: Supervisory Review Process – discusses the role of supervisors in ensuring that institutions have in place a proper process for assessing and maintaining their capital ratios above the minimum requirements.

– Pillar 3: Market Discipline – sets out disclosure requirements, especially for those institutions seeking approval to use their own internal models to calculate their capital requirements.

Information required under Pillar 3 related to capital adequacy is available on our website at

www.credit-suisse.com/investors/en.

Description of regulatory approaches

Basel II describes a range of options for determining capital requirements in order to provide banks and supervisors the ability to select approaches that are most appropriate for their operations and their financial market infrastructure. In general, Credit Suisse has adopted the most advanced approaches, which align with the way that risk is internally managed and provide the greatest risk sensitivity.

We have received approval from FINMA to use the A-IRB for measuring credit risk. Under the A-IRB for measuring credit risk, risk weights are determined by using internal risk parameters for >>probability of default (PD), >>loss given default (LGD) and transactional maturity. The exposure at default is either derived from balance sheet values or by using models.

For calculating the capital requirements for market risk, the >>internal models approach (IMA) or the standardized approach is used. We have received approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our scaled VaR model in the calculation of trading book market risk capital requirements under the IMA. For further information regarding scaled VaR refer to Risk management – Market risk.

In addition to the Basel II requirements on VaR >>backtesting exceptions, FINMA imposes capital requirements for trading book market risk. In the fourth quarter of 2008, FINMA revised its requirements to impose an increase in market risk capital for every scaled VaR backtesting exception over ten in the prior rolling twelve month period, calculated using backtesting profit and loss, a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. In 2009, we incurred significant additional incremental capital charges on trading book market RWAs under these FINMA requirements. In 2009, we had no backtesting exceptions and consequently the market risk capital multipliers decreased in the fourth quarter of 2009 to FINMA and BIS minimum levels.

We have received approval from FINMA to use the >>advanced measurement approach (AMA) for measuring operational risk. Under Basel II, operational risk is included in RWAs. Under the AMA for measuring operational risk, we have identified key scenarios that describe our major operational risks using an event model.

Capital

	Group			Bank		
end of	2009	2008	% change	2009	2008	% change

Shares outstanding (million)						
Common shares issued	1,185.4	1,184.6	0	44.0	44.0	0
Treasury shares	(16.2)	(20.7)	(22)	–	–	–
Shares outstanding	**1,169.2**	**1,163.9**	0	**44.0**	**44.0**	0
Par value (CHF)						
Par value	0.04	0.04	0	100.00	100.00	0
Shareholders' equity (CHF million)						
Common shares	47	47	0	4,400	4,400	0
Additional paid-in capital	24,706	25,166	(2)	24,299	25,059	(3)
Retained earnings	25,258	18,780	34	11,422	5,132	123
Treasury shares, at cost	(856)	(752)	14	(487)[1]	18[1]	–
Accumulated other comprehensive income/(loss)	(11,638)	(10,939)	6	(8,406)	(7,741)	9
Total shareholders' equity	**37,517**	**32,302**	16	**31,228**	**26,868**	16
Goodwill	(9,267)	(9,330)	(1)	(8,132)	(8,195)	(1)
Other intangible assets	(328)	(423)	(22)	(318)	(412)	(23)
Tangible shareholders' equity [2]	**27,922**	**22,549**	24	**22,778**	**18,261**	25
Book value per share (CHF)						
Total book value per share	**32.09**	**27.75**	16	**709.73**	**610.63**	16
Goodwill per share	(7.93)	(8.02)	(1)	(184.82)	(186.25)	(1)
Other intangible assets per share	(0.28)	(0.36)	(22)	(7.23)	(9.36)	(23)
Tangible book value per share	**23.88**	**19.37**	23	**517.68**	**415.02**	25

1 Reflects Credit Suisse Group shares held to economically hedge share award obligations. 2 Tangible shareholders' equity attributable to shareholders is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows for the consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Shareholders’ equity

Group

The Group’s shareholders’ equity increased from CHF 32.3 billion as of the end of 2008 to CHF 37.5 billion as of the end of 2009. The increase was primarily due to the net income in 2009, partially offset by the change in other comprehensive income reflecting the negative effect of foreign exchange rate changes on cumulative translation adjustments and pension actuarial losses, the effect of share-based compensation and the cash dividend payment.

Bank

The Bank’s shareholder’s equity increased from CHF 26.9 billion as of the end of 2008 to CHF 31.2 billion as of the end of 2009. The business of the Bank is substantially the same as the business of the Group. The trends for the Bank under Basel II are consistent with those for the Group.

Share repurchase activities

The Swiss Code of Obligations limits a corporation's ability to hold or repurchase its own shares. We may only repurchase shares if we have sufficient free reserves to pay the purchase price, and if the aggregate nominal value of the repurchased shares does not exceed 10% of our nominal share capital. Furthermore, we must create a special reserve in our parent company financial statements in the amount of the purchase price of the acquired shares. In our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares repurchased by us do not carry any voting rights at shareholders' meetings.

We repurchase shares as part of our market-making commitments, for the purpose of satisfying our obligations under our employee compensation plans or for cancellation.

We purchased 421.7 million common shares and sold or re-issued 387.9 million common shares in 2009, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2009, the Group held 16.2 million treasury shares. For further information, refer to the table "Capital" and to the consolidated statements of changes in shareholders' equity in V – Consolidated financial statements – Credit Suisse Group.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2009		
January	28.1	27.31
February	30.5	28.76
March	46.7	29.90
April	27.9	38.24
May	50.4	45.20
June	36.6	48.79
July	31.5	49.66
August	25.5	52.49
September	30.1	54.65
October	34.0	56.71
November	36.7	55.98
December	43.7	53.07
Total purchase of treasury shares	**421.7**[1]	–
Total sale of treasury shares	**387.9**	–

1 Predominantly for market-making purposes and facilitating customer orders.

Dividends and dividend policy

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. Our reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the Annual General Meeting (AGM). The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. The auditors must confirm that the dividend proposal of the Board of Directors conforms to statutory law. In practice, the shareholders usually approve the dividend proposal of the Board of Directors. Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under the Swiss Code of Obligations, the statute of limitations in respect of claiming the payment of dividends that have been declared is five years. For further information, refer to VI – Parent company financial statements – Credit Suisse Group.

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution. Dividend payments in 2009, for 2008, were comprised of a cash dividend of CHF 0.10 per share

Our Board of Directors will propose a cash dividend for 2009 of CHF 2.00 per share to the shareholders at the AGM on April 30, 2010. The distribution is subject to shareholder approval at the AGM.

The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. We do not believe that legal or regulatory restrictions constitute a material limitation on the ability of our subsidiaries to pay dividends to the Group. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

Dividend per ordinary share

end of	USD[1]	CHF
Dividend per ordinary share		
2008	0.08	0.10
2007	2.01	2.50
2006 [2]	2.16	2.70
2005	1.61	2.00
2004	1.20	1.50

1 For details of the exchange rates used, refer to IX - Additional information. 2 Distribution consisted of a dividend of CHF 2.24 and a par value reduction of CHF 0.46 as approved on May 4, 2007 for the financial year 2006.

Economic capital

Overview

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating).

Under Pillar II of the Basel II framework (also referred to as the Supervisory Review Process), banks are required to implement a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with their overall risk profile and the current operating environment. Our economic capital framework has an important role under Pillar II, as it represents our internal view of the amount of capital required to support our business activities.

Economic capital is calculated separately for >>position risk, operational risk and other risks. These three risks are used to determine our utilized economic capital and are defined as follows:

– Position risk: the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes);

– Operational risk: the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon which is exceeded with a given small probability (0.03%). Estimating this type of economic capital is inherently more subjective, and reflects both quantitative tools as well as senior management judgment; and

– Other risks: the risks not captured by the above, which includes expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital and risk on real estate held for own use. Expense risk is defined as the difference between expenses and revenues in a severe market event, exclusive of the elements captured by position risk and operational risk. Pension risk is defined as the potential under-funding of our pension obligations in an extreme event.

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In light of the extreme market dislocation and volatility in 2008 we undertook a fundamental review of this methodology and framework. The key enhancements made to the economic capital methodology in 2009 include changes to the modeling of position risk, an update to expense risk to reflect the volatility observed in 2008 and improved modeling of foreign exchange risk between economic capital resources and utilized economic capital. We also reviewed the economic capital coverage ratio target and, as a result of this review, we changed the target band to 110% to 140% from 100% to 140%. Further planned enhancements to the methodology include primarily the modeling of position risks. We have included an estimate for the impact of certain of these planned changes within other risks. Prior period balances have been restated for methodology changes in order to show meaningful trends. The total impact of the 2009 methodology changes on 2008 utilized economic capital for the Group was an increase of approximately CHF 8.0 billion, or 34% and a reduction in the economic capital coverage ratio as of the end of 2008 to 122% from 165%. For further details of the enhancements made to position risk, refer to Risk management – Economic capital and position risk.

There are a number of planned revisions to Basel II market risk over the next two years, such as an incremental charge to capture default risk on trading book assets. These changes already form part of our economic capital framework, and we do not expect material future impacts to our economic capital from these changes. Any implications of the BCBS proposals on the economic capital framework will be assessed as the details and timing of the implementation are clarified.

Economic capital

			Group			Bank[1]
end of	2009	2008	% change	2009	2008	% change
Economic capital resources (CHF million)						

Tier 1 capital	36,207	34,208	6	34,695	34,192	1
Economic adjustments [2]	4,972	4,802	4	5,639	4,200	34
Economic capital resources	**41,179**	**39,010**	6	**40,334**	**38,392**	5
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	23,022	24,653	(7)	21,833	23,621	(8)
Operational risk	2,812	2,677	5	2,812	2,677	5
Other risks [3]	4,858	4,614	5	3,731	5,726	(35)
Utilized economic capital	**30,692**	**31,944**	(4)	**28,376**	**32,024**	(11)
Economic capital coverage ratio (%)						
Economic capital coverage ratio	**134.2**	**122.1**	–	**142.1**	**119.9**	–

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 2 Primarily includes anticipated dividends, unrealized gains and losses on fair valued assets and liabilities (excluding gains and losses from the FVOD transaction) and unrealized gains on owned real estate. Economic adjustments are made to tier 1 capital to enable comparison between capital utilization and resources. 3 Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, diversification benefit and an estimate for the impacts of certain methodology changes planned for 2010.

Economic capital by segment

end of	2009	2008	% change
Utilized economic capital by segment (CHF million)			
Private Banking	6,783	7,144	(5)
Investment Banking	19,352	22,347	(13)
Asset Management	3,321	3,454	(4)
Corporate Center [1]	1,251	(986)	–
Utilized economic capital - Group [2]	**30,692**	**31,944**	(4)
Utilized economic capital - Bank [3]	**28,376**	**32,024**	(11)
Average utilized economic capital by segment (CHF million)			
Private Banking	6,906	6,778	2
Investment Banking	20,782	29,342	(29)
Asset Management	3,408	3,273	4
Corporate Center	(31)	(10)	210
Average utilized economic capital - Group [4]	**31,050**	**39,366**	(21)
Average utilized economic capital - Bank [3]	**30,104**	**38,445**	(22)

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 Includes primarily expense risk diversification benefits from the divisions, expense risk and foreign exchange risk between economic capital resources and utilized economic capital. 2 Includes a diversification benefit of CHF 15 million in 2009 and 2008. 3 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 4 Includes a diversification benefit of CHF 15 million and CHF 17 million in 2009 and 2008, respectively.

Utilized economic capital trends

Over the course of 2009, our utilized economic capital decreased 4%. This was partly due to the depreciation of the US dollar against the Swiss franc as of the end of 2009. Excluding the US dollar translation impact, utilized economic capital decreased 2%, mainly due to reductions in position risk partially offset by increased foreign exchange risk between available and utilized economic capital.

For Private Banking, utilized economic capital decreased 5% due to reduced position risk for emerging markets trade finance exposures and reductions in other risks, primarily pension risk.

For Investment Banking, utilized economic capital decreased 13%. Excluding the US dollar translation impact, utilized economic capital decreased 12% due to reductions in most position risk categories and reduced expense risk.

For Asset Management, utilized economic capital decreased 4%. Excluding the US dollar translation impact, utilized economic capital decreased 2% as a result of reduced operational risk and lower position risk in fixed income trading due to reduced money market funds exposures, partially offset by increased equity trading & investments position risk.

Corporate Center utilized economic capital increased due to significantly lower expense risk diversification benefit from the divisions, higher expense risk and increased foreign exchange risk between economic capital resources and utilized economic capital within the other risks category.

Economic capital coverage ratio

We use the economic capital framework to provide a reference point for a structured internal assessment of our solvency. Our solvency assessment is performed by comparing the economic capital required to support the current risk profile (utilized economic capital) with the amount of economic capital available to absorb losses (economic capital resources). We define economic capital coverage ratio as the ratio between economic capital resources and utilized economic capital. Economic capital resources are defined as reported tier 1 capital net of economic adjustments required to provide consistency with economic capital. Our economic capital resources represent a bridge between accounting-based tier 1 capital and the economic capital framework, allowing for meaningful comparison between capital needs and resources.

The economic capital coverage ratio increased 12 percentage points from 122% to 134% during 2009, primarily reflecting the increase in economic capital resources from higher tier 1 capital, and the reduction in utilized economic capital. Our coverage ratio is within our target band of 110% to 140%.

Foreign exchange exposure and interest rate management

Foreign exchange risk related to accrued net income and net assets is centrally managed with a focus on risk reduction and diversification. Currency risk of accrued profit and losses in currencies other than the functional currency is managed through systematic sell-down. On the Bank level, we manage foreign exchange volatility through hedging of foreign currency net assets and through cash flow hedging of certain revenues and expenses.

Additional activities at the Group level are aimed at diversifying our returns on invested capital into foreign currencies. These activities need CARMC approval and are made with various considerations in mind, such as changes to our capital adequacy ratios from foreign exchange-related movements.

Interest rate risk inherent in banking book activities, such as lending and deposit taking, is transferred from the divisions to Treasury, which centrally manages the interest rate exposures. Treasury also develops and maintains the models needed to determine interest rate risks of products that do not have a defined maturity, such as demand and savings accounts. For this purpose, a replicating methodology is applied in close coordination with Risk Management to maximize stability and sustainability of spread revenues at the divisions. Further, Treasury manages the interest exposure of the Bank's equity to targets agreed with senior management.

Risk management

During 2009, our overall position risk decreased 5% compared to 2008. Average value-at-risk for our trading books decreased 33% to CHF 120 million, primarily reflecting the continuation of the risk reduction programs.

Impact of the financial crisis and responses

Our risk reduction initiatives, which began in 2007 at an early stage of the financial crisis, continued throughout 2009. In line with our strategy of focusing on key client businesses and reducing risk, we continued to wind down and realign certain other businesses, reducing our exposures to illiquid and dislocated assets and markets and improving capital efficiency. We selectively increased trading activity in line with our strategy to take advantage of prevailing market conditions.

We have adapted our risk measurement models to reflect the latest changes in market conditions and evolving industry best practice. These changes included enhancements to the >>value-at-risk (VaR) model and the introduction of new or amended risk scenarios and updates to our economic capital model methodologies. The changes were designed to reflect the experience of the financial crisis, particularly the severe market shocks and >>basis risks that emerged in the second half of 2008 and early 2009. We continued to manage risks in a controlled and disciplined manner to ensure that actual risk-taking remained in line with the Group's strategy.

In response to the financial crisis, regulators and standards boards, including the BCBS, have announced a wide range of measures designed to improve the banking sector's ability to absorb shocks arising from financial and economic stress. These include: changes to the quality, consistency and transparency of the capital base; strengthening of capital requirements for the trading book, securitizations and the counterparty credit risk exposures of >>over-the-counter (OTC) >>derivatives; a countercyclical capital framework; more forward looking provisioning; enhanced liquidity requirements; and improved risk disclosure. Most of these proposals are subject to consultation prior to their agreement, which is expected by the end of 2010. If implemented as proposed, we would expect some of the proposals to require the development of additional risk models. We have already undertaken significant work in certain areas, particularly in relation to the new rules in the trading book relating to securitizations and the incremental risk charge required by the beginning of 2011 and the incorporation of risk-adjusted revenues in our compensation framework. Our internal economic capital models already incorporate some of the risk measures proposed by the BCBS, such as trading book default risk and the impact of credit spread movements on counterparty risk. In addition, in accordance with FINMA requirements, the Group is already subject to a leverage ratio and capital requirements that exceed international minimum levels.

The changes in regulatory standards are also likely to have an impact on bank risk profiles. In particular, we expect the cost of holding credit exposure in the trading book will rise, particularly for securitization positions, which will continue to increase the attractiveness of client-focused intermediation businesses as opposed to origination and warehousing activities. In addition, we expect strengthened capital requirements for OTC derivatives to increase the incentives to move such exposures to centralized exchange counterparties. We expect complex, risk-based techniques and measures in the proposed regulatory framework to result in increased costs and resources.

Risk management oversight

Risk governance

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank. To meet the challenges in a fast-changing industry with new market players and innovative and complex products, we continuously strengthen our risk function, which is independent of, but closely interacts with, the trading functions to ensure the appropriate flow of information. Our risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, we have defined our risk perspective broadly. Risk management plays an important role in our business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although we have implemented comprehensive risk management processes and sophisticated control systems, we work to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

Risk organization

Risks arise in all of our business activities and cannot be completely eliminated, however, we work to manage risk in our internal control environment. Our risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board of Directors, this includes the following responsibilities:

– Group/Bank Board of Directors: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk;

– Risk Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits; and

– Audit Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board of Directors and its Risk Committee. On a monthly basis, CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Board of Directors and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity, market and credit risk and operational risk/legal and compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also divisional risk management committees.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

The risk management function reports to the Chief Risk Officer (CRO), who is independent of the business and is a member of the Executive Board. In 2009, the function covered:

– Strategic Risk Management (SRM)

– Risk Measurement and Management (RMM)

– Credit Risk Management (CRM)

– Bank Operational Risk Oversight (BORO)

– Business Continuity Management

– Reputational Risk Management

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the Group’s overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; RMM is responsible for risk analytics, reporting, systems implementation and policies; CRM is responsible for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional operational risk functions. The risk management function also addresses critical risk areas such as business continuity and reputational risk management.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

– Strategy risk: outcome of strategic decisions or developments; and

– Reputational risk: damage to our standing in the market.

Chosen risks:

– Market risk: changes in market factors such as prices, volatilities and correlations;

– Credit risk: changes in the creditworthiness of other entities; and

– Expense risk: difference between operating expenses and income in a crisis.

Consequential risks:

– Operational risk: inadequate or failed internal processes, people and systems or external events; and

– Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is at the Board of Directors and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. Additionally, the traditional boundaries between market risks and credit risk have become blurred. For operational risk management, we have primarily set up processes on Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 related to risk is available on our website at *www.credit-suisse.com/investors/en*.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The level of risks incurred by the divisions is further restricted by a variety of specific limits. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits are allocated to lower organizational levels within the businesses, and numerous other limits are established for specific risks, including a system of individual counterparty credit limits that is used to control concentration risks.

Economic capital and position risk

Concept

Economic capital is our core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and usage of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

>>Position risk, which is a component of the economic capital framework, is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to Treasury management – Economic capital.

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In light of the extreme market dislocation and volatility in 2008, we undertook a fundamental review of this methodology and framework. The key enhancements made in 2009 include: an increase in the severity of spread shocks for certain credit instruments such as corporate bond and loan exposures and commercial real estate loans and securities, enhanced capture of >>basis risks following the substantial dislocation between cash and synthetic instruments during the market crisis, a reduction in the level of diversification benefit to reflect higher correlations across asset shocks and enhancements to the calculation of private banking corporate & retail lending position risks. Further planned enhancements to the methodology include improved modeling of position risks for emerging markets, private banking corporate & retail lending and equity trading & investments and further refinements to the modeling of basis risks. Prior-period balances have been restated for 2009 methodology changes in order to show meaningful trends. The total impact of methodology changes on year-end 2008 99% position risk was an increase of CHF 3.3 billion, or 34%.

Limit management

>>Position risk is managed through a system of integrated risk limits to control the range of risks inherent in business activities. The limit structure restricts overall risk-taking capacity and triggers senior management risk discussions in the event of substantial changes in our overall risk profile. The calibration of limits is performed in conjunction with the annual planning process in order to ensure our risk appetite is in line with our financial resources.

The Board of Directors and senior management are regularly provided with economic capital results, trends and ratios to provide risk transparency and facilitate the decision-making process of the firm.

Key position risk trends

Compared to 2008, >>position risk for risk management purposes decreased 5%. Excluding the US dollar translation impact, position risk decreased 3%. The decreases were primarily due to lower emerging markets exposures across Latin America, Eastern Europe and Asia and reduced real estate & structured assets exposures, primarily in the >>commercial mortgage-backed securities (CMBS) exit business. Position risk also decreased in international lending & counterparty exposures, reflecting lower >>derivatives exposures in Investment Banking. The decreases were mostly offset by increased position risks in fixed income trading, due to higher traded credit exposures, and in private banking corporate & retail lending, due to higher corporate loan risk.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolio.

Group position risk

			end of		% change
	2009	2008	2007[1]	09 / 08	08 / 07
Position risk (CHF million)					
Fixed income trading [2]	2,180	1,654	4,375	32	(62)
Equity trading & investments	2,675	2,748	3,667	(3)	(25)
Private banking corporate & retail lending	2,692	2,641	2,490	2	6
International lending & counterparty exposures	4,034	4,191	8,074	(4)	(48)
Emerging markets	944	1,660	2,040	(43)	(19)
Real estate & structured assets [3]	2,473	2,841	4,688	(13)	(39)
Simple sum across risk categories	**14,998**	**15,735**	**25,334**	(5)	(38)
Diversification benefit	(2,495)	(2,570)	(3,788)	(3)	(32)
Position risk (99% confidence level for risk management purposes)	**12,503**	**13,165**	**21,546**	(5)	(39)
Position risk (99.97% confidence level for capital management purposes)	**23,022**	**24,653**	**39,927**	(7)	(38)

Prior balances have been restated for methodology changes in order to show meaningful trends.

1 Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. 2 This category comprises fixed income trading, foreign exchange and commodity exposures. 3 This category comprises commercial and residential real estate, ABS exposure, real estate acquired at auction and real estate fund investments.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the >>fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

VaR

VaR measures the potential loss in >>fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a ten-day holding period and a confidence level of 99% to model the risk in our trading portfolios. These assumptions are compliant with the standards published by the BCBS and other related international standards for market risk management. For some purposes, such as >>backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are scaled down or calculated to a one-day holding period level.

We present one-day, 99% VaR, which is ten-day VaR adjusted to a one-day holding period based on a 99% confidence level. This means there is a 1-in-100 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. Where insufficient data is available for such an approach, an “extreme-move” methodology is used. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

We use a three-year historical dataset to compute VaR. To ensure that the model responds appropriately in times of market stress, we also calculate >>scaled VaR, which is a scaling technique that automatically increases VaR where the short-term market volatility is higher than the long-term volatility in the three-year historical dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. We monitor VaR on both an unscaled and scaled basis for risk management purposes. The scaling factor decreased in 2009, as the short-term average volatility declined below the long-term average volatility.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our scaled VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

– VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;

– Although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;

– VaR provides an estimate of losses at a 99% confidence level, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;

– VaR is based on either a ten-day (for internal risk management and regulatory capital purposes) or one-day (for backtesting and disclosure purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; and

– VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

Scenario analysis

We regularly perform scenario analysis to estimate the loss that could arise from extreme, but plausible, stress events in the economy or in financial markets by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, but statistical analysis is also used to define the less severe scenarios in the framework.

As past events recur rarely in exactly the same way, it is necessary to use business experience to choose a set of meaningful scenarios and to assess the scenario results in light of current economic and market conditions.

The scenario analysis calculations performed are specifically tailored towards their respective risk profile. In addition, to identify areas of risk concentration and potential vulnerability to stress events across the Group, we have developed a set of scenarios which are consistently applied across all businesses. Key scenarios include significant movements in credit markets, interest rates, equity prices and exchange rates, as well as adverse changes in counterparty default and recovery rates. We also use combination scenarios, which consider the impact of significant, simultaneous movements across a broad range of markets and asset classes, to analyze the impact of wider market turbulence. The scenario analysis framework also considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and economic capital ratios. The Board of Directors and senior management are regularly provided with scenario analysis estimates, scenario analysis trend information and supporting explanations to create transparency on key risk exposures and support their management of risk.

The scenario analysis framework is periodically reviewed to ensure that it remains relevant given changes in portfolio composition and market conditions. Each primary scenario is typically run at several different levels of severity to provide information on possible losses over a range of market circumstances. In 2009, we recalibrated the parameter shocks for most types of scenarios to reflect the more volatile market conditions that occurred in the fourth quarter of 2008.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking segment. Our other segments also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including >>derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

Development of trading portfolio risks

The table entitled "One-day, 99% VaR" shows our trading-related market risk exposure, as measured by one-day, 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily currency translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

One-day, 99% VaR

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit	Total VaR	Total scaled VaR
2009 (CHF million)							
Average	145	14	20	34	(93)	120	149
Minimum	105	4	12	16	+	80	96
Maximum	222	43	28	101	+	185	250
End of period	146	7	21	52	(95)	131	131
2008 (CHF million)							
Average	149	22	36	65	(94)	178	252
Minimum	103	7	18	29	+	123	160
Maximum	232	57	60	126	+	272	360
End of period	107	16	18	39	(57)	123	185
2007 (CHF million)							
Average [2]	74	25	17	79	(80)	115	148
Minimum [2]	46	8	8	51	+	56	60
Maximum [2]	131	58	36	126	+	216	320
End of period [2]	124	48	31	91	(78)	216	291

Excludes risks associated with counterparty and own credit exposures.

1 As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit. 2 Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends.

Our period-end VaR as of December 31, 2009 increased 7% to CHF 131 million from December 31, 2008. Our average VaR for 2009 decreased 33% to CHF 120 million from 2008. VaR declined significantly during the first three quarters of 2009, reflecting the continuation of the risk reduction programs that began in 2008, partially offset by additional market volatility included in the historical data set used to calculate VaR. In the fourth quarter of 2009, VaR increased, partially due to an enhanced credit spread VaR methodology, which better reflects the behaviour of credit spreads during stressed market conditions and improves the capturing of >>basis risks, and partially due to increased risk usage in support of our client flow businesses across fixed income and equities.

Our period-end scaled VaR as of December 31, 2009 was CHF 131 million, a decrease of 29% from December 31, 2008, and our average scaled VaR for 2009 decreased 41% to CHF 149 million from 2008.

There was no difference between scaled and unscaled VaR as of December 31, 2009, as the short-term average volatility declined below the long-term average volatility.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including >>backtesting. In line with industry practice, we present backtesting using actual daily trading revenues. Actual daily trading revenues are compared with scaled VaR calculated using a one-day holding period. A backtesting exception occurs when the daily loss exceeds the daily scaled VaR estimate.

We had no backtesting exceptions in 2009, compared with 25 in 2008. The backtesting exceptions in 2008 were primarily driven by extreme movements in US mortgage markets, particularly in the first quarter, coupled with contagion effects across the wider credit, equity, interest rate and foreign exchange markets throughout 2008. The VaR model is subject to regular assessment and evaluation to seek to maintain accuracy given current market conditions and positions.

The output of our VaR model is used in the calculation of our regulatory capital requirement for market risk. For further information, refer to Treasury management – Capital management – Basel II – Description of regulatory approaches.

The histogram entitled "Actual daily trading revenues" compares the actual trading revenues for 2009 with those for 2008 and 2007. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and other desks running interest rate risk positions actively manage the positions within approved limits.

The impact of a one basis point parallel increase in yield curves on the >>fair value of interest rate-sensitive non-trading book positions would have been an increase of CHF 7.7 million as of December 31, 2009, compared to a increase of CHF 5.3 million as of December 31, 2008. The increase was mainly due to a reduction in credit spreads on our hybrid tier 1 instruments and changes in the interest rate positioning of the money market desks. Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves in relation to total eligible regulatory capital, which is regularly assessed on a consolidated and legal entity basis. As of December 31, 2009, the fair value impacts of an adverse 200 basis point move in yield curves and of a statistical one-year, 99% adverse change in yield curves in relation to total eligible regulatory capital were 3.63% and 3.01%, respectively, which are significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in hedge funds, private equity and other instruments. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 702 million in the value of the non-trading portfolio as of December 31, 2009, compared to a decrease of CHF 542 million in the value of the non-trading portfolio as of December 31, 2008. The main reason for the change was an increase in the Group's strategic equity portfolio, including the 23.9% stake in Aberdeen Asset Management.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 14 million in the value of the non-trading portfolio as of December 31, 2009, compared to a decrease of CHF 29 million as of December 31, 2008. The main reason for the decrease was a reduction in the level of emissions trading, a business we are exiting.

For more information, refer to Treasury management – Foreign exchange exposure and interest rate management.

Credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for >>fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Our credit risk is concentrated in Private Banking and Investment Banking. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from >>derivatives, foreign exchange and other transactions, and may be on or off-balance sheet.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework covers virtually all of the credit exposures in the banking business and comprises the following core components:

– individual counterparty rating systems;

– transaction rating systems;

– a counterparty credit limit system;

– country concentration limits;

– risk-based pricing methodologies;

– active credit portfolio management; and

– a credit risk provisioning methodology.

We employ a set of credit rating models tailored for different client segments for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party to a loan, loan commitment or OTC >>derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Credit rating models are validated independently prior to implementation and on a regular basis. Relevant quantitative data and qualitative factors relating to the counterparty result in the assignment of a credit rating or >>probability of default (PD), which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, we use an internal rating scale, which we annually review and calibrate to the external rating agencies using the historical PD associated with external ratings.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the >>loss given default (LGD) assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of business and credit portfolio management, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by FINMA for application under the >>Basel II A-IRB approach. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Our regular review of the creditworthiness of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at >>fair value are reflected in valuation changes recorded in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of >>risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2009	2008	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	238,600	237,463	0
of which reported at fair value	36,246	32,314	12
Loans held-for-sale	14,287	23,166	(38)
Traded loans	5,249	2,846	84
Derivative instruments [1]	57,153	108,620	(47)
Total balance sheet	**315,289**	**372,095**	(15)
Off-balance sheet			
Loan commitments	228,484	238,128	(4)
Credit guarantees and similar instruments	8,067	7,493	8
Irrevocable commitments under documentary credits	4,583	4,220	9
Total off-balance sheet	**241,134**	**249,841**	(3)
Total credit risk	**556,423**	**621,936**	(11)

Before risk mitigation, for example, collateral, credit hedges.
1 Positive replacement value after netting agreements.

Loans and loan commitments

Loans where we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Loan commitments include irrevocable credit facilities for Investment Banking and Private Banking and, additionally in Private Banking, unused credit limits that can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option is elected are reported at >>fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2009	2008	% change
Loans and loan commitments (CHF million)			

Gross loans	238,600	237,463	0
of which Private Banking	176,161	175,758	0
of which Investment Banking	62,443	61,625	1
Loan commitments	228,484	238,128	(4)
Total loans and loan commitments	**467,084**	**475,591**	(2)
of which Private Banking	333,571	337,220	(1)
of which Investment Banking [1]	133,113	135,274	(2)

1 Excludes non-rated positions of CHF 108 million and CHF 1,357 million in 2009 and 2008, respectively, representing unsettled positions in non-broker-dealer entities.

Risk mitigation
We actively manage our credit exposure utilizing credit hedges and collateral, such as cash and marketable securities. A large part of the Private Banking lending portfolio, primarily within the BBB counterparty rating classes, is collateralized by securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of >>credit default swaps (CDS).

The following tables illustrate the effects of >>risk mitigation on a combined exposure of loans and loan commitments.

Loans and loan commitments - Private Banking

end of			2009			2008
Internal counterparty ratings	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)						
AAA	1,432	(19)	1,413	1,406	(29)	1,377
AA	4,431	(105)	4,326	2,973	(32)	2,941
A	19,106	(1,683)	17,423	19,980	(1,211)	18,769
BBB	229,767	(137,014)	92,753	231,354	(130,609)	100,745
BB	72,135	(5,261)	66,874	75,609	(4,844)	70,765
B	4,654	(276)	4,378	3,755	(91)	3,664
CCC	502	(34)	468	345	(5)	340
D	1,544	(142)	1,402	1,798	(456)	1,342
Total loans and loan commitments	**333,571**	**(144,534)**	**189,037** [1]	**337,220**	**(137,277)**	**199,943** [1]

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.
1 In addition, we have a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transfers the first loss credit risk on a CHF 4.8 billion portfolio of originated loans within Corporate & Institutional Clients to capital market investors.

Loans and loan commitments - Investment Banking

end of	2009				2008			
Internal counterparty ratings	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)								
AAA	11,036	(4,141)	(153)	6,742	9,503	0	(554)	8,949
AA	22,539	(1,476)	0	21,063	18,885	(1,662)	(478)	16,745
A	18,310	(4,078)	(233)	13,999	30,889	(5,349)	(3,754)	21,786
BBB	34,398	(9,504)	(3,618)	21,276	34,233	(12,190)	(438)	21,605
BB	21,418	(3,038)	(877)	17,503	14,056	(2,604)	(499)	10,953
B	19,354	(2,431)	(156)	16,767	22,334	(2,500)	(827)	19,007
CCC	3,206	(1,002)	(114)	2,090	4,024	(787)	(147)	3,090
CC	449	(211)	0	238	85	0	0	85
C	181	(69)	0	112	552	0	0	552
D	2,222	(284)	(258)	1,680	713	(37)	(6)	670
Total loans and loan commitments	**133,113**[1]	**(26,234)**	**(5,409)**	**101,470**[1]	**135,274**[1]	**(25,129)**	**(6,703)**	**103,442**[1]

Includes undrawn irrevocable credit facilities.
1 Excludes non-rated positions of CHF 108 million and CHF 1,357 million in 2009 and 2008, respectively, representing unsettled positions in non-broker-dealer entities.

Loss given default

The Private Banking LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for >>risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated independently on a regular basis and has been approved by the regulatory authorities for application in the >>Basel II A-IRB approach. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking and Investment Banking.

Loans - Private Banking

end of 2009			Loss given default buckets					
Internal counterparty ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	587	586	375	116	21	26	29	19
AA	2,598	2,589	1,072	1,124	145	31	198	19

A	12,564	12,324	4,975	4,281	2,054	429	564	21
BBB	97,231	69,055	30,511	15,822	16,373	2,052	3,866	431
BB	57,277	55,417	12,900	13,034	20,413	3,523	4,256	1,291
B	4,049	3,877	937	667	1,474	537	228	34
CCC	457	450	83	27	163	176	1	0
D	1,398	1,337	120	149	322	249	361	136
Total loans	**176,161**	**145,635**	**50,973**	**35,220**	**40,965**	**7,023**	**9,503**	**1,951**

Loans - Investment Banking

end of 2009			Loss given default buckets					
Internal counterparty ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	927	774	0	0	0	774	0	0
AA	14,712	14,712	0	0	0	14,712	0	0
A	4,025	3,612	0	0	773	2,839	0	0
BBB	13,129	5,988	80	0	1,340	4,567	1	0
BB	15,942	13,820	133	0	9,480	4,171	36	0
B	8,597	6,587	78	0	3,946	2,536	27	0
CCC	2,369	1,287	0	0	918	250	56	63
CC	430	219	0	0	94	53	72	0
C	149	80	0	0	54	26	0	0
D	2,055	1,570	9	0	1,475	44	42	0
Total loans	**62,335**[1]	**48,649**[1]	**300**	**0**	**18,080**	**29,972**	**234**	**63**

1 Excludes non-rated positions of CHF 108 million representing unsettled positions in non-broker-dealer entities.

Loans

Compared to the end of 2008, gross loans were stable. The loan portfolio in Private Banking was flat, reflecting a slight increase in residential mortgages, offset by decreased commercial and industrial loans. In Investment Banking, a decrease in commercial and industrial loans was offset mainly by an increase in loans to financial institutions, loans to governments and public institutions and real estate loans.

For further information on our loan portfolio, refer to IX – Additional information – Statistical information.

Impaired loans

A loan held-to-maturity, valued at amortized cost, is considered impaired when we believe it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Impaired loans exclude loans that are reported at fair value. A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. We continue to accrue interest for collection purposes; however, a corresponding provision against the accrual is booked through the consolidated statements of operations at the same time. In addition, for any accrued but unpaid interest at the date the loan is deemed non-performing, a corresponding provision is booked against the accrual through the consolidated statements of operations. At the time a loan is deemed non-performing and on a regular basis, the remaining principal is evaluated for collectability and an allowance is established for any shortfall between the net recoverable amount and the remaining principal balance.

A loan can be further downgraded to non-interest-earning when the collection of interest is so doubtful that further accrual of interest is deemed inappropriate. At that time and on a regular basis thereafter, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectability and additional provisions are established as required. Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Write-offs occur due to the sale, settlement or restructuring of a loan, or when uncertainty as to the repayment of either principal or accrued interest exists. A loan may be restored to performing status when all delinquent principal and interest payments become current in accordance with the terms of the loan agreement and certain performance criteria are met.

Loans

	Private Banking		Investment Banking		Credit Suisse[1]	
end of	2009	2008	2009	2008	2009	2008
Loans (CHF million)						
Mortgages	82,642	80,583	0	0	82,642	80,583
Loans collateralized by securities	21,303	21,150	0	0	21,303	21,150
Consumer finance	4,269	4,848	1,508	1,292	5,777	6,140
Consumer loans	108,214	106,581	1,508	1,292	109,722	107,873
Real estate	21,648	21,836	3,410	1,869	25,058	23,705
Commercial and industrial loans	36,091	37,352	22,824	31,577	58,915	68,929
Loans to financial institutions	9,074	8,795	30,637	24,670	39,707	33,545
Governments and public institutions	1,134	1,194	4,064	2,217	5,198	3,411
Corporate and institutional loans	67,947[2]	69,177[2]	60,935	60,333	128,878	129,590
Gross loans	**176,161**	**175,758**	**62,443**	**61,625**	**238,600**	**237,463**
of which reported at fair value	–	–	36,246	32,314	36,246	32,314
Net (unearned income) / deferred expenses	21	34	(46)	(61)	(25)	(27)
Allowance for loan losses [3]	(937)	(912)	(458)	(727)	(1,395)	(1,639)
Net loans	**175,245**	**174,880**	**61,939**	**60,837**	**237,180**	**235,797**
Impaired loans (CHF million)						
Non-performing loans	676	888	621	748	1,297	1,636
Non-interest-earning loans	336	276	0	0	336	276
Total non-performing and non-interest-earning loans	1,012	1,164	621	748	1,633	1,912
Restructured loans	0	2	6	8	6	10

Potential problem loans	448	377	210	426	658	803
Total other impaired loans	448	379	216	434	664	813
Gross impaired loans [3]	**1,460**	**1,543**	**837**	**1,182**	**2,297**	**2,725**
of which loans with a specific allowance	1,141	1,353	805	1,180	1,946	2,533
of which loans without a specific allowance	319	190	32	2	351	192
Allowance for loan losses (CHF million)						
Balance at beginning of period [3]	**912**	**939**	**727**	**295**	**1,639**	**1,234**
Net movements recognized in statements of operations	118	137	197	448	315	585
Gross write-offs	(167)	(204)	(507)	(26)	(674)	(230)
Recoveries	43	49	20	40	63	89
Net write-offs	(124)	(155)	(487)	14	(611)	(141)
Provisions for interest	5	8	38	11	43	19
Foreign currency translation impact and other adjustments, net	26	(17)	(17)	(41)	9	(58)
Balance at end of period [3]	**937**	**912**	**458**	**727**	**1,395**	**1,639**
of which a specific loan loss allowance	704	699	280	468	984	1,167
of which an inherent loan loss allowance	233	213	178	259	411	472
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans [4]	0.6	0.7	2.4	2.6	0.8	0.9
Gross impaired loans / Gross loans [4]	0.8	0.9	3.2	4.0	1.1	1.3
Allowance for loan losses / Total non-performing and non-interest-earning loans [3]	92.6	78.4	73.8	97.2	85.4	85.7
Allowance for loan losses / Gross impaired loans [3]	64.2	59.1	54.7	61.5	60.7	60.1

The disclosure presents our lending exposure from a risk management perspective and, as such, differs from the loans presentation in Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group.

1 Includes Asset Management and Corporate Center. 2 Of which CHF 47,597 million and CHF 49,337 million were secured by financial collateral and mortgages in 2009 and 2008, respectively. 3 Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. 4 Excludes loans carried at fair value.

Total gross impaired loans decreased CHF 428 million to CHF 2.3 billion in 2009. Total non-performing and non-interest-earning loans decreased CHF 279 million to CHF 1.6 billion and total other impaired loans decreased CHF 149 million to CHF 664 million. In Private Banking, the slight reduction of gross impaired loans to CHF 1.5

billion was mainly the result of reduced non-performing loans, while potential problem loans continued to increase during the year. We consider loans as potential problem loans if, although interest payments are being made, doubt exists as to the timing and/or certainty of the repayment of contractual principal. These loans are classified as impaired. In Investment Banking, the reduction of CHF 345 million of gross impaired loans to CHF 837 million was mainly the result of a reduction in potential problem loans and non-performing loans.

Allowance for loan losses

We maintain valuation allowances on loans valued at amortized cost which we consider adequate to absorb losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. Allowance for loan losses are reviewed on a quarterly basis by senior management.

Allowance for inherent loan losses

In accordance with accounting principles generally accepted in the US (US GAAP), an inherent loss allowance is estimated for all loans not specifically identified as impaired, which, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking lending portfolio are determined based on current risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Net provision for credit losses charged to the statement of operations in 2009 was CHF 506 million, compared to CHF 813 million in 2008. In Private Banking, the net provision for credit losses in 2009 was CHF 180 million, compared to CHF 133 million in 2008. In Investment Banking, the net provision for credit losses in 2009 was CHF 326 million, compared to CHF 679 million in 2008. A portion of the net provision in Investment Banking was offset by gains on CDS recorded in trading income.

Loans held-for-sale

Loans, which we have the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. As there is no liquid market for these loans, they do not meet the criteria for trading assets. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Traded loans

Traded loans are carried at >>fair value and meet the criteria for trading assets. These loans are secondary trading loans held with the intention to sell. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

>>Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency and >>credit default swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their >>fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. >>Positive replacement values constitute a receivable, while >>negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate, credit default swaps, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. Credit default swaps are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed upon notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The table below illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable >>netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable and there is intent to settle net with the counterparty. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

				2009				2008
end of / due within	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value
Derivative instruments (CHF billion)								
Interest rate products	51.0	204.9	269.5	525.4	56.7	220.7	438.3	715.7
Foreign exchange products	30.2	23.0	12.4	65.6	70.6	36.2	16.1	122.9
Precious metals products	1.2	0.9	0.1	2.2	1.5	0.5	0.1	2.1
Equity/index-related products	10.7	9.4	4.5	24.6	22.5	20.1	6.1	48.7
Credit derivatives	2.1	37.5	28.6	68.2	5.7	119.0	72.4	197.1
Other products	11.3	9.9	1.4	22.6	20.0	16.2	1.4	37.6
OTC derivative instruments	**106.5**	**285.6**	**316.5**	**708.6**	**177.0**	**412.7**	**534.4**	**1,124.1**
Exchange-traded derivative instruments				4.5				7.6
Netting agreements [1]				(656.0)				(1,023.1)
Total derivative instruments				**57.1**				**108.6**
of which recorded in trading assets				55.1				105.3
of which recorded in other assets				2.0				3.3

1 Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2009	2008
Derivative instruments (CHF billion)		
AAA	5.9	8.7

AA	12.3	32.7
A	13.1	31.3
BBB	9.9	13.9
BB or lower	11.8	14.9
OTC derivative instruments	53.0	101.5
Exchange-traded derivative instruments [1]	4.1	7.1
Total derivative instruments [1]	**57.1**	**108.6**

1 Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

For further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes, refer to Note 29 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We therefore manage operational risk differently from market and credit risk. We believe that effective management of operational risk requires a common firm-wide framework with ownership residing with the management responsible for the relevant business process. Additionally, we have the central BORO team within the CRO function, which focuses on the coordination of consistent policy, tools and practices throughout the firm for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

Each individual business and management level takes responsibility for its own operational risks and the provision of adequate resources and procedures for the management of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities. In addition to the quarterly firm-level CARMC meetings covering operational risk, operational risk exposures are discussed at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of firm-wide tools for the management, measurement, monitoring and reporting of operational risk. These include self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data.

We have employed the same methodology to calculate economic capital for operational risk since 2000, and have approval from FINMA to use a similar methodology for the >>advanced measurement approach (AMA) under the >>Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating >>haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a vetting of the proposal by senior management and, by agreement, its subsequent referral to one of the four regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Citizenship Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society.

Balance sheet, off-balance sheet and other contractual obligations

During 2009, we reduced our balance sheet by 12%. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

			end of		% change
	2009	2008	2007	09 / 08	08 / 07
Assets (CHF million)					
Cash and due from banks	51,857	90,035	38,459	(42)	134

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	209,499	269,028	296,709	(22)	(9)
Trading assets	332,238	342,778	532,083	(3)	(36)
Net loans	237,180	235,797	240,534	1	(2)
Brokerage receivables	41,960	57,498	54,883	(27)	5
All other assets	158,693	175,214	198,012	(9)	(12)
Total assets	**1,031,427**	**1,170,350**	**1,360,680**	(12)	(14)
Liabilities and equity (CHF million)					
Due to banks	36,214	58,183	90,864	(38)	(36)
Customer deposits	286,694	296,986	335,505	(3)	(11)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	191,687	243,370	300,381	(21)	(19)
Trading liabilities	133,481	154,465	201,809	(14)	(23)
Long-term debt	159,365	150,714	160,157	6	(6)
Brokerage payables	58,965	93,323	55,808	(37)	67
All other liabilities	116,693	126,088	156,317	(7)	(19)
Total liabilities	**983,099**	**1,123,129**	**1,300,841**	(12)	(14)
Total shareholders' equity	**37,517**	**32,302**	**43,199**	16	(25)
Noncontrolling interests	10,811	14,919	16,640	(28)	(10)
Total liabilities and equity	**1,031,427**	**1,170,350**	**1,360,680**	(12)	(14)

Balance sheet

Total assets were CHF 1,031.4 billion as of the end of 2009, a decrease of 12% from the end of 2008. This was primarily driven by a 22% decrease in central bank funds sold, securities purchased under resale agreements and securities borrowed transactions, a 42% decrease in cash and due from banks, a 27% decline in brokerage receivables and a decrease in all other assets of 9%. The decline in all other assets included a decline of 38% in assets held-for-sale, a decline of 11% in cash collateral on derivative instruments and non-derivative transactions and 92% decline in failed purchases.

Total liabilities were CHF 983.1 billion as of the end of 2009, a decrease of 12% from the end of 2008. This was primarily driven by a 21% decrease in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, a 9% decrease in due to banks and customer deposits, a 37% decrease in brokerage payables, a 14% decrease in trading liabilities and a 7% decrease in all other liabilities. The decline in all other liabilities included a decline of 35% in cash collateral on derivative instruments and non-derivative transactions and 27% decline in interest and fees payable.

For more information, including funding the balance sheet and the leverage ratio, refer to Treasury management – Funding and Treasury management – Capital management.

Off-balance sheet

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

>>Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used freestanding derivative products include interest rate, cross-currency and >>credit default swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their >>fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. >>Positive replacement values constitute a receivable, while >>negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

For further information on derivatives, refer to Risk management – Credit risk and Note 29 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity's failure to perform, or we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of its employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax or intellectual property matters, from the acquirer to the seller. We closely monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

For disclosure of our estimable maximum payment obligations under certain guarantees and related information, refer to Note 30 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group.

Involvement with special purpose entities

In the normal course of business, we enter into transactions with, and make use of, SPEs. SPEs typically qualify either as qualified special purpose entities (QSPEs) or variable interest entities (VIEs). At each balance sheet date, QSPEs and VIEs are reviewed for events that may trigger reassessment of the entities' classification. For information on the adoption on new accounting principles under US GAAP on January 1, 2010 governing when an entity should be consolidated, refer to II – Operating and financial review – Core Results – Accounting changes adopted in first quarter of 2010 and Note 2 – Recently issued accounting standards – Standards to be adopted in future periods in V – Consolidated financial statements – Credit Suisse Group.

The majority of our securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using QSPEs. In order to qualify as a QSPE, the permitted activities of the entity must be limited to passively holding financial assets and distributing cash flows to investors based on pre-set terms. Entities that qualify as QSPEs are not consolidated at inception and the risk of subsequent consolidation is minimal under US GAAP as of December 31, 2009.

Securitization transactions are assessed for appropriate treatment of the assets transferred by us. Our investing or financing needs, and those of our clients, determine the structure of each transaction, which in turn determines whether sales accounting and subsequent derecognition of the transferred assets applies. Certain transactions may be structured to include derivatives or other provisions that prevent sales accounting.

As a normal part of our business, we engage in various transactions that include entities which are considered VIEs and are broadly grouped into three primary categories: >>collateralized debt obligations, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that will absorb the majority of expected losses, receive the majority of the expected residual returns, or both. We consolidate all VIEs for which we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. At each balance sheet date, VIEs are reviewed for events that may trigger reassessment of the entities' classification and/or consolidation. Application of the accounting requirements for consolidation of VIEs may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs. Securitization-related transactions with VIEs involve selling or purchasing assets and entering into related derivatives with those VIEs, providing liquidity, credit or other support. Other transactions with VIEs include derivative transactions in our capacity as the prime broker for entities qualifying as VIEs. We also enter into lending arrangements with VIEs for the purpose of financing projects or the acquisition of assets. Further, we are involved with VIEs which were formed for the purpose of offering alternative investment solutions to clients. Such VIEs relate primarily to private equity investments, fund-linked vehicles or funds of funds, where we act as structurer, manager, distributor, broker, market maker or liquidity provider. The economic risks associated with VIE exposures held by us, together with all relevant >>risk mitigation initiatives, are included in our risk management framework.

For further information and disclosure of our maximum exposure to loss, including with respect to a CP conduit where we act as the administrator and provider of liquidity and credit enhancement facilities, refer to Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

We have raised hybrid tier 1 capital through the issuance of trust preferred securities by SPEs that purchase subordinated debt securities issued by us. These SPEs have no assets or operations unrelated to the issuance, administration and repayment of the trust preferred securities and are not consolidated by us.

Contractual obligations and other commercial commitments

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Total long-term obligations increased CHF 9.4 billion in 2009 to CHF 165.8 billion, primarily reflecting a increase in long-term debt of CHF 8.7 billion to CHF 159.4 billion. Short-term obligations decreased CHF 90.9 billion in 2009 to CHF 523.0 billion, reflecting declines in all categories, particularly brokerage payables, due to banks and customer deposits and trading liabilities.

For further information on long-term debt and the related interest commitments, refer to Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group. For further information on commitments, refer to Note 30 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group.

Contractual obligations and other commercial commitments

					2009	2008
Payments due within	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Long-term obligations (CHF million)						
Long-term debt [1]	27,280	47,411	36,156	48,518	159,365	150,714
Capital lease obligations	4	15	18	116	153	148
Operating lease obligations	590	971	760	2,225	4,546	3,815
Purchase obligations	550	544	635	15	1,744	1,693
Total long-term obligations [2]	**28,424**	**48,941**	**37,569**	**50,874**	**165,808**	**156,370**

1 For further information on long-term debt, refer to Treasury management – Debt issuances and Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group. 2 Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 1,227 million and CHF 1,421 million as of December 31, 2009 and 2008, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. For further information on pension and other post-retirement benefits, refer to Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

Short-term obligations

end of	2009	2008

Short-term obligations (CHF million)		
Due to banks	36,214	58,183
Customer deposits	286,694	296,986
Trading liabilities	133,481	154,465
Short-term borrowings	7,645	10,964
Brokerage payables	58,965	93,323
Total short-term obligations	**522,999**	**613,921**

Corporate governance

Overview

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. During 2009 and in the aftermath of the financial crisis, reforming compensation practices and strengthening the corporate governance of compensation at financial institutions became a top priority for financial services regulators and politicians. In April 2009, the Financial Stability Board (FSB) issued Principles for Sound Compensation Practices at significant financial institutions, which were endorsed by the >>G-20 later in the year. In November 2009, the Swiss Financial Market Supervisory Authority (FINMA) published a set of minimum standards for remuneration schemes of financial institutions, effective January 1, 2010. The Group responded early and responsibly to the calls for reform of compensation practices. During 2009, we conducted a comprehensive review of our compensation design and instruments and introduced changes in order to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the long-term success of the Group. The changes primarily affected managing directors and directors and were effective for 2009 variable compensation awards. For further information, refer to – Compensation.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of >>American Depositary Shares (ADS). As a result, we are subject to certain US rules and regulations. Moreover, we adhere to the NYSE's Corporate Governance Listing Standards (NYSE standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE:

– Approval of employee benefit plans: the NYSE standards require shareholder approval of the establishment of, and material revisions to, all equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.

– Risk assessment and risk management: the NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE independence requirements, our Risk Committee may include non-independent members.

– Independence of nominating and corporate governance committee: the NYSE standards require that all members of the nominating and corporate governance committee be independent, while the Group's Chairman's and Governance Committee may include non-independent members.

– Reporting: the NYSE standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.

– Appointment of the external auditor: the NYSE standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by our shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.

Corporate governance framework

Our corporate governance policies and procedures are defined in a series of documents. The Board has adopted the Corporate Governance Guidelines, which form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail. Other important corporate governance documents, all of which are available on our website at *www.credit-suisse.com/governance/en/*, include:

– Articles of Association (AoA), which define the purpose of the business, the capital structure, and the basic organizational framework;

– Organizational Guidelines and Regulations (OGR), which define the responsibilities and sphere of authority of the various bodies within the Group, as well as the relevant reporting procedures;

– The Board of Directors Charter, which outlines the organization and responsibilities of the Board;

– The Board committee charters, which define the duties and responsibilities of each committee; and

– The Code of Conduct, which defines ten core values that all employees worldwide are required to follow. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including provisions on ethics for our Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers to the Code of Conduct have been made since its adoption. Information regarding any future amendments or waivers granted will be published on our website.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich under the registration numbers CH-020.3.906.075-9 (as of March 3, 1982) and CH-020.3.923.549-1 (as of April 4, 1883), respectively, and have their registered and main offices at Paradeplatz 8, 8070 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as set forth of Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. We have the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing. We also have the power to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of three operating divisions: Private Banking, Investment Banking and Asset Management. The three divisions are complemented by Shared Services and a regional management structure.

A detailed review of our operating results can be found in II – Operating and financial review. For a list of significant subsidiaries and associated entities, refer to Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group. The Group is listed on the SIX (Swiss Security Number 1213853, market capitalization of CHF 60,691 million as of December 31, 2009), and with the exception of Neue Aargauer Bank AG, Aarau, Switzerland, 99% of which is held by the Group, no other subsidiaries have shares listed on the SIX or any other stock exchange.

For further information on our structure, refer to I – Information on the company.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes a duty of care and a duty of loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions. In addition, Swiss law contains a provision pursuant to which payments made to a shareholder or a director or any person associated with them (for example, family members, business partners, agents or financing providers), other than at arm’s length, must be repaid to the corporation if the shareholder or director was not acting in good faith.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders’ resolution required.

Employees

As of December 31, 2009, we had 47,600 employees worldwide, of which 20,900 were in Switzerland and 26,700 were abroad.

The number of employees decreased 200 full-time equivalents compared to the end of 2008. Private Banking and Investment Banking slightly decreased their workforce, while the workforce of Asset Management was stable. The reduction in Private Banking reflected a talent upgrade of our relationship managers, mainly from Europe, the Middle East and Africa (EMEA) and Asia Pacific regions. The reduction in Investment Banking reflected the implementation of our strategic plan.

Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good. For further information, refer to I – Information on the company.

Number of employees

end of	2009	2008	% change
Number of employees (full-time equivalents)			
Private Banking	24,300	24,400	0
Investment Banking	19,400	19,600	(1)
Asset Management	3,100	3,100	0
Corporate Center	800	700	14
Number of employees	**47,600**	**47,800**	0
of which Switzerland	20,900	21,000	0
of which abroad	26,700	26,800	0

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All shareholders registered in our share register automatically receive an invitation to our AGM including an order form to receive the Credit Suisse Annual Report and other reports. Each registered shareholder will automatically receive a quarterly shareholders' letter providing an overview on our performance in a short and concise format. In addition, we produce detailed quarterly reports on our financial performance, which shareholders can elect to receive.

All of these reports and other information can be found on our website at *www.credit-suisse.com/investors*.

Articles of Association

For a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares, refer to – Shareholders and Additional information – Clauses on changes of control. That description does not purport to be complete and is qualified in its entirety by reference to the Swiss Code of Obligations and the AoA. Copies of our AoA and the AoA of the Bank are available at our main office, Paradeplatz 8, CH 8070 Zurich, Switzerland, or on our website *www.credit-suisse.com*.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as our director or employee, one of our affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

Shareholders

Capital structure

Our total issued share capital as of December 31, 2009 was CHF 47,414,807 divided into 1,185,370,182 registered shares, with a nominal value of CHF 0.04 per Credit Suisse Group AG share (Group share). Our shares are listed on the SIX and in the form of ADS on the NYSE. For information on the shareholder rights associated with our shares, refer to – Shareholder rights.

For information on changes to share capital and authorized and conditional capital during the year, refer to Note 9 – Share capital, conditional and authorized capital of Credit Suisse Group in VI – Parent company financial statements – Credit Suisse Group and our AoA (Articles 26, 26b-c and 27). For the previous two years' information, refer to the Credit Suisse Annual Report 2008.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on the composition of our shareholder base including information on shares that are not registered in the share register. According to this data, our shareholder base as of December 31, 2009 was comprised of 10% private investors, 79% institutional investors and 11% other investors. The geographical break down of our institutional investors is as follows: 19% Switzerland, 9% other continental Europe, 16% the UK and Ireland, 38% the US and 18% the rest of the world.

As of December 31, 2009, 143,722 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2009, 57 million, or 4.8%, of the issued shares were in the form of ADS, and 15 million, or 1.3%, of the outstanding shares were registered in the name of US domiciled shareholders (excluding nominees).

The information provided in the following tables reflects the distribution of shares as registered in our share register.

Distribution of Group shares in share register

end of	2009 Number of shareholders	%	Number of shares	%	2008 Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	132,304	92	106,500,019	9	135,630	91	106,445,010	9
Foreign	5,790	4	6,835,913	1	6,698	5	10,181,518	1
Private investors	138,094	96	113,335,932	10	142,328	96	116,626,528	10
Swiss	4,637	3	121,043,988	10	5,142	3	169,111,356	14
Foreign	991	1	501,610,878	42	1,151	1	387,219,080	33
Institutional investors	5,628	4	622,654,866	53	6,293	4	556,330,436	47
Shares registered in share register	**143,722**	**100**	**735,990,798**	**62**	**148,621**	**100**	**672,956,964**	**57**
of which Switzerland	136,941	95	227,544,007	19	140,772	95	275,556,366	23
of which Europe	5,266	4	332,221,873	28	4,825	3	177,567,581	15
of which US	329	0	106,675,117	9	409	0	179,614,463	15
of which Other	1,186	1	69,549,801	6	2,615	2	40,218,554	3
Shares not registered in share register	–	–	449,379,384	38	–	–	511,678,689	43
Total shares issued	**–**	**–**	**1,185,370,182**	**100**	**–**	**–**	**1,184,635,653**	**100**

Distribution of institutional investors in share register by industry

end of	2009 Number of shareholders	%	Number of shares	%	2008 Number of shareholders	%	Number of shares	%
Institutional investors by industry								
Banks	49	0	2,276,369	0	55	0	51,076,268	4
Insurance companies	98	0	7,770,558	1	132	0	8,865,052	1
Pension funds	1,107	1	38,868,206	3	1,230	1	37,681,790	3
Investment trusts	424	0	73,710,776	6	271	0	57,878,820	5
Other trusts	824	1	3,819,398	0	919	1	4,536,924	0
Governmental institutions	9	0	9,091,148	1	8	0	5,702,487	0
Other	2,897	2	148,663,825	13	3,430	2	38,861,986	3
Direct entries	**5,408**	**4**	**284,200,280**	**24**	**6,045**	**4**	**204,603,327**	**17**
Fiduciary holdings	**220**	**0**	**338,454,586**	**29**	**248**	**0**	**351,727,109**	**30**
Total institutional investors	**5,628**	**4**	**622,654,866**	**53**	**6,293**	**4**	**556,330,436**	**47**

Significant shareholders

Under Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has the obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides a summary of the disclosure notifications pertaining to the holdings of our significant shareholders (in alphabetical order). In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA valid at the time of the respective disclosure notification. The full text of all notifications can be found on our website at *www.credit-suisse.com/governance/en/shareholders_significant.jsp*.

Black Rock: As of December 1, 2009, Black Rock Inc. reported holdings of shares of 3.75%.

Capital Group: As of January 1, 2010, Capital Group Companies Inc. reported holdings of shares exceeding the 3% threshold and as of February 2, 2010, its holdings fell below the 3% threshold. As of February 25, 2010, its holdings exceeded the 3% threshold.

Credit Suisse Group AG: On October 26, 2009, we disclosed that our holdings exceeded the 10% threshold and amount to 10.98%, of which 2.17% was in the form of registered shares and 8.81% was in the form of derivatives (share acquisition rights and granted share sale rights) and that our holdings of sales positions amounted to 5.04%. On December 28, 2009, we disclosed that our holdings of sales positions fell below the 5% threshold. As of February 12, 2010, we disclosed that Credit Suisse Group AG's holdings of sales positions exceeded the 5% threshold, and as of February 17, 2010 our holdings of sales positions fell below the 5% threshold. Shares held by the Group have no voting rights. For information on trading on own shares, refer to IX – Additional information – Other information – Trading in our own shares.

Koor Industries: On April 28, 2009, Koor Industries Ltd. reported that its holdings had fallen below the disclosure threshold of 3%. As of February 9, 2010, Koor Industries Ltd. holdings of shares exceeded the 3% threshold.

Olayan Group: As of September 25, 2009, Crescent Holding GmbH, a company controlled by the Olayan Group, disclosed that its holdings amounted to 6.6%.

Qatar Investment Authority: On October 22, 2008, Qatar Holding LLC disclosed that its holdings of shares and derivatives of Credit Suisse Group AG amounted to 9.9%, of which 8.9% was in the form of registered shares (99.8 million shares) and 1.0% was in the form of derivatives.

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. For further information, refer to our AoA, which is available on our website at *www.credit-suisse.com/governance/en/articles of association.jsp*.

Voting rights and transfer of shares

There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies.

The restrictions on voting rights do not apply to:

– the exercise of voting rights by the Group proxy or by the independent proxy as designated by the Group or by persons acting as proxies for deposited shares;

– shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the SESTA and the relevant ordinances and regulations have been fulfilled; or

– shares that are registered in the name of a nominee, provided that this nominee: (i) is willing to furnish us on request the name, address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital; and (ii) confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer of shares is executed by a corresponding entry in the custody records of a bank or depositary institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the transferor, the bank or the depositary institution.

Annual General Meeting

Under Swiss law, the AGM must be held within six months after the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Commercial Gazette at least 20 days prior to the meeting.

Shares only qualify for voting at an AGM if entered in the share register with voting rights no later than three days prior to an AGM.

Convocation of shareholder meetings

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an extraordinary shareholders' meeting must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the extraordinary shareholders' meeting.

Request to place an item on the agenda
Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be put on the agenda and voted upon at the next AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums
The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA.

Shareholders' resolutions that require a vote by a majority of the votes represented include:

– amendments to the AoA, unless a supermajority is required;

– election of directors and statutory auditors;

– approval of the annual report and the statutory and consolidated accounts; and

– determination of the allocation of the distributable profit.

A quorum of at least half of the share capital and approval by two thirds of the votes represented is required for resolutions on:

– change of the purpose of the company;

– creation of shares with increased voting powers;

– implementation of transfer restrictions on shares;

– authorized or conditional increase in the share capital;

– increase of capital by way of conversion of capital surplus or by contribution in kind;

– restriction or suspension of preferential rights (pre-emptive subscription);

– change of location of the principal office; and

– dissolution of the company without liquidation.

A quorum of at least half of the share capital and approval by at least three quarters of the votes cast is required for resolutions on:

– the conversion of registered shares into bearer shares;

– amendments to the provision of the AoA relating to registration and voting rights of nominee holders; and

– the dissolution of the company.

A quorum of at least half of the share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Pre-emptive subscription rights
Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive subscription rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive subscription rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Commercial Gazette. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 14 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one ordinary AGM to the close of the next ordinary AGM. While the AoA do not provide for any age or term limitations, our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in exceptional circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation. In December 2009, the Group announced that Hans-Ulrich Doerig, who will reach the age of 70 during 2010, will remain Chairman of the Board (Chairman) until the AGM in April 2011 when he will be succeeded by Vice-Chairman Urs Rohner. None of our directors has a service contract with us or any of our subsidiaries providing for benefits upon termination of service.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed for a term of one year.

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on criteria established by the committee. The committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Board also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad and having held leading positions in government and international organizations.

Any newly appointed director participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. From time to time, the Board and the committees of the Board may ask a specialist within the Group to speak about a specific topic to improve the Board members' understanding of issues that already are or may become of particular importance to our business.

Meetings

In 2009, the Board held six full-day meetings in person and five additional meetings. From time to time, the Board may also take certain urgent decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions, without management present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

The members of the Board are expected to attend all meetings of the Board and the committees on which they serve. The Chairman may approve exceptions. The Chairman and the full-time Vice-Chairman attend selected committee meetings as guests.

Board meetings: Eleven meetings were held during 2009. Ten members of the Board attended all meetings, three members of the Board missed one meeting and one member missed two meetings.

Chairman's and Governance Committee meetings: Eight meetings were held during 2009. Three members of the Chairman's and Governance Committee attended all meetings and three members missed one meeting.

Audit Committee meetings: Nine meetings were held during 2009. Four members of the Audit Committee attended all meetings and one member missed one meeting.

Compensation Committee meetings: Ten meetings were held during 2009. Two members of the Compensation Committee attended all meetings and one member missed two meetings.

Risk Committee meetings: Six meetings were held during 2009. Two members of the Risk Committee attended all meetings and three members missed one meeting.

Independence

The Board consists solely of directors who have no executive functions within the Group. As of December 31, 2009, all members of the Board were independent, with the exception of Urs Rohner, Vice-Chairman, who was deemed not independent due to his former role as Chief Operating Officer (COO) and General Counsel of the Group until the 2009 AGM in April 2009. In its independence determination, the Board takes into account the factors set forth in the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. In general, a director is considered independent if the director (i) is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries, (ii) is not and has not been for the prior three years an employee or affiliate of our external auditor and (iii) does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries. Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. Board members with immediate family members who would not qualify as independent are also not considered independent. Our definition of independence is