CREDIT SUISSE GROUP
Form 20-F
June 28, 2004

As filed with the Securities and Exchange Commission on June 28, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

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

or

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

For the fiscal year ended December 31, 2003

or

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

For the transition period from ______________________ to ______________________
(Commission file number 001-15244)

Credit Suisse Group

(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)

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

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

Title of each class	Name of each exchange on which registered
American Depositary Shares representing Shares with a par value of CHF 1	**New York Stock Exchange**

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

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2003:

1,130,362,948 shares, par value CHF 1 per share

Indicate by check mark whether the registrant (1) has 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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

Form 20-F 2003

Definitions

For the purposes of this Form 20-F, unless the context otherwise requires, the terms "we," "us," "our" and "the Group" mean Credit Suisse Group and its consolidated subsidiaries.

Sources

Throughout this Form 20-F, 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, Standard & Poor's Europe Insurance Market Profile, Thomson Financial, Institutional Investor, Lipper, Moody's Investors Service and Fitch Ratings.

Accounting basis and reporting currency

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Our consolidated financial statements are denominated in Swiss francs, or CHF. For your convenience, we have translated certain amounts referred to in this Form 20-F from Swiss francs into US dollars, or USD, at the rate of CHF 1.00 = USD 0.8078, which was the noon buying rate for Swiss francs on December 31, 2003, in New York City as certified by the Federal Reserve Bank of New York. You should not construe this convenience translation as a representation that the Swiss franc amounts actually denote the corresponding US dollar amounts or could be converted into US dollars at the indicated rate. The assumed rate also differs from the rates used in the preparation of the consolidated financial statements as of and for the years ended December 31, 2003, 2002 and 2001.

Cautionary statement regarding forward-looking information

This Form 20-F contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- Our plans, objectives or goals;
- Our future economic performance or prospects;
- The potential effect on our future performance of certain contingencies; and
- Assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- Market and interest rate fluctuations;
- The strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular;
- The ability of counterparties to meet their obligations to us;
- The effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- Political and social developments, including war, civil unrest or terrorist activity;
- The possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- The ability to maintain sufficient liquidity and access capital markets;
- Operational factors such as systems failure, human error, or the failure properly to implement procedures;
- Actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- The effects of changes in laws, regulations or accounting policies or practices;

- Competition in geographic and business areas in which we conduct our operations;
- The ability to retain and recruit qualified personnel;
- The ability to maintain our reputation and promote our brands;
- The ability to increase market share and control expenses;
- Technological changes;
- The timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- Acquisitions, including the ability to integrate successfully acquired businesses;
- The adverse resolution of litigation and other contingencies; and
- Our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the information set forth in “Item 3 – Key Information – Risk factors.”

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS N/A

ITEM 2: OFFER, STATISTICS AND EXPECTED TIMETABLE N/A

ITEM 3: KEY INFORMATION

Selected financial data

We are a global financial services company domiciled in Switzerland. In the area of financial services, we offer investment and lending products, wealth management and financial advisory services, including insurance and life and pension solutions, for private and corporate clients. In the area of global investment banking, we provide financial advisory and capital raising services, sales and trading for users and suppliers of capital as well as asset management products and services.

Effective January 1, 2002, we divided our existing operations into two business units, Credit Suisse Financial Services and Credit Suisse First Boston, containing separate operating segments. Credit Suisse Financial Services includes the Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance (subsequently renamed Non-Life) segments. Credit Suisse First Boston includes the Institutional Securities and CSFB Financial Services (subsequently renamed Wealth & Asset Management) segments. Effective July 13, 2004, we will be structured along three business lines: investment banking and wealth and asset management under the legal entity Credit Suisse First Boston; financial services, including global private banking and corporate and retail banking in Switzerland, under the legal entity Credit Suisse; and insurance under the legal entity Winterthur. This Form 20-F has been prepared on the basis of the structure in place for the year ended December 31, 2003. For further information, refer to "Item 4 – Information on the Company."

The audited consolidated financial statements have been prepared in accordance with US GAAP.

	2003 in USD m1)	2003 in CHF m	2002 in CHF m	2001 in CHF m	2000 in CHF m	1999 in CHF m
Net revenues	**41,607**	**51,506**	47,386	60,174	62,404	50,064
Total benefits, claims and credit losses	**18,983**	**23,500**	21,778	23,428	23,107	20,964
Total operating expenses	**21,198**	**26,242**	29,857	37,614	32,927	25,177
Income/(loss) from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes	**1,425**	**1,764**	(4,249)	(868)	6,370	3,923
Income tax expenses/(benefit)	**(11)**	**(13)**	(109)	(206)	1,508	1,136
Minority interests, net of tax, (including dividends on preferred securities)	**82**	**102**	(60)	242	318	57
Income/(loss) from continuing operations before extraordinary items and cumulative effect of accounting changes	**1,353**	**1,675**	(4,080)	(904)	4,544	2,730
Income/(loss) from discontinued operations, net of tax	**(279)**	**(346)**	(447)	122	70	(11)
Extraordinary items, net of tax	**6**	**7**	18	0	31	0
Cumulative effect of accounting changes, net of tax	**(457)**	**(566)**	61	123	1	0
Net income/(loss)	**622**	**770**	(4,448)	(659)	4,646	2,719
Basic earnings per share, in CHF						
Income/(loss) from continuing operations before extraordinary items and cumulative effect of accounting changes	**1.16**	**1.43**	(3.53)	(0.80)	4.32	2.62
Net income/(loss)	**0.53**	**0.66**	(3.85)	(0.58)	4.42	2.61
Dividends/repayment of capital	**0.40**	**0.50**	0.10	2.00	2.00	1.80

Ratios based on CHF			
Return on assets	**0.1%**	(0.4%)	(0.1%)
Return on equity	**2.3%**	(11.4%)	(1.4%)
Dividend payout ratio	**n/a**	(2.6%)	n/a
Equity to asset ratio in %	**3.4%**	3.3%	3.9%

[1] Translated for convenience purposes only using the period-end exchange rate information on next page.

	31.12.03 in USD[1]	31.12.03 in CHF	31.12.02 in CHF	31.12.01 in CHF	31.12.00 in CHF	31.12.99 in CHF
Assets under management in bn	**969.7**	**1,200.4**	1,160.0	1,430.6[2]	1,392.0[2]	1,132.7[2]
Consolidated balance sheet in m						
Total assets	**811,280**	**1,004,308**	1,027,158	1,135,109	1,057,556	768,044
Common shares	**965**	**1,195**	1,190	3,590	6,009	5,444
Total shareholders' equity	**27,458**	**33,991**	34,178	44,061	49,104	39,940
Consolidated BIS capital ratios [3]						
Risk-weighted assets in m	**154,097**	**190,761**	196,486	222,874	239,465	209,870
Tier 1 ratio in %		**11.7**	9.0	9.5	11.3	11.8
Total capital ratio in %		**17.4**	14.4	15.7	18.2	17.8
Number of employees (full-time equivalents)		**60,477**	78,457	80,161	80,538	63,963
Shares outstanding		**1,130,362,948**	1,116,058,305	1,120,723,235	1,103,882,156	1,043,224,728

[1] Translated for convenience purposes only using the period-end exchange rate information below.
[2] Not adjusted to reflect the current presentation.
[3] All calculations through December 31, 2003, on the basis of Swiss GAAP. In 2003, the method for capital treatment of Winterthur was adapted in line with the new requirements defined by the Swiss regulator. Previous year comparative numbers have been adjusted accordingly, excluding the years 2000 and 1999.

Exchange rate information

The following table sets forth, for the periods and dates indicated, certain information concerning the noon buying rate for the Swiss franc expressed as USD per CHF 1.00.

Year	Period end	Average[1]	High	Low
1999	0.6277	0.6605	0.7361	0.6244
2000	0.6172	0.5912	0.6441	0.5479
2001	0.6025	0.5910	0.6331	0.5495
2002	0.7229	0.6481	0.7229	0.5817
2003	0.8078	0.7484	0.8078	0.7052

1) The average of the noon buying rates on the last business day of each month during the relevant period.

Month	High	Low
December 2003	0.807754	0.769053
January 2004	0.820345	0.789952
February 2004	0.815062	0.788644
March 2004	0.796178	0.766989
April 2004	0.791954	0.757461
May 2004	0.802568	0.764760
June 04 (through June 18, 2004)	0.808342	0.793840

On June 18, 2004, the noon buying rate for Swiss francs was CHF 1.00 = USD 0.8037.

Risk factors

Our businesses are exposed to a variety of risks that could adversely affect our results of operations or financial condition, including, among others, those described below.

Market risk

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility

We maintain large trading and investment (other than trading) positions in the debt, currency, commodity and equity markets, and in private equity, real estate and other assets. These positions could be adversely affected by volatility in financial markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. At December 31, 2003, our trading portfolios represented approximately 30% of our total assets and approximately 16% of our total liabilities. For further information on market risk exposures in those portfolios, refer to "Item 11 – Quantitative disclosure about market risk – Market risk – Trading portfolios" and "— Non-trading portfolios." Volatility can also lead to losses relating to a broad range of other trading and hedging products we use, including swaps, futures, options and structured products.

To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to the extent that we have sold assets that we do not own, or have net short positions, in any of those markets, an upturn in those markets could expose us to potentially unlimited losses as we attempt to cover our net short positions by acquiring assets in a rising market. We may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which we expect to earn net revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that we did not anticipate or against which we are not hedged, we might realize a loss on those paired positions. Such losses, if significant, could adversely affect our results of operations and financial condition.

Adverse market or economic conditions may cause a decrease in net revenues

As a global financial services company, our businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the US and elsewhere around the world. Difficult market and economic conditions and geopolitical uncertainties, including terrorism, military activity and the threat of future military activity, in 2002 and 2003 had a negative impact on our business as the slowdown in global economic growth continued. Despite improved market conditions and some signs that the global economy is beginning to recover, adverse market or economic conditions could deteriorate and create a challenging operating environment for financial services companies. In particular, persistent doubts regarding the sustainability of the global economic recovery, the potential impact of rising oil prices, interest rates and the risk of geopolitical events will continue to create a volatile market environment.

Certain of our businesses, particularly structured and credit products and the high-yield and fixed income businesses, have benefited in recent years from low or declining interest rates, lower valuations and declining volatility affecting the equity markets. Increasing or higher interest rates could have an adverse effect on the results of those businesses.

We face a number of risks with respect to adverse future market or economic conditions. Financial markets in Europe, the US and elsewhere may decline further or experience increased volatility, which could lead to a decline in merger and acquisition activity and capital markets transactions. Our net revenues would likely decline in such circumstances, and, if we were unable to reduce expenses at the same pace, our results of operations and financial condition would be adversely affected. In addition, adverse market or economic conditions could negatively affect our banking and insurance businesses and the estimates and assumptions used to determine the fair value of our reporting segments. In 2003, we recorded material goodwill impairment charges, and we may record additional goodwill impairment charges in the future. Furthermore, future terrorist attacks, military conflicts and economic or political sanctions could have a material adverse effect on economic and market conditions, market volatility and financial activity, including in businesses in which we operate.

Private banking and asset management businesses

Unfavorable market or economic conditions could affect our private banking and asset management businesses by reducing sales of our investment products, such as mutual funds, and by reducing the volume of our asset management activities. In addition, because the fees we charge for managing our clients' portfolios are in many cases based on the value of those portfolios, a market downturn that reduces those values or increases the amount of withdrawals from those portfolios would reduce our commission and fee income. Even in the absence of a market downturn, below-market performance by our mutual funds and managed portfolios may result in increased withdrawals or reduced inflows, which would reduce the net revenues we receive from the asset management activities of our private banking and asset management businesses.

Insurance businesses

Although the insurance businesses have reduced the equity exposure of their investment portfolios, movements in the debt, equity and foreign exchange markets could adversely affect the results of operations and financial condition of our insurance businesses. In particular, adverse market or economic conditions could result in customers reducing their rate of investment, investing in different types of instruments or ceasing to invest altogether, which would adversely affect the sales of insurance products such as unit-linked life insurance and individual pension products. In addition, because for certain types of life and pension products, we charge a fee based on the market value of the assets managed, a market downturn that reduces the value of those assets would reduce the amount of fee income we earn.

Investment banking business

The difficult market and economic conditions and geopolitical uncertainties during 2002 and 2003 had a negative impact on our investment banking business, particularly our capital markets and financial advisory services. Future economic weakness and market declines would likely also have a negative impact on the results of operations and financial condition of our investment banking business. In particular, adverse market or economic conditions could reduce the number and size of investment banking transactions in which we provide underwriting, mergers and acquisitions advice or other services and, therefore, adversely affect our financial advisory and underwriting fees, which are directly related to the number and size of the transactions in which we participate. In addition, market declines in Europe, the US and elsewhere would likely lead to a decline in the volume of securities trades that we execute for customers and, therefore, to continue to have an adverse effect on net revenues we receive from commissions and spreads.

Private equity business

Adverse market or economic conditions could negatively affect our private equity investments since, if a private equity investment substantially declines in value, we could lose some or all of any management or similar fees, may not receive any increased share of the income and gains from such investment (to which we are entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose our pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit in weak initial public offering markets. In certain circumstances, depending on the size of the investment, the nature of the company's problems or other factors, we may become involved in disputes or legal proceedings relating to the investment, and our reputation or our ability to sponsor private equity investment funds in the future could be adversely affected.

We may incur significant losses in the real estate sector

Our banking and investment banking businesses could be adversely affected by a downturn in the real estate sector. We finance and acquire principal positions in a number of real estate and real estate-related products, both for our own account and for major participants in the commercial and residential real estate markets, and we originate loans secured by commercial, residential and multi-family properties. We also securitize and trade in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including mortgage-backed and commercial mortgage-backed securities. Future unfavorable conditions in real estate markets and further potential writedowns on our legacy real estate portfolios would adversely affect our results of operations and financial condition.

Our revenues may decline in line with declines in certain sectors

Decreasing economic growth has reduced the net revenues of our investment banking business. In the past we have made, and in the future we may make, significant commitments to providing investment banking advisory and underwriting services to companies in certain sectors such as technology and telecommunications. Decreasing economic growth generally with respect to these sectors has negatively affected net revenues of our investment banking business and may continue to do so in the future.

Holding large and concentrated positions may expose us to large losses

Concentrations of risk could increase losses at our private banking, banking, insurance and investment banking businesses. These businesses have sizeable loans and securities holdings and we face additional risk from concentrations of loans in our banking business to certain customers. Our net loan exposure amounted to CHF 177.2 billion, or 17.6%, of total assets and to CHF 180.8 billion, or 17.6%, of total assets, respectively, as of December 31, 2003 and 2002. Our three largest industry concentrations were: financial services, real estate companies and manufacturing, which represented, 9.4%, 8.8% and 6.4%, respectively, of total gross loans at December 31, 2003. A downturn in any of these sectors in the past has had, and in the future may have, an adverse effect on our results of operations and financial condition. For information relating to our loans by economic sector, refer to "Item 5 – Operating and Financial Review and Prospects – Information Required by Industry Guide 3 – Selected statistical information regarding the banking business – Loan portfolio."

Furthermore, risk concentrations could also expose our investment banking business to increased losses from other activities, such as arbitrage, market-making, block and proprietary trading, private equity and underwriting. The trend in all major capital markets is toward larger and more frequent commitments of capital. We have committed substantial amounts of capital to these businesses, which may require us to take large positions in the loans or securities of a particular company or companies in a particular industry, country or region, thereby increasing our related risk of loss due to our sizeable securities holdings.

Significant interest rate changes could affect our results of operations and financial condition

Banking businesses

The level of our net interest income significantly affects the results of operations of our banking businesses. Interest rates are highly sensitive to many factors beyond our control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Accordingly, the level of net interest income from our banking businesses could decline as a result of mismatches between those assets and liabilities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the results of operations of our banking businesses.

Insurance businesses

Most of the life products that our insurance businesses offer provide for payment at guaranteed rates of interest. Accordingly, these products expose our insurance businesses to interest rate risk related to market prices and variability in cash flows associated with changes in market interest rates. Interest rate volatility could expose us to disintermediation risk and a reduction in net interest rate spread, adversely impacting our results. Although the introduction of the "Winterthur model" in Switzerland has substantially reduced the interest rate risks inherent in the Swiss group life business, further changes to that model may be required, some of which could have the effect of again increasing our exposure to interest-rate related risks. Furthermore, although the Swiss government lowered the guaranteed rate for the saving business to 2.25% for 2004 – a rate that remains subject to increase – the Swiss guaranteed return continues to represent a constraint on the profitability of the insurance business.

Any fluctuation in interest rates, either up or down, may have an adverse effect on the results of operations of our insurance business. During periods of declining interest rates, investment income from our insurance businesses will generally be lower because the interest earned on our fixed-income investments likely will have declined in line with market interest rates. In addition, we may have to reinvest maturing funds in lower interest-bearing investments. Accordingly, during periods of declining interest rates, a decrease in the spread between interest rates credited to policyholders and returns on our investment portfolio may adversely affect our results. In periods of increasing interest rates, insurance policy surrenders and withdrawals may increase as policyholders seek investments with higher perceived returns. This process may result in cash outflows that require our insurance businesses to sell assets held in our investment portfolio at a time when the prices of those assets have been adversely affected by increases in market interest rates, resulting in realized investment losses.

Our hedging strategies may not prevent losses

If any of the variety of instruments and strategies we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. For example, if we hold a long position in an asset, we may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, we may only be partially hedged, or these strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. For instance, our insurance businesses reported substantial losses in 2002 due in part to the fact that their exposure to the declining equity markets was not fully hedged. Unexpected market developments may also affect our hedging strategies.

Market risk may increase the other risks that we face

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate the other risks that we face. For example, if we were to incur substantial trading losses, our need for liquidity could rise sharply while access to liquidity could be impaired. In conjunction with a market downturn, our customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing our credit risk to them.

Credit risk

We may suffer significant losses from our credit exposures

Our businesses are subject to the risk that borrowers and other counterparties will be unable to meet their obligations to us. Credit exposures exist within lending relationships, commitments and letters of credit, as well as derivative, foreign exchange and other transactions. These exposures may arise, for example, from:

- A decline in the financial condition of the counterparty;
- A decrease in the value of securities of third parties held by us as collateral;
- Entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to us;
- Extending credit to our clients through loans or other arrangements;
- Executing trades that fail to settle at the required time due to systems failure or non-delivery by the counterparty; and
- Economic and political conditions beyond our control.

Banking businesses

Our banking businesses establish provisions for loan losses, which are reflected in the provision for credit losses on our income statement, in order to maintain our allowance for loan losses at a level which is deemed to be appropriate by management based upon an assessment of prior loss experience, the volume and type of lending being conducted by each bank, industry standards, past due loans, economic conditions and other factors related to the collectibility of each entity's loan portfolio. For further information on potential problem loans, refer to "Item 11 – Quantitative Disclosure About Market Risk – Credit risk for the banking businesses." Although management uses its best efforts to establish the provision for loan losses, that determination is subject to significant judgment, and our banking businesses may have to increase their provisions for loan losses in the future as a result of increases in non-performing assets or for other reasons. Refer to "Item 5 – Operating and Financial Review and Prospects – Critical Accounting Policies – Contingencies and Loss Provisions." Any increase in the provision for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on our results of operations and financial condition.

Insurance businesses

We transfer a portion of our exposure to insurance risks through reinsurance arrangements. Under these arrangements, other insurers assume a portion of our losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. When we obtain reinsurance, we are not discharged from our legal duty to pay claims on reinsured policies. Therefore, the inability of our reinsurers to meet their financial obligations could materially affect our results of operations and financial condition. For further information relating to our reinsurance arrangements, refer to "Item 11 – Quantitative Disclosure About Market Risk – Insurance risk – Risk structure in the insurance business."

Investment banking business

In recent years, our investment banking business has significantly expanded its use of swaps and other derivatives. As a result, our credit exposures have increased in amount and duration. In addition, we have experienced, due to competitive factors, pressure to assume longer-term credit risk, to extend credit against less liquid collateral and to price derivative instruments more aggressively based on the credit risks that we take. We have had an increase in our investment bank's provisions for credit losses and further increases, or any credit losses in excess of related provisions, could have an adverse effect on our results of operations and financial condition.

Defaults by a large financial institution could adversely affect financial markets generally and us specifically

The credit environment in 2003 improved from that in 2002, which was among the most difficult in recent history. However, we continue to have significant exposures to the credit quality of counterparties with which we conduct business. Recently, the credit environment has also been adversely affected by significant instances of fraud. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges with which we interact on a daily basis, and could adversely affect us.

The information that we use to manage our credit risk may be inaccurate or incomplete

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit or trading risks of a counterparty.

We may not have sufficient collateral to fully cover our exposure to potential credit losses

In cases where we have extended credit against collateral, we may find that we are under-secured, for example, as a result of sudden declines in market values that reduce the value of collateral. For an analysis of our loan portfolio by collateral amount, refer to "Item 11 – Quantitative Disclosure About Market Risk— Credit Risk for the banking businesses – Loan portfolio."

Cross border and foreign exchange risk

Cross border risks may increase market and credit risks we face

Country, regional and political risks are components of market risk as well as credit risk. Financial markets and economic conditions generally in Europe, the US and elsewhere around the world have in the past been, and in the future may continue to be, materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises and monetary controls, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign exchange or credit and, therefore, to perform their obligations to us. The political, economic or other circumstances of the countries in which we operate may have an adverse impact on our results of operations and financial condition.

We may face significant losses in emerging markets

As a global financial services company, we are exposed to economic instability in emerging market countries. We have adopted a lower risk profile for our emerging market operations. This strategy includes improved risk monitoring, greater diversity in the sectors in which we invest and greater emphasis on customer driven business. Our efforts at containing emerging market risk, however, may not succeed.

Currency fluctuations may adversely affect our results of operations and financial condition

We are exposed to risk from fluctuations in exchange rates for currencies. In particular, a substantial portion of our assets and liabilities in our insurance, investment banking and asset management businesses are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Exchange rate volatility may have an adverse impact on our results of operations and financial condition. For example, the 13.4% decline in the average US dollar/ Swiss franc exchange rate from 2002 to 2003 had a substantial adverse effect on the results of operations and financial condition of our Credit Suisse First Boston business unit as reported on a Swiss franc basis, and therefore on our consolidated results of operations and financial condition. See "Item 5 – Operating and Financial Review and Prospects – Factors affecting results of operations – Exchange rate fluctuations."

Insurance underwriting risk

Underwriting risk represents the exposure to loss resulting from actual policy experience differing from the assumptions made in product pricing associated with mortality, morbidity, surrender rates and expenses on life insurance products and claim frequency and severity on non-life insurance products. Earnings in our insurance businesses depend significantly on the assumptions made in pricing insurance products and establishing the liabilities for future benefits and claims to be paid. For information relating to insurance underwriting risk, refer to “Item 11 – Quantitative Disclosure About Market Risk – Insurance Risk.”

Non-life insurance companies frequently experience losses from catastrophes, including windstorms, hurricanes, earthquakes, tornadoes, severe hail, severe winter weather, floods, fires and terrorist attacks. The incidence and severity of these catastrophes are inherently unpredictable. The extent of our losses from catastrophe is a function of the terms of the relevant insurance contracts, the total amount of losses our policyholders incur, the number of policyholders affected, the frequency of events and the severity of a particular catastrophe. Our efforts to protect ourselves against catastrophe losses, such as the use of selective underwriting practices, the purchasing of reinsurance and the monitoring of risk accumulations, may not be effective.

For information relating to our non-life insurance liabilities, refer to “Item 5 – Operating and Financial Review and Prospects – Information Required by Industry Guide 6 – Selected statistical information regarding the insurance business – Provisions for unpaid losses and loss adjustment expenses from the Insurance business.” To the extent that actual claims experience is less favorable than our underlying assumptions used in establishing such liabilities, we would be required to increase our liabilities, which could have a material adverse impact on our results of operations and financial condition.

Liquidity risk

Our liquidity could be impaired if we could not access the capital markets or sell our assets

Liquidity, or ready access to funds, is essential to our businesses, particularly our investment banking business, which depend on continuous access to the debt capital and money markets to finance day-to-day operations. An inability to raise money in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on our liquidity. Such an inability could result from factors that are not specific to us, such as a severe disruption of the financial markets or negative views about the financial services industry generally. Lenders could, however, develop a negative perception of our particular long-term or short-term financial prospects if:

- We incurred large trading or loan losses, or unexpected large insurance claims;
- A continuing market downturn caused the level of our business activity to decrease;
- Regulatory authorities took significant action against us; or
- We discovered serious employee misconduct or illegal activity.

If we were unable to borrow in the debt capital markets, or access the secured lending markets, we would need to liquidate assets, such as the readily marketable debt securities and other securities and investments held in our investment and trading portfolios, to meet our maturing liabilities. A market downturn could, however, adversely affect our ability to liquidate those assets. In addition, certain market environments, such as when there is market volatility or uncertainty, could cause overall market liquidity to decline. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may have to sell assets at depressed prices, which in either case could adversely affect our results of operations and financial condition. In addition, our ability to sell our assets may be impaired if other market participants are seeking to sell similar assets at the same time.

Our banking businesses may face asset liability mismatches

Our banking businesses meet most of their funding requirements using short-term funding sources, including primarily deposits, inter-bank loans, time deposits and cash bonds. However, a portion of our assets has medium- or long-term maturities, creating a potential for funding mismatches. For further information relating to the assets and liabilities of our banking businesses, refer to "Item 5 – Operating and Financial Review and Prospects – Information Required by Industry Guide 3 – Selected statistical information regarding the banking business – Investments portfolio," "— Deposits" and "— Short-term borrowings." Although a substantial number of depositors have, in the past, rolled over their deposited funds upon maturity and deposits have been, over time, a stable source of funding, this may not continue to occur. In that case, our liquidity position could be adversely affected, which could require us to use other methods to fund our obligations, such as raising money in the capital markets or through secured borrowings or asset sales. If other funding sources were not available to us at this time, we might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans and investments as they arise.

Our insurance businesses may face liquidity problems

Our insurance businesses could experience liquidity difficulties in certain circumstances. These operations' short-term cash needs consist primarily of paying claims, as well as day-to-day operating expenses. Those needs are met through cash receipts from operations, and through the sale of liquid investment assets, which is generally possible absent a market environment where the sale of otherwise liquid assets is difficult or impossible. In the case of catastrophe losses, however, we may need to sell substantially more assets than planned, which may cause us to realize a loss on those investments. In addition, our insurance businesses face a risk of asset and liability mismatches arising from our investment activities. We accumulate assets because premiums are paid earlier than claims are settled. These funds must be invested in a manner that allows cash outflows at the appropriate time to meet liabilities, or it could affect our results of operations and financial condition. For information relating to the investments of our insurance businesses, refer to "Item 5 – Operating and Financial Review and Prospects – Investments for insurance business."

Changes in our ratings may adversely affect our business and financial condition

Reductions in our assigned ratings, including in particular our credit ratings, could increase our borrowing costs and limit our access to capital markets. Ratings are assigned by rating agencies, which may reduce or indicate their intention to reduce the ratings at any time. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in our ratings. For more information relating to our credit ratings and the credit ratings of our principal banks and insurance company, refer to "Item 5 – Operating and Financial Review and Prospects – Liquidity and capital resources." Any reduction in our ratings may increase our borrowing costs, limit our access to capital markets and adversely affect the ability of our businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain their current customers. This, in turn, could reduce our liquidity and negatively impact our operating results and financial condition.

Operational risk

We are exposed to a variety of operational risks

Operational risk is the risk of adverse impacts on our business as a consequence of conducting operations in an improper or inadequate manner, or as a result of external factors. In general, our businesses face a wide variety of operational risks. We face risk arising from organizational factors such as change of management and other personnel, data flow, communication, coordination and allocation of responsibilities. Policy and process risk arises from weakness in or non-compliance with policies and critical processes involving documentation, due diligence, adherence to credit limits, settlement and payment. Technology risk stems from dependencies on information technology and the telecommunications infrastructure and risks arising from e-commerce activities. We face risks arising from human error and external factors such as fraud. Finally, we face risks from physical threats to our and third-party suppliers' facilities or employees and business disruption; in particular, if there is a disruption in the infrastructure supporting our businesses and/or the areas where they or third-party suppliers are situated, such as interruptions in electrical, communications, transportation or other services, our ability to conduct our operations may be negatively impacted. Any such events could have an adverse effect on our results of operation and financial condition.

We may suffer losses due to employee misconduct

Our businesses are exposed to risk from potential non-compliance with policies on loans, selling of insurance, credit limits, securities transactions and settlements and payment processes. There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and employee misconduct may occur. Misconduct by employees could include engaging in unauthorized activities or binding us to transactions that exceed authorized limits or present unacceptable risks, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanction and serious reputational or financial harm. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective.

Our dependence on systems could expose us to losses

We may suffer losses caused by a breakdown in information, communication, transaction settlement, clearance and processing procedures. As a global financial services company, we rely heavily on our financial, accounting and other data processing systems, which are varied and complex. If any of these systems does not operate properly or is disabled, including as a result of terrorist attacks or other unforeseeable events, we could suffer financial loss, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. The inability of our systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses.

Legal and regulatory risks

Our exposure to legal liability is significant

We face significant legal risks in our businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are increasing. These risks involve disputes over the terms of transactions in which we act as principal, disputes concerning the adequacy or enforceability of documents relating to our transactions, potential liability under securities or other laws for materially false or misleading statements made in connection with securities and other transactions in which we act as underwriter, placement agent or financial advisor, potential liability for the "fairness opinions" and other advice we provide to participants in corporate transactions, disputes over the terms and conditions of complex trading arrangements, disputes over the independence of our research and mis-selling insurance. We also face the possibility that counterparties in complex or risky trading transactions will claim that we improperly failed to tell them of the risks or that they were not authorized or permitted to enter into these transactions with us and that their obligations to us are not enforceable.

We face risks relating to investment suitability determinations, disclosure obligations and performance expectations with respect to the products and services we provide, which could lead to significant losses or reputational damages. We have in place policies and practices to monitor and, to some extent, control the risks that may arise in delivering products or services to clients. Although we attempt to ensure that any investment or risk management product or service we provide to our clients is appropriate based on our relationships with that client, we may not succeed in doing so. Companies in our industry are increasingly exposed to claims for recommending investments that are not consistent with a client's investment objectives or engaging in unauthorized or excessive trading. During a prolonged market downturn, these claims could increase.

It is inherently difficult to predict the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving the Group's businesses, 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 periodically 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 our experience in similar cases or proceedings. For further information, refer to "Item 5 – Operating and Financial Review and Prospects – Critical accounting policies and estimates" and "Item 8 – Financial Information – Legal proceedings."

Extensive regulation of our businesses limits our activities and may subject us to significant penalties

As a participant in the financial services industry, we are subject to extensive regulation by governmental agencies, supervisory authorities, and self-regulatory organizations in Switzerland, Europe, the US and virtually all other jurisdictions in which we operate around the world. Such regulation is becoming increasingly more extensive and complex. The requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us. These regulations often serve to limit our activities, including through net capital, customer protection and market conduct requirements, and restrictions on the businesses in which we may operate or invest. Despite our best efforts to comply with applicable regulations, there are a number of risks, particularly in areas where applicable regulations may be unclear or where regulators revise their previous guidance or courts overturn previous rulings. The authorities have the power to bring administrative or judicial proceedings against us, which could result, among other things, in suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm our results of operations and financial condition. For a more complete description of our regulatory regime, refer to "Item 4 – Information on the Company – Regulation and supervision."

For example, in recent years, we have experienced increased regulation of our activities as a result of anti-money laundering initiatives in a number of jurisdictions. For example, in 2001, the US Congress enacted the USA Patriot Act, which imposed significant new record-keeping and customer identity requirements, expanded the government's powers to freeze or confiscate assets and increased the available penalties that may be assessed against financial institutions. Certain specific requirements under the USA Patriot Act involve new compliance obligations. Final regulations pursuant to the USA Patriot Act have not been adopted in all of these areas. In another example, in 2002 the US Congress adopted the Sarbanes-Oxley Act, which imposed a number of obligations on companies, including banks, subject to reporting obligations in the US. More recently, in 2003 and 2004, the SEC has adopted a number of rules concerning mutual funds and asset management, and the US Congress is currently considering legislation with respect to the activities of mutual funds. In addition, from 2002 to 2004, the EU adopted a number of directives under the Financial Services Action Plan that are designed to increase internal market integration and harmonization. These directives include the Market Abuse Directive, the Prospectus Directive, the Transparency Obligations Directive and the Investment Services Directive. Furthermore, Switzerland and other jurisdictions in which we operate have proposed or adopted regulations to strengthen prohibitions on money laundering and terrorist financing as well as tax evasion. For a more complete description of certain of these regulations, refer to "Item 4 – Information on the Company – Regulation and supervision." Similar or more severe measures may be adopted in the future.

In addition, Switzerland and the Swiss banking industry have in the past come under criticism for their laws and guidelines protecting the privacy of the customer, and such criticism may continue in the future.

We are exposed to risk of loss from legal and regulatory proceedings

The Group and its subsidiaries, in particular Credit Suisse First Boston, are subject to a number of legal proceedings, regulatory actions and investigations, including with respect to World War II settlements, research analyst practices and certain initial public offering, or IPO, allocation practices, mutual fund investigations, and particular companies to which we have rendered services. An adverse result in one or more of these proceedings could have a material adverse effect on our operating results for any particular period. For information relating to these and other legal and regulatory proceedings involving our investment banking and other businesses, refer to "Item 8 – Financial Information – Legal proceedings."

Changes in our regulatory regime may affect our results of operations and capital requirements

Changes in laws, rules or regulations affecting the private banking, banking, insurance, investment banking and asset management businesses, or in the interpretation or enforcement of such laws, rules and regulations, may adversely affect our results. For example, the Basle Committee on Banking Supervision of the Bank for International Settlements, or Basle Committee, is currently considering significant changes to existing international capital adequacy standards and intends to publish these standards by mid-year 2004. Participating countries would then be expected to modify their bank capital and regulatory standards as necessary to implement the new standards at the earliest at year-end 2006. We cannot predict at this time whether, or in what form, the new standards will be enacted through national legislations, or the effect that they would have on us or on our subsidiaries' capital ratios, financial condition or results of operations. In addition, in April 2004, the Swiss Federal Banking Commission, or SFBC, formally announced that it intends to implement the new standards swiftly but subject to a "Swiss finish". Furthermore, the SFBC has indicated that it intends to implement the new standards for all Swiss banks. Therefore, in addition to the Credit Suisse and Credit Suisse First Boston legal entities, our private and retail banking subsidiaries may be required to comply with the new standards. Moreover, based on announcements from the SFBC, we currently expect that the Credit Suisse and Credit Suisse First Boston legal entities will be required to implement the FBC's new standards no later than year-end 2007.

On March 24, 2004, the Swiss government passed amendments to the Life Insurance Ordinance that provide for a mandatory allocation of profits from the regulated employee benefit business in Switzerland to be provided to policyholders. The amended ordinance requires that subject to the level of the investment result of the employee benefit business, a minimum of 90% of gross contributions or, in certain cases, 90% of net contributions be distributed to policyholders (the legal quote). This legislation impacts the determination of the provision for future dividends to policyholders in the Life & Pensions segment of the Group. In addition to the ongoing allocation to policyholders in respect of this business, initial provisions reflecting this legislation were recorded in the first quarter of 2004 and amounted to CHF 117 million, with an after-tax impact of CHF 91 million.

Legal restrictions on our clients may reduce the demand for our services

We may be materially affected not only by regulations applicable to us as a financial services company, but also by regulations of general application. For example, the volume of our businesses in any one year could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies and changes in the interpretation or enforcement of existing laws and rules that affect the business and financial communities. In 2002, the US Congress passed the Sarbanes-Oxley Act, and the SEC, the NYSE and NASDAQ subsequently adopted rules that significantly alter the duties and obligations relating to, among other things, corporate governance and financial disclosure. Most of these requirements are applicable to SEC-registered companies. To the extent private companies elect not to engage in IPOs in order to avoid being subject to these provisions, our equity new issuances business and our potential for exiting certain private equity investments may be adversely affected. In addition, of these requirements, coupled with the current state of the economy, have diverted many companies' focus from capital markets transactions, such as securities offerings and acquisition or disposition transactions, and as long as such diversion exists our investment banking businesses may be adversely affected.

We are exposed to actions by employees

We are also subject to claims arising from disputes with employees for, among other things, alleged discrimination or harassment. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We have incurred significant legal expenses in defending against employee litigation and other adversarial proceedings, and we expect to continue to do so in the future. Actions by employees could have a negative impact on our results of operations and financial condition.

Competition

We face increased competition due to consolidation and new entrants

We face intense competition in all financial services markets and for the products and services we offer. Consolidation, both in the form of mergers and acquisitions and by way of alliances and cooperation, is increasing competition. The European and US financial services markets are relatively mature, and the demand for financial services products is, to some extent, related to overall economic development. Competition in this environment is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition and perceived financial strength. Consolidation has created a number of firms that, like us, have the ability to offer a wide range of products, from insurance, loans and deposit taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. In addition, new lower-cost competitors may enter the market, which may not be subject to capital or regulatory requirements and, therefore, may be able to offer their products and services on more favorable terms. Furthermore, US federal financial reform legislation has significantly expanded the activities permissible for financial services firms in the US. This legislation may accelerate consolidation, increase the capital base and geographic reach of our competitors and increase competition in the financial services industry, which could adversely affect our results of operations and financial condition.

Our competitive position could be harmed if our reputation is damaged

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to our ability to attract and maintain customers. Our reputation could be harmed if we fail adequately to promote and market our brand. Our reputation could be damaged if, as we increase our client base and the scale of our businesses, our comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. Our reputation could in the future be damaged by, among other things, employee misconduct, a decline in or a restatement of or other corrections to our financial results, adverse legal or regulatory action or a downturn in financial markets or the financial services industry in general. The loss of business that could result from damage to our reputation could affect our results of operations and financial condition.

We must recruit and retain highly skilled employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition in the financial services industry for qualified employees is intense. We also compete for employees with companies outside the financial services industry; such competition with non-financial services companies in particular is intensifying due to the fact that average compensation within our industry is decreasing, reflecting the current economic environment. We have devoted considerable resources to recruiting, training and compensating employees. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees.

Intense competition in all business segments could harm our results

Banking businesses

Competition in the banking markets is based on a number of factors, including products, pricing, distribution systems, customer service, brand recognition and perceived financial strength. Our private bank faces growing competition from the private banking units of other global financial services companies and from investment banks. There is increasing pressure due to competition from the substantial consolidation and innovations in product and service channels in recent years. We also face intense competition in the retail banking business, where the Swiss market is mature and demand for banking services depends, to a large extent, on the overall development of the Swiss economy.

To compete effectively, our banking businesses must develop new products and distribution channels.

Insurance businesses

Competition in the insurance market is intense and is increasing as a result of continuing performance pressure. This pressure stems from declining financial returns from reinvestment at lower yields, low margins on traditional products, insufficient solvency capital, and customer demand for greater transparency of products and pricing. We face increased competition in distribution. In particular, we face growing competition in the mass-market customer segment due to a trend towards more standardization of products. In addition, competition is high in the affluent customer segment, which is targeted by insurance companies, banks, investment management firms, brokers and independent financial advisers. These areas of competition will likely require further development of our own brands, customer service and product capabilities. These strategies will require significant expenditures of resources, and our results of operations and financial condition could be harmed if our strategies are not as successful as our competitors' strategies.

Investment banking business

Our investment banking operation competes with brokers and dealers in securities and commodities, investment banking firms, commercial banks and other firms offering financial services. Investment banking has experienced significant price competition in certain of its businesses, which has reduced profit margins on certain products or in certain markets. In addition, as private equity funds grow and proliferate, competition to raise private capital and to find and secure attractive investments is accelerating. Furthermore, our investment banking business faces competitive challenges from new trading technologies and alternative non-traditional trading systems, including the internet.

Asset management business

The asset management business faces competition from the asset management subsidiaries of major financial services companies, mutual fund managers and institutional fund managers in the US and Europe. Despite the trend towards globalization in the industry, competition is most significant in individual geographic locations. To compete effectively, our asset management business must continue to develop a broad range of products aimed at both global and local markets and to improve its marketing channels.

We face competition from new trading technologies

Our private banking, investment banking and asset management businesses face competitive challenges from new trading technologies. Securities and futures transactions are now being conducted through the internet and other alternative, non-traditional trading systems, and it appears that the trend toward alternative trading systems will continue and probably accelerate. A dramatic increase in computer-based or other electronic trading may adversely affect our commission and trading revenues, exclude our businesses from certain transaction flows, reduce our participation in the trading markets and the associated access to market information and lead to the creation of new and stronger competitors. We may also be required to make additional expenditures to develop or invest in new trading systems or otherwise to invest in technology to maintain our competitive position.

Acquisition risk

Acquisition of financial services businesses has been an important element of our strategy, and when appropriate we expect to consider additional acquisitions in the future. Even though we review the records of companies we plan to acquire, such reviews are inherently incomplete and it is generally not feasible for us to review in detail all such records. Even an in-depth review of records may not reveal existing or potential problems or permit us to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, we may assume unanticipated liabilities, or an acquisition may not perform as well as expected. We face the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses, or the capital expenditures needed to develop such businesses.

Integration risk

We face the risk that we will not be able to integrate acquisitions into our existing operations effectively. Integration may be hindered by, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into our organizational structure. If we are unable to address these challenges effectively, our results of operations and financial condition could be adversely affected.

ITEM 4: INFORMATION ON THE COMPANY

Information on the Company

We are registered as a corporation in the commercial register of, and have registered offices in, Zurich, Switzerland. The address of our principal executive offices is Paradeplatz 8, P.O. Box 1, CH-8070, Zurich, Switzerland, and our telephone number is +41 1 212 1616. For the purposes of this Item 4 of the Form 20-F, our authorized representative in the United States is Credit Suisse First Boston (USA), Inc., 11 Madison Avenue, New York, New York, 10010, USA.

Credit Suisse Group

Overview

Credit Suisse Group is a global financial services company domiciled in Switzerland. The activities of Credit Suisse Group are structured into two main business units – Credit Suisse Financial Services and Credit Suisse First Boston – described below. Effective July 13, 2004, Credit Suisse Group will be structured along three business lines: investment banking and wealth and asset management under the legal entity Credit Suisse First Boston; financial services, including global private banking and corporate and retail banking in Switzerland, under the legal entity Credit Suisse; and insurance under the legal entity Winterthur. The information about the Group's business in this Item 4 reflects the business unit and segment structure in place as of December 31, 2003.

Credit Suisse Financial Services

Credit Suisse Financial Services is a leading provider of comprehensive financial services in Europe and other selected markets. Under the main brands Credit Suisse and Winterthur, Credit Suisse Financial Services offers private banking and financial advisory services, investment products as well as insurance and pension solutions for private and corporate clients.

Credit Suisse Financial Services consists of four segments:

- Private Banking, providing wealth management services for high-net-worth clients around the world;

- Corporate & Retail Banking, serving corporate and retail banking clients in Switzerland;
- Life & Pensions, providing Winterthur's life insurance and pension solutions to private and corporate clients in Europe and selected Asian markets; and
- Insurance (subsequently renamed Non-Life), providing Winterthur's non-life insurance to private and corporate customers predominantly in Europe and the United States.

Effective January 1, 2004, the Insurance segment was renamed Non-Life. Effective July 13, 2004, our banking and insurance businesses will be structured under the Credit Suisse and Winterthur legal entities, respectively.

Credit Suisse First Boston

Credit Suisse First Boston, in its role as a financial intermediary, serves institutional, corporate, government and high-net-worth clients around the world, with a broad range of financial products and investment advisory services.

Credit Suisse First Boston consists of two segments:

- Institutional Securities, which provides securities underwriting, financial advisory services, capital raising services and sales and trading products worldwide, and conducts private equity investment activities; and
- CSFB Financial Services (subsequently renamed Wealth & Asset Management), which provides asset management products and financial and advisory services to institutional and private clients.

Effective January 1, 2004, Credit Suisse First Boston reorganized its operations by transferring the private equity and private fund groups from the Institutional Securities segment to the CSFB Financial Services segment, which was renamed Wealth & Asset Management. Our investment banking and wealth and asset management businesses are structured under the Credit Suisse First Boston legal entity.

Corporate Center

The Credit Suisse Group Corporate Center performs typical parent company functions for the benefit of the Group as a whole and includes parent company operations, certain centrally managed functions and consolidation adjustments.

The Corporate Center consists of the following functions reporting directly to the Group Co-Chief Executive Officers, with the exception of Group internal audit, which reports to the Audit Committee:

- Group Internal Audit;
- Group Communications;
- Group-level functions assigned to the Chief Financial Officer, including accounting and financial reporting, tax, investor relations, capital and liquidity management and corporate development;
- Group Legal and Compliance; and
- Group Risk Management.

Strategy

Credit Suisse Group's goals are to accelerate organic growth and strengthen the competitive positioning of its core banking businesses. In addition, we aim further to improve the profitability of Winterthur and explore all options for capturing the value of our insurance business for stakeholders. Finally, Credit Suisse Group seeks to position itself to play a leading role in the evolution of the global financial services industry. The Group's overall objective is to achieve sustainable growth by focusing on customer satisfaction, product innovation, leveraging its franchises and being the employer of choice for talented individuals.

Within each of its businesses, Credit Suisse Group aims to grow by expanding its market presence while at the same time further developing its product offerings through innovation and quality service. Each business strives to enhance efficiency and productivity by leveraging financial resources, improved execution, strict cost management and process streamlining. Special priority will be placed on managing Credit Suisse Group's reputation, through continued attention to financial controls and risk management.

The Group believes that key points of leverage include its brands, proprietary products, customer access and distribution networks, access to and presence in the capital markets, asset management expertise as well as technology and processing capabilities.

The Group also believes that changing demographics, anticipated pension reforms in key markets, inter-generational wealth transfer and globalization of financial markets, among other trends, will continue to be sources of demand for Credit Suisse Group's products and services in the future.

Business unit strategies

Within the framework of the overall Group strategy, each business unit also pursues its own more specific strategy designed to meet the needs of its customers, as well as its particular operating and competitive environment. These strategies are discussed in more detail in the respective descriptions of the business units.

Company history and legal structure

The history of Credit Suisse Group dates back to the formation of Schweizerische Kreditanstalt, founded in 1856. The first branch was opened in Basle in 1905 and the first branch outside of Switzerland was opened in New York in 1940. In 1978, the cooperation with First Boston, Inc. began and in 1990, a controlling stake was acquired. A controlling stake in Bank Leu was purchased in 1990, Schweizerische Volksbank was purchased in 1993, Neue Aargauer Bank was purchased in 1994, and the merger with Winterthur took place in 1997. Other key acquisitions included Warburg Pincus Asset Management in 1999, and Donaldson, Lufkin & Jenrette Inc., or DLJ, in 2000.

Credit Suisse Group's two business units, Credit Suisse Financial Services and Credit Suisse First Boston, are comprised of the segments as detailed above, which are grouped within three principal legal entities:

- Credit Suisse (Private Banking and Corporate & Retail Banking segments);
- Credit Suisse First Boston (Institutional Securities and CSFB Financial Services segments); and
- Winterthur (Life & Pensions and Insurance segments).

Credit Suisse Financial Services business unit

Overview

The Credit Suisse Financial Services business unit is comprised of the segments Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance. The four segments offer comprehensive financial services to private and corporate clients, predominantly under the Credit Suisse and Winterthur brands.

Effective July 13, 2004, Credit Suisse Group will structure its banking and insurance businesses under the Credit Suisse and Winterthur legal entities, respectively. The discussion below presents the business unit and its segments as operated and managed in 2003.

- Private Banking provides high-net-worth clients in Switzerland and in numerous other markets around the world with wealth management products and services. Private Banking is one of the largest private banking operations worldwide, with a leading client-centric service model and recognized innovation capabilities;
- Corporate & Retail Banking offers banking products and services to corporate and retail clients in Switzerland. Corporate & Retail Banking is the second-largest bank in Switzerland, with a nationwide branch network and leading multi-channel capabilities;
- Life & Pensions offers life insurance products through multiple distribution channels to private and corporate clients in Switzerland and other markets in Europe and Asia; and
- Insurance offers non-life insurance products to private and corporate clients in Switzerland, North America and certain markets in Europe.

Both insurance segments are market leaders in Switzerland and hold sound market positions in selected principal markets including Belgium, Spain and Germany.

As of December 31, 2003, Credit Suisse Financial Services' distribution network consisted of 214 branches serving Corporate & Retail Banking and Private Banking clients in Switzerland, approximately 50 Private Banking locations abroad, approximately 500 insurance locations in Switzerland and insurance representation in 18 countries worldwide. Approximately 70 of the banking branches and insurance agencies in Switzerland are joint locations.

In 2003, Credit Suisse Financial Services completed three structural realignments:

- First, Credit Suisse Financial Services integrated the Zurich-based securities and treasury execution platform formerly run by Credit Suisse First Boston, including the mid-office, back-office and IT functions. Client relationships were not affected in any relevant way by this reorganization;
- Second, Winterthur realigned its organizational structure, bringing the Life & Pensions and Insurance segments under joint management. This realignment includes joint head office functions and the pooling of the segments' distribution network in Switzerland, which is being implemented in phases throughout 2004; and
- Third, Winterthur divested its entire Portuguese and Italian operations (both life and non-life business), Churchill Insurance Group in the United Kingdom (non-life business) and Republic Financial Services in the United States (non-life business) to streamline its international business portfolio. These divestitures were in line with Winterthur's strategy to focus on selected core markets and served to significantly strengthen its capital position.

Strategy

Credit Suisse Financial Services aims to be recognized as the benchmark in the financial services industry in terms of client focus, quality and profitability in all of its four segments. Credit Suisse Financial Services pursues the following priorities:

- Focus the organization on client needs, quality and innovation. This includes continued product and service innovations, focused marketing activities and superior service and advice;
- Invest in skills and know-how of staff;
- Improve productivity and quality continuously through standardization and streamlining of processes; and
- Manage capital base and reputation by striving to generate strong cash flows and to deliver on promises to clients, employees and shareholders.

With respect to its four segments, Credit Suisse Financial Services pursues the following strategy:

- Private Banking intends to expand its leading franchise, primarily by strengthening its international offshore and European onshore business. In its Swiss operations, Private Banking is striving to gain further market share in the onshore and Western European offshore business;
- Corporate & Retail Banking intends to further develop its profitability and increase its market share in Switzerland. The retail business is expected to grow especially in terms of mortgages and retail investment products. The corporate business will seek to increase cross-selling of non-lending products and to optimize the risk-return profile of its lending activities; and
- Winterthur Group’s life and non-life operations expect to maintain their focus on selected core markets offering the best opportunities to achieve scale and profitability. In addition, Winterthur Group aims to further develop its active approach to investment management, and to continue improvements in claims and cost management efficiency.

Private Banking

Overview

Private Banking is one of the world’s largest private banking organizations, with branches in Switzerland and numerous international markets, and provides comprehensive wealth management products and services to high-net-worth clients through a network of relationship managers and specialists. It also offers various services to clients directly over the Internet through its portal located at www.credit-suisse.com/privatebanking.

The approximately 600,000 Private Banking clients each have a designated relationship manager as a primary point of contact. As of December 31, 2003, Private Banking had approximately 12,000 employees worldwide, of which approximately 2,500 were relationship managers and financial advisors. As of December 31, 2003, Private Banking had CHF 511.7 billion of assets under management.

The Private Banking organization is based on three market areas, focusing on clear strategic market priorities:

- Market Area 1 consists of the Swiss domestic market, international private clients from Italy and France, and booking centers in Luxembourg, Guernsey, Monaco and Gibraltar;
- Market Area 2 consists of international private clients in Asia Pacific, the Middle East, the Americas, Northern Europe, Eastern Europe, Iberia, Germany and Austria. It includes the global private banking center in Singapore, as well as operations in Hong Kong and the Bahamas; and
- Market Area 3 consists of the onshore banking operations in the five largest European markets: Germany, Italy, the United Kingdom, France and Spain.

As of January 1, 2003, a new “Service Model Private Clients” was introduced in Switzerland. This client-centric organization aligns client segments according to their needs, product usage and location. Private clients with investable assets below CHF 250,000 or mortgages of less than CHF 1 million are now served through Corporate & Retail Banking. This has allowed Private Banking to strengthen its focus on high-net-worth clients.

Market Area 2 focused its activities in 2003 on further expanding the Private Banking franchise in targeted growth markets. In September 2003, Private Banking applied for an operating license in the Dubai International Financial Centre. In January 2004, Private Banking launched Credit Suisse Consultoria de Investimentos Limitada in Brazil and Credit Suisse Wealth Management Limited in the Bahamas. These two new entities arose from the transfer of the CSFB Brazil (formerly Garantia) high-net-worth client business to Private Banking. Additionally, two new Credit Suisse representative offices were opened in 2003, one in Moscow in October and one in Beijing in the middle of the year.

In 2003, Market Area 3 focused on completing the restructuring and business realignment activities in each of its European countries. These initiatives included realigning CSFB Private Client Services in London with Credit Suisse’s UK operations, implementing a new legal structure for Credit Suisse Hottinguer in France and optimizing the support services and location networks at Credit Suisse Italy, Spain and Germany.

Private Banking also operates a number of separately branded banking and portfolio management companies, including Bank Leu, Clariden Bank and Bank Hofmann, all headquartered in Zurich; BGP Banca di Gestione Patrimoniale in Lugano; JO Hambro Investment Management Limited in London; and Frye-Louis Capital Management, Inc. in Chicago. These companies cater principally to clients who demand highly personalized services.

In addition to these activities, Private Banking operates Credit Suisse Trust, which provides independent advice and delivers integrated wealth management solutions to ultra high-net-worth clients.

Products and services

Private Banking is an expert in creating customized solutions that address the full range of clients’ wealth management needs. This includes providing comprehensive financial advice for each phase of life, as well as addressing issues relating to clients’ non-liquid assets such as business and property interests.

In 2003, Private Banking rolled out its new “CSPB Advisory Process” in Switzerland, which systematically analyzes and harmonizes client’s total assets and liabilities. Using a structured approach, the client’s personal finances are analyzed and an investment strategy prepared based on the client’s risk profile, service profile and level of “free assets” after dedicated assets are set aside to cover the client’s fixed and variable liabilities. Within the investment committee’s guidelines, Private Banking's investment professionals develop their specific investment recommendations. The subsequent implementation and monitoring of the client's portfolio are carried out by the relationship manager using a new financial tool called "INVESTnet", which is closely linked to Private Banking's award-winning customer relationship management platform, "FrontNet".

Private Banking's core services are the management of liquid assets through investment advice and discretionary asset management. Investment advice covers a wide range of topics from portfolio consulting to advice on single securities. For clients who are interested in more active management of their portfolios, Private Banking offers dedicated investment consultants who distill the latest market information into investment recommendations, enabling clients to take advantage of market opportunities across all asset categories. For clients with more complex requirements, Private Banking offers investment portfolio structuring and the implementation of individual strategies, including a wide range of investments in structured products, structured investments, private equity and real estate.

Discretionary asset management is designed for clients who wish to delegate the responsibility for investment decisions to their relationship manager. Private Banking offers a number of standardized portfolio management mandates linked to the client's risk preferences and base currency. These mandates are available in two forms: direct investments and investments in funds. In addition, the mandates can follow either predefined investment strategies, such as capital preservation and growth or current return, or customized solutions that meet clients' identified investment goals.

Private Banking remains at the forefront of product innovation and open architecture. Structured investment products aim to provide market-neutral investments and access to Private Banking's own and third-party international asset managers through a fund-of-funds approach. Market-neutral means that asset managers pursue investment strategies that offer returns in economic climates in which traditional assets perform poorly. Private Banking currently offers mutual fund products covering more than 2,300 funds from over 50 fund providers.

For financing needs, Private Banking offers two principal financing services, securities-backed financing and margin lending, which allow clients to borrow against their investment portfolios, and real estate financing of clients' residential properties.

Private Banking's advisory services comprise tax planning, pension planning, wealth and inheritance advice, including the establishment of Private Banking trusts and foundations, as well as advice on life insurance. Private Banking's corporate advisory services are aimed at entrepreneurs seeking to sell their businesses or to raise additional capital. In either case, Private Banking provides valuation services and seeks to find potential investors in the public and private markets. Private Banking also offers "Family Office" services, a variety of tailor-made products and advice for individuals and families generally with minimum assets of USD 50 million.

Corporate & Retail Banking

Overview

Corporate & Retail Banking serves both corporate and retail clients through a multi-channel approach, with a focus on Switzerland.

As of December 31, 2003, Corporate & Retail Banking had approximately 1.9 million retail clients and approximately 100,000 corporate clients. As of that date, the segment had total lendings of CHF 84.1 billion and held assets under management of CHF 70.0 billion.

Corporate & Retail Banking pursues specific strategies for each of its main client segments:

- Retail clients: providing leading service and advice, in addition to offering superior retail investment products to clients in Switzerland, while seeking actively to improve its position in the private residential mortgages business;

- Large domestic corporate clients: strengthening existing client relationships and attracting new clients through cross-selling superior non-lending products and services designed to achieve adequate risk returns; and

- Small and medium-sized enterprises: offering cost-efficient services and products designed to ensure appropriate risk returns.

The results of operations of Corporate & Retail Banking include the activities of Neue Aargauer Bank, a separately branded regional retail bank in the canton of Aargau, Switzerland.

Effective January 1, 2003, as a consequence of the "Service Model Private Clients" initiative, clients are allocated to different segments according to their needs, product usage and location. As a general rule, clients with investable assets of CHF 250,000 or mortgages of CHF 1 million mark the boundary between the Corporate & Retail Banking and Private Banking segments. Therefore, approximately 300,000 retail clients were transferred from Private Banking to Corporate & Retail Banking. Corporate & Retail Banking continues to provide an online banking platform for retail and private banking customers in Switzerland through "Direct Net". In December 2003, "new Direct Net" was introduced, broadening the service offering for private and corporate clients. In addition, Corporate & Retail Banking and Private Banking share a number of back-office and administrative functions.

Products and services

Corporate & Retail Banking offers corporate and retail clients a wide range of financing products and services, such as mortgages, secured and unsecured corporate loans, trade finance, consumer loans, leasing and credit cards, as well as investment products and services, payment transactions, foreign exchange, life insurance and pension products. Corporate & Retail Banking also offers clients e-banking solutions. In some cases, such as investment and insurance products, Corporate & Retail Banking sells these products jointly with other segments, including Private Banking, Life & Pensions, Insurance and CSFB Financial Services.

In the credit card business, Corporate & Retail Banking operates the joint venture Swisscard AECS with American Express Travel Related Services Company for the purpose of issuing cards, processing transactions and acquiring merchants. As a market leader in credit cards in Switzerland in terms of turnover, Swisscard AECS offers Eurocard Mastercard, Visa and American Express cards. These credit cards are distributed through Corporate & Retail Banking's and Private Banking's sales channels, as well as through those of Swisscard AECS.

Corporate & Retail Banking offers sophisticated payment solutions tailored to the needs of all customer segments. The variety of payment products ranges from IT-based, fully automated transaction solutions for large corporate clients to cost-efficient and convenient schemes for private clients. In August 2003, Corporate & Retail Banking launched SecureMail for banking clients, a secure internet-based e-mail service for communication between the relationship manager and the client. A further rollout for other client segments is planned for 2004.

For its lending products, Corporate & Retail Banking often requires a pledge of collateral. The amount of collateral required is determined based on the type and amount of the loan, as well as the risk profile of the specific customer. As of December 31, 2003, over 78% of its loan portfolio was secured by collateral, including marketable securities, commercial and residential properties and bank and client guarantees.

In 2003, for the third consecutive year, Credit Suisse Trade Finance was awarded the "Best Trade Finance Bank in Switzerland" by Global Finance Magazine, New York. "Direct Trade Finance", launched in November 2002, is a new internet-based trade finance application for internationally active corporate clients. Credit Suisse was the first bank to offer this service in Switzerland.

Marketing and distribution

As of December 31, 2003, Corporate & Retail Banking served its clients through 214 banking branches, including 33 branches of Neue Aargauer Bank in Switzerland. In approximately 70 of these locations, Corporate & Retail Banking, Insurance and Life & Pensions share joint facilities to enable better cross-selling of banking and insurance products. Corporate & Retail Banking markets its products to clients under the Credit Suisse brand primarily through its branch network and direct channels, including the internet and telephone banking.

Advisors for small and medium-sized corporate clients are based in 34 of its locations, as well as 9 branches of Neue Aargauer Bank. Corporate & Retail Banking serves its large domestic clients through two regional offices in Zurich and Lausanne, Switzerland.

Life & Pensions

Overview

Life & Pensions provides life insurance and pension products for private and corporate clients through multiple distribution channels.

The principal markets of Life & Pensions are in Western Europe, where the focus is on Switzerland and Germany, and, to a lesser extent, the United Kingdom, Belgium, Spain and the Netherlands. In addition, it has operations in Central and Eastern Europe and in selected Asian markets. Under the new Winterthur structure, Life & Pensions' operations in Switzerland are managed as an independent market unit. All other Life & Pensions operations are managed as part of the combined Life & Pensions and Insurance market units in the individual countries. In Switzerland, Life & Pensions particularly benefits from access to the branch distribution network of Credit Suisse Financial Services, which enables cross-selling opportunities. In terms of 2002 gross premiums written, Life & Pensions ranked as the tenth largest life insurer in Europe.

Within its home market of Switzerland, Life & Pensions was the leading provider of life insurance, based on 2002 gross premiums written. The majority of gross premiums written by the Swiss market unit are derived from traditional group life business.

The Life & Pensions operations in Germany, which are part of DBV-Winterthur, sell principally traditional insurance products to individual clients. In the United Kingdom, Life & Pensions offers a wide range of unit-linked products and tailor-made personal pension schemes, predominantly to affluent private clients.

The Life & Pensions operations in Belgium ranked eighth, based on 2002 gross premiums written. The majority of gross premiums written in Belgium relate to traditional individual life business, and the market unit is continuing to take measures to increase its unit-linked business. In Spain and the Netherlands, traditional individual business is also the primary line of business. In its Central and Eastern European markets, where there have been significant developments in pension reform over the past several years, Life & Pensions administers pension funds and seeks to offer supplementary personal pension schemes, as well as unit-linked life insurance policies. Life & Pensions also has operations in Japan, Hong Kong, Taiwan and Indonesia.

Acquisitions and divestitures

In November 2002, Winterthur Group announced the divestiture of its subsidiaries, Companhia Europeia de Seguros S.A. and Winterthur Pensiones S.A., in Portugal. The divestiture of the Portuguese operations was finalized in May

2003.

The divestiture of Winterthur Italia Holding S.p.A., Winterthur Assicurazioni S.p.A. and Winterthur Vita S.p.A. was finalized in August 2003. The divestitures of the Portuguese and Italian life and non-life operations reflect Winterthur's strategy of streamlining its international business portfolio, thereby focusing on principal markets and taking advantage of opportunities for growth and profitability.

Products and services

Life & Pensions' products consist of traditional and non-traditional life insurance, both of which are offered on an individual and group basis. The majority of Life & Pensions' products are participating products, which provide guaranteed benefits and dividends based on legal or contractual obligations, or at management's discretion. Life & Pensions also provides disability insurance, as well as a number of additional products, to group pension funds on a defined benefit or defined contribution basis. The segment is continuing to develop innovative solutions for its key markets and to take measures to increase sales of non-traditional products, which are primarily unit-linked.

Traditional products

Traditional products consist of endowments and annuities for which the investment risk is borne by the insurer and not by the policyholder. The insurer also bears mortality risk for the life of the product. These products include pure protection, or term insurance, designed to provide a lump sum at the end of a fixed term and death coverage during the term. Endowments and annuities can be regular or single premium products. For traditional with-profit products, policyholder premiums are invested by the insurer in a range of assets, including equities, real estate and fixed income securities. With-profit policyholders receive a share of the profits resulting from the insurance company's investments. In 2003, Life & Pensions' gross premiums from traditional products represented approximately 77% of its total gross premiums.

Non-traditional products

Non-traditional products are medium-term to long-term savings products with life insurance coverage for which the investment risk is borne in whole or in part by the policyholder depending upon whether there is a guaranteed minimum payment. These products include variable annuities and guaranteed investment contracts. Non-traditional products may be regular or single premium and either with-profit or unit-linked. With-profit policyholders receive a share of the profits resulting from the insurance company's investments. Unit-linked policyholders are entitled to a return based upon the performance of segregated accounts. In 2003, Life & Pensions had gross premiums from non-traditional products representing approximately 23% of its total gross premiums.

Disability insurance

The most important disability products that Life & Pensions offers are waiver of premium and disability pensions, on a stand-alone basis or as policy riders. In the application, the policyholder typically may choose the period following disability after which the payments begin.

Group pensions

Life & Pensions offers a variety of group pension solutions, either with-profit or unit-linked, on a defined benefit or defined contribution basis for small, medium-sized and large companies. These products include asset accumulation or investment vehicles, protection for death and disability and income or annuity components. Swiss group pension plans, which are part of the "second pillar" of the Swiss retirement savings system, are subject to a minimum return which is set by the Swiss government on the basis of the Swiss federal law on occupational benefit plans (second pillar). This rate was initially reduced from 4% to 3.25% as of January 1, 2003, and again to 2.25% as of January 1, 2004. As of December 31, 2003, the employee benefit business subject to the minimum rate of return represented 20.3% of the life technical reserves.

Effective January 1, 2004, Life & Pensions introduced its new employee benefit business model for Swiss group pension plans, as announced in the first half of 2003. This new model, which has become known as the "Winterthur

Model", has adapted the regulated employee benefit insurance system in Switzerland to reflect current economic realities, particularly low investment yields, as well as developments in terms of life expectancy by changing the contractual relationships between the insurer and the insured. Although the Life & Pensions segment remains exposed to the volatility of the financial markets due to the nature of its business, the implementation of the new employee benefit model should partially mitigate the impact of market volatility by providing more flexibility in the way policyholder bonuses are set.

Marketing and distribution

Sharing many distribution channels with the Insurance segment, Life & Pensions distributes its products principally through tied or exclusive agents, brokers and banks. In 2003, approximately 59% of Life & Pensions' premium production, which includes gross premiums written and off-balance sheet sales, were derived from tied agents, including agents of the Insurance segment. Approximately 20% were derived from brokers and approximately 15% were derived from banks, including branches of Corporate & Retail Banking and Private Banking. In the United Kingdom, independent financial advisors market highly specialized, investment-only individual pension products and group defined contribution pension plans.

Life & Pensions sells group life products principally through tied agents to small and medium-sized companies, and through brokers and an organization of employee benefit consultants with insurance and banking skills for multinational corporate customers.

In 2003, Winterthur Group announced the restructuring of its Life & Pensions and Insurance sales organization in Switzerland, bringing management responsibility for the unified organization under the Insurance market unit. This reorganization, which is being implemented in stages throughout 2004, is more in line with current customer requirements by providing a single source for comprehensive insurance and pensions advice and is intended to reduce overall sales costs. The new structure will not affect the remaining functions of the Life & Pensions Swiss market unit.

Insurance

Overview

Insurance provides non-life insurance to individual and small and medium-sized corporate customers through a range of distribution channels.

The principal market units of Insurance are Switzerland, Germany, Spain and Belgium. In addition, it has significant operations in North America. Under the new Winterthur Group structure, the Insurance operations in Switzerland continue to be managed as an independent market unit. All other Insurance operations are managed as part of the combined Life & Pensions and Insurance market units in the individual countries. Insurance is increasingly focusing its resources on markets where it has a strong position or opportunities for growth, while withdrawing from those markets where it cannot achieve sufficient scale and profitability.

In terms of 2002 gross premiums written, it ranked as the ninth largest non-life insurer in Europe (after the impact of the sale of Churchill Insurance Group and Winterthur Italy). Within its home market of Switzerland, based on 2002 gross premiums written, Insurance was the leading Swiss all-line carrier of non-life insurance and has an extensive service network. The main product lines in this market are motor and accident and health.

In Germany, Insurance has a particular focus on health and general liability insurance. Based on 2002 gross premiums written, Winterthur Insurance was the fifth largest insurer in Belgium. The majority of this market unit's business is motor insurance. Following the divestiture of US-based Republic Financial Services in 2003, Insurance now operates its North American business through three regional insurance companies in the United States and two insurance companies in Canada. Winterthur's largest US insurer, General Casualty, headquartered in Wisconsin, serves the Northeast and Midwest United States.

Acquisitions and divestitures

In 2003, Winterthur Group sold Companhia Europeia de Seguros S.A. in Portugal, Republic Financial Services, Inc. in the United States, Churchill Insurance Group, plc in the United Kingdom, and Winterthur Italia Holding S.p.A., Winterthur Assicurazioni S.p.A. and Winterthur Vita S.p.A. in Italy. These divestitures reflect its strategy of streamlining its international business portfolio, thereby focusing on principal markets, and taking advantage of opportunities for growth and profitability.

Products and services

Insurance offers motor insurance, non-motor insurance (including fire and property and general liability insurance) and accident and health insurance to private and small and medium-sized corporate customers. It focuses on personal and commercial lines of insurance designed to provide a high level of customer service. For small and medium-sized corporate clients, it offers packaged products combining different lines of insurance.

Motor insurance

Motor insurance is the largest single product line of the Insurance segment and contributed approximately 41% to total gross premiums written in 2003. In Switzerland and most other European countries, every automobile owner is required to maintain third-party liability coverage.

Non-motor insurance (excluding accident and health)

Insurance’s fire, property and general liability products include building insurance, covering damage from fire, flood and weather-related incidents, and insurance covering liability claims against individuals and businesses. It sells property insurance to individual customers, commercial property insurance and business interruption insurance. Insurance’s general liability business provides a wide range of personal and commercial liability insurance products, covering the liability of private persons and small and medium-sized businesses arising from their activities and premises. Commercial product lines include insurance for operations, products, professional activities and environmental liability. In 2003, non-motor business contributed approximately 37% to total gross premiums written.

Accident and health insurance

Insurance offers individual health insurance, covering medical expenses, per diem hospital expenses and lost pay in the event of illness. It also provides individual accident insurance covering these expenses, as well as death and disability claims. In addition to personal product lines, Insurance sells commercial group accident insurance covering medical and per diem hospital expenses as well as providing annuities in the event of death or disability caused by accidents at work or at home. It also offers collective accident insurance as well as collective health insurance, covering per diem hospital expenses for illness or birth of a child. In 2003, the accident and health business contributed approximately 22% to total gross premiums written.

Marketing and distribution

Insurance distributes its products through a range of different distribution channels, including tied agents, brokers, banks and direct channels and, to a lesser extent, call centers and the Internet. In 2003, approximately 40% of Insurance’s total gross premiums written were derived from tied agents and approximately 37% were derived from brokers. The remainder was generated through call centers, banks and other distribution channels.

In 2003, Winterthur Group announced the restructuring of its Life & Pensions and Insurance sales organization in Switzerland, bringing management responsibility for the unified organization under the Insurance market unit. This reorganization, which is being implemented in stages throughout 2004, is more in line with current customer requirements and provides a single client source for comprehensive insurance and pensions advice. This new sales organization is intended to reduce overall sales costs.

Operating environment and competition

Operating environment

As a result of the volatility in the equity markets, low interest rates and uncertain geopolitical developments, the operating environment remains challenging for the financial services industry. In the view of Credit Suisse Financial Services, the current environment does not fundamentally affect the attractiveness of the banking and insurance business in the long term, as certain overarching trends like demographic shifts, pension system reforms and developments in emerging markets – particularly in Asia – are expected to offer opportunities for growth.

In conjunction with difficult economic and geopolitical developments in recent years, the financial services industry experienced a change in client sentiment and requirements especially visible in wealth management. The aspects of absolute returns, wealth preservation and reassurance in financial matters through professional advice have become more important.

Credit Suisse Financial Services anticipated this development at an early stage by launching a broad range of innovative structured investment products with a low correlation to traditional markets. In addition, customers not only demand products, but also expect comprehensive and impartial advice to satisfy their overall financial needs. Well-trained staff and systematic advisory processes, covering both client assets and client liabilities, are prerequisites to meet these needs. Solutions offered include exclusive proprietary as well as third-party products. Advances in technology are making a further impact on client service. Sophisticated IT-tools improve the advisory process. In addition, IT allows customers to access the full range of products and services in the manner they wish.

Credit Suisse Financial Services expects reduced, but still significant, growth rates in the private banking market in the foreseeable future. Growth is expected to be relatively higher in onshore markets as a result of greater political stability in many industrialized and newly industrialized countries, as well as deregulation of local markets coupled with tighter restrictions in traditional offshore locations. The principal positive trends affecting the private banking industry over the next several years will include growing demand for pension provisions, which can no longer be guaranteed through state systems. As a result, governments are increasingly encouraging the accumulation of private wealth. In addition, entrepreneurs are seeking the services of private banks to diversify their assets, while at the same time the next generation is inheriting an increasing volume of "baby boomer" wealth. For the retail and corporate banking market, growth in line with the development of the economy is expected.

The Swiss corporate and retail banking industry is, to a significant extent, dependent on the overall economic development in Switzerland. Generally, Swiss retail banking clients have comparatively high savings rates and incomes, resulting in a high demand for personal investment management. Credit Suisse Financial Services aims to become the preferred bank for retail investors in Switzerland through best service, advice and investment products, all of which can be tailored to the specific needs of this client segment. In recent years, the Swiss private mortgage business has developed positively, and its growth is expected to continue. The home ownership rate in Switzerland is still low at 34%, thus offering further potential for mortgage business growth. Growth expectations in corporate banking, especially in the lending business, are closely linked to the overall development of the Swiss economy.

Credit Suisse Financial Services expects continued improvement in the insurance industry in the near term, as insurance companies are expected to continue to benefit from both non-life earnings acceleration and modest improvements in life volume growth and profitability.

Changes in regulatory and legislative regimes are also affecting the financial services industry and often require significant investments. These initiatives include efforts by governments and regulators to control money laundering and tax fraud, and to repatriate private wealth through tax amnesty programs.

Competition

The competitive pressure in the financial services industry remains high. The trend towards bank consolidations, both in the form of mergers and acquisitions and by way of alliances or cooperation agreements, in respective home markets as well as on an international level will intensify this pressure. The need to invest heavily in quality advice, product innovation and open architecture underlines this development. In the insurance sector companies are increasingly focusing on their core businesses and on core markets through the disposal of positions that are not achieving a critical size. This leads to higher industry concentration.

Credit Suisse Financial Services competes with major financial institutions providing banking and insurance products and services for private clients and small and medium-sized companies.

The private banking market is highly fragmented, though consolidation, especially in Switzerland, is proceeding at a rapid pace. Competitors in the private banking business are major financial institutions with dedicated private banking activities like UBS, HSBC and Citigroup, and domestic banks within their respective markets. In the ultra high-net-worth individual business, major competitors include US investment banks, which are building upon their investment banking expertise and relationships. In the Swiss market the largest competitor is UBS, followed by a number of independent private banks, as well as retail banks providing private banking services.

In the Swiss corporate and retail banking business, competition has increased considerably, especially for private mortgages. The largest competitor remains UBS. Other competitors include the Cantonal banks, many of which have state guarantees, as well as regional savings and loan institutions, the Raiffeisen and other cooperative banks.

Competition in the insurance market is intense and is increasing as a result of continuing performance pressure. This pressure stems from declining financial returns from lower yielding reinvestments, the need to maintain adequate levels of capital, slowing growth in many markets and customer demand for greater transparency of products and pricing. The biggest competitors in Switzerland are Swiss Life for life insurance and Zurich Financial Services for non-life insurance business. In foreign markets, competitors include subsidiaries of global insurance companies such as AXA, Generali and Allianz, in addition to some domestic insurers.

Credit Suisse First Boston business unit

Overview

The Credit Suisse First Boston business unit serves global institutional, corporate, government and high-net-worth individual clients in its role as financial intermediary and provides a broad range of products and services, which include:

- securities underwriting, sales and trading;
- financial advisory services;
- private equity investments;
- full service brokerage;
- derivatives and risk management products; and
- asset management.

In 2004, Credit Suisse First Boston reorganized its operations by transferring the private equity and private funds group activities previously in the Institutional Securities segment to the CSFB Financial Services segment, which was renamed Wealth & Asset Management. Credit Suisse First Boston also reorganized the divisions within the Institutional Securities segment along the lines of its investment banking and trading businesses and realigned the businesses within the Wealth & Asset Management segment to bring together its alternative investment activities, including the private equity and private fund groups. Credit Suisse Group structures its investment banking and wealth and asset management businesses under the Credit Suisse First Boston legal entity. The discussion below presents the business unit, segments and divisions as operated and managed in 2003.

The **Institutional Securities** segment provides financial advisory and capital raising services and sales and trading for users and suppliers of capital around the world. The Institutional Securities segment is comprised of three divisions:

- Fixed Income, which underwrites, trades and distributes fixed income financial instruments and offers derivatives and risk management products;
- Equity, which underwrites, trades and distributes equity and equity-related products, including listed and over-the-counter derivatives and risk management products, and engages in securities lending and borrowing; and
- Investment Banking, which serves a broad range of users and suppliers of capital, provides financial advisory and securities underwriting and placement services.

Institutional Securities also includes the private equity group, which makes privately negotiated equity investments and acts as an investment advisor for private equity funds.

In September 2003, Institutional Securities completed the transfer of its Zurich-based securities and treasury execution platform to Credit Suisse Financial Services.

The **CSFB Financial Services** segment provides international asset management services to institutional, mutual fund and private investors and financial advisory services to high-net-worth individuals and corporate investors. CSFB Financial Services includes:

- The institutional asset management business, which operates under the brand Credit Suisse Asset Management, and offers a wide array of products, including fixed income, equity, balanced, money-market, indexed and alternative investment products; and
- Private Client Services, a financial advisory business which serves high-net-worth individuals and corporate investors with a wide range of Credit Suisse First Boston and third-party investment management products and services.

Acquisitions and divestitures

In May 2003, Credit Suisse First Boston sold its clearing and execution platform, Pershing, which was part of the CSFB Financial Services segment, to The Bank of New York Company, Inc. In June 2003, Credit Suisse First Boston acquired Volaris Advisors, a New York-based equity-options strategies firm that provides yield-enhancement and volatility management services, to enhance the services of the Private Client Services business. In November 2003, Credit Suisse First Boston sold its 50% interest in a Japanese online broker. Also in November 2003, Credit Suisse First Boston acquired a majority interest in a joint venture that originates and services commercial mortgage loans and holds licenses in the United States under Fannie Mae, Freddie Mac and Department of Housing and Urban

Development programs. Credit Suisse First Boston completed the sales of its local brokerage business in Poland and a 90% stake in its South African local equity brokerage operations in 2003. Credit Suisse First Boston also continued to reduce significantly the portfolio of real estate and related loans and distressed assets that are part of non-continuing businesses.

Strategy

Credit Suisse First Boston continues to build upon its position as a top-tier global investment bank, while seeking to improve financial results and placing a high priority on controls, risk management and the firm's brand and reputation. Credit Suisse First Boston will continue to focus on providing its clients with the highest quality of service across all business areas. Strategic priorities include being a market leader in its core businesses, seeking revenue growth opportunities, focusing on key customers across geographic regions, applying its capital efficiently to maximize returns and minimize risks and focusing on markets and products that are profitable or that contribute to the profitability of Credit Suisse First Boston's franchise.

In Institutional Securities, Credit Suisse First Boston has focused on increasing productivity, growing geographic and product areas that present attractive opportunities, improving results and continuing to develop an ownership culture within the firm. Credit Suisse First Boston's focus on improved profitability, controls and risk management negatively affected the firm's market share and rankings in 2003, in part reflecting aggressive price competition in a lower business-volume market environment. Credit Suisse First Boston has taken significant steps to achieve a more flexible cost base, to reduce the portfolio of non-continuing legacy business and to bring more disciplined management to its lending business. Credit Suisse First Boston also made progress in capturing synergies through greater integration of businesses within Institutional Securities, including by further integrating the equity cash and derivatives businesses. In its fixed income trading business, Credit Suisse First Boston will continue to enhance its client focus and build the client franchise and customer and proprietary trading businesses. With respect to its equity trading business, focus will be on building the derivatives, prime banking and proprietary trading businesses, while leveraging technology and research strengths. In Investment Banking, focus will be on strengthening Credit Suisse First Boston's leading position among middle market clients while intensifying coverage of larger companies by being a trusted and preferred advisor to its clients.

In CSFB Financial Services, Credit Suisse First Boston will seek to continue to build its asset management businesses – its private equity, institutional asset management and Private Client Services businesses – in key markets by expanding existing operations and making selected acquisitions. The asset gathering business, as a whole, will seek to leverage the resources of Credit Suisse Financial Services and Institutional Securities in an effort to realize the synergies that exist within Credit Suisse Group. In 2003, Credit Suisse First Boston made organizational changes and targeted investment and financial goals and objectives to strengthen the global platform of its asset management business. Credit Suisse First Boston believes these changes will better enable it to continue to focus on increasing the proportion of high margin asset classes, including equity and alternative investments, and increasing the yields on assets, while protecting and building its top quality fixed income franchise. In Private Client Services, Credit Suisse First Boston will seek to become a leading provider of wealth management services among investment banks, with increased emphasis on fee-based business and enhanced productivity overall, while maximizing cross-selling opportunities across Credit Suisse Group. In private equity, Credit Suisse First Boston will seek to expand the business internationally, focus on third-party investment and maximize synergies across the entire Group.

Credit Suisse First Boston is committed to complying fully with the new laws and regulations that have been enacted following the high-profile bankruptcies and corporate and accounting scandals that have so adversely affected investor confidence. As a top-tier investment firm, Credit Suisse First Boston acknowledges its commitment to its role as a gatekeeper in the financial markets. In furtherance of that commitment, Credit Suisse First Boston has taken steps to strengthen that role, including implementing a framework to protect the integrity and quality of its research in full compliance with regulations and evolving best practices for research, complying with restrictions on the allocation of shares in initial public offerings to directors and officers of public companies and vigorously reviewing ways to enhance professionalism and integrity in the conduct of its businesses. Credit Suisse First Boston remains committed to adhering to the highest professional standards and providing top quality execution and investment performance, while developing and retaining outstanding investment professionals.

Institutional Securities

Overview

Institutional Securities provides financial advisory and capital raising services and sales and trading for users and suppliers of capital around the world.

As of January 1, 2004, the segment’s private equity and private fund groups were transferred to CSFB Financial Services. Following that transfer, the operations of Institutional Securities include debt and equity underwriting and financial advisory services and the equity and fixed income trading businesses. The following description reflects the organization in place as of December 31, 2003.

For the year ended December 31, 2003, Institutional Securities ranked:

- Seventh in global mergers and acquisitions advisory services in US dollar volume of announced transactions;
- Third in global mergers and acquisitions advisory services in number of transactions;
- Sixth in US dollar value of global debt underwriting;
- First in US dollar value of global high-yield debt underwriting;
- Eighth in US dollar value of global equity and equity-linked underwriting;
- Sixth in US dollar value of US debt and equity underwriting;
- Second in US dollar value of global asset-backed financing;
- First in Swiss franc-denominated international debt issuances; and
- Sixth in global equity research, with 15 ranked analysts, sixth in North American equity research, with 27 ranked analysts, fourth in European equity research, with 31 ranked analysts, and second in North American fixed income research, with 33 ranked analysts.

Products and services

Institutional Securities’ clients demand high quality products and services for their funding, investing, risk management and financial advisory needs. In response to these needs, Institutional Securities has developed a global product-based structure delivered through regional teams. The following is a discussion of the key global products and services of Institutional Securities and the divisions through which they are delivered.

Fixed Income division

The Fixed Income division engages in underwriting, securitizing, trading and distributing a broad range of financial instruments in developed and emerging markets, including US Treasury and government agency securities, foreign sovereign government securities, US and foreign investment-grade and high-yield corporate bonds, money market instruments, foreign exchange and real estate-related assets. The Fixed Income division also provides a full range of derivatives products for the financing, risk management and investment needs of its customers. The Fixed Income division covers sovereign government, corporate and institutional customers.

Key fixed income products and services include:

- Interest-rate products, including instruments issued by sovereign government issuers and transactions in interest-rate derivatives. As part of this business, the Fixed Income division is a primary dealer in US Treasury and government agency securities and participates in US Treasury auctions and government agency new issues. It also offers a wide range of interest-rate derivatives products in all major currencies;

- Credit products, including investment-grade, high-yield and distressed debt securities and credit derivatives;

- Structured products, including mortgage-backed and asset-backed instruments;

- Senior bank debt in the form of syndicated loans and commitments to extend credit to investment-grade and non-investment-grade borrowers. The Fixed Income division is also engaged in secondary market trading of syndicated loans and other loans, and trading in defaulted and distressed loans;

- Real estate activities, such as financing real estate and real estate-related products and originating loans secured by commercial and multifamily properties. The Fixed Income division also securitizes and trades in a wide range of commercial and residential real estate and real estate-related whole loans;

- Emerging markets, where the Fixed Income division underwrites and trades in the fixed income securities and loans of a number of sovereign government and corporate issuers and obligors located in emerging market countries;

- Prime brokerage and futures execution services on all major futures and options exchanges worldwide;

- Credit Suisse First Boston’s own money market funding through the issuance of a wide variety of products, including time deposits, certificates of deposit, bankers’ acceptances, commercial paper, medium-term notes and long-term debt; and

- Foreign exchange transactions serving a broad range of clients worldwide, including multinational corporations, money managers, hedge funds, banks and high-net-worth individuals.

Equity division

The Equity division engages in a broad range of equity activities for investors around the world, including sales, trading, brokerage and market-making in US and international equity and equity-related securities, options and futures. Equity-related activities include:

- New issue distribution of all types of equity securities, including common stock, convertible securities and other equity and equity-related securities;

- Secondary trading as principal and agent on all major exchanges and over-the-counter;

- Primary and secondary market transactions, as principal and agent, in convertible bonds and listed and over-the-counter derivatives, and convertible, international and index arbitrage and other program-trading activities;
- Risk arbitrage, which involves investing for Credit Suisse First Boston's own account in the equity securities of companies involved in publicly announced corporate transactions; and
- Prime banking, which includes dealer-to-dealer financing and the coverage of proprietary and client short positions through securities borrowing and lending arrangements.

Investment Banking division

The Investment Banking division's activities include financial advisory services regarding mergers and acquisitions and other matters, origination and distribution of equity and fixed income securities and leveraged finance and private equity investments. Investment Banking provides comprehensive financial advisory services and, in conjunction with the Equity and Fixed Income divisions, capital raising services, and develops and offers innovative financing for a broad range of clients. Investment Banking also conducts worldwide private equity investment activities through the private equity group.

Investment Banking clients include US and international public and private corporations, sovereign governments, supranational and national agencies and public sector entities. Investment Banking's offerings include both domestic and cross-border transactions.

Investment Banking's principal services consist of:

- Mergers and acquisitions and other financial advisory services, including corporate sales and restructuring, divestitures and take-over defense strategy; and
- Capital raising, through equity and equity-linked offerings, leveraged finance, investment-grade debt underwritings, high-yield debt underwritings, bank debt and bridge financing, structured products, raising of private capital and project finance.

The private equity group invests primarily in unlisted or illiquid equity or equity-related securities in privately negotiated transactions, making investments across the entire capital structure, from venture capital equity to investments in the largest leveraged buyouts. In addition to debt and equity investments in companies, the private equity group manages private equity funds and invests in real estate and third-party-managed private equity funds. Investments are made directly or through a variety of investment vehicles.

Global investment research

Credit Suisse First Boston provides in-depth research on companies and industries, macroeconomics and debt strategy globally. The core strengths of Credit Suisse First Boston research include focused company and business model analysis and customized client service. Equity analysts perform differentiated information gathering and value-added information processing and provide high-quality investment recommendations. Credit Suisse First Boston's equity research also includes extensive data resources, analytical frameworks and methodologies that leverage the firm's global platform and enable its analysts to customize their product for institutional customers. Credit Suisse First Boston's fixed income research provides clients with credit portfolio strategies and analysis, forecasts of swaps and generic spread movements and outstanding credit strategy research for both high-grade and high-yield products. Credit Suisse First Boston analysts' in-depth understanding of markets, companies, investment instruments and local, regional and global economies forms a strong foundation for the firm's innovative web-based analytical tools and technology.

CSFB Financial Services

Overview

CSFB Financial Services provides international asset management services, including mutual funds, to institutional and private investors and financial advisory services to high-net-worth individuals and corporate investors. Effective January 1, 2004, the segment was renamed Wealth & Asset Management and after that date also encompasses the private equity and private funds groups transferred from the Institutional Securities segment. The following description reflects the organization in place as of December 31, 2003.

Credit Suisse Asset Management is a leading global asset manager focusing on institutional, investment fund and private client investors, providing investment products and portfolio advice in three regions, the Americas, Asia Pacific and Europe. With CHF 392.9 billion in assets under management at December 31, 2003, Credit Suisse Asset Management has investment capabilities in all major asset classes, including equities, fixed income, balanced products and alternative investments.

The Private Client Services business serves high-net-worth and corporate investors with significant financial resources and specialized investment needs. Private Client Services had 335 investment advisors and managed or advised clients on approximately CHF 61.2 billion in assets as of December 31, 2003.

In May 2003, Credit Suisse First Boston sold Pershing, a leading provider of financial services outsourcing solutions, to The Bank of New York Company, Inc.

Products and services

The following is a discussion of the key global products and services of CSFB Financial Services and the divisions through which they are delivered.

Asset management and advisory services

The asset management business offers its clients discretionary asset management services through segregated or pooled accounts. Clients may choose from a wide array of products, including:

- Fixed income and equity products in local and global markets;
- Balanced products, comprising a mixed portfolio of fixed income and equity investments according to a pre-defined risk parameter set by the customer or the investment guidelines of the fund and asset allocation products;
- Money market products in multiple currencies;
- Quantitative indexed products;
- Derivatives and commodities;
- Real estate portfolio management; and
- Alternative investment products, which include fund-of-funds products.

The investment policies of portfolio managers are generally focused on providing maximum return within the investor’s criteria, while maintaining a controlled risk profile and adherence to high quality compliance and investment practices. The advisory services of the asset management business include advice on customized investment opportunities, new product and risk management strategies and global investment reporting. Global investment reporting involves the use of a global custodian, acting as a central depositary for all of a client's securities. Once custody has been centralized, clients are offered a series of value-added services, including cash management, securities lending, performance measurement and compliance monitoring.

The Private Client Services business offers a range of services, including single stock brokerage, hedging and sales of restricted securities. Private Client Services also offers its clients a wide range of investment management products, including third-party-managed accounts and alternative investments.

Funds

The asset management business offers a wide range of open-end funds. These funds are marketed under the main brand name Credit Suisse. The largest complex of funds, which is domiciled in Luxembourg and marketed mainly in Europe, includes a full range of equity, balanced, fixed income and money market funds. In addition to these pan-European mutual funds, the asset management business offers domestic registered funds in the United States, Switzerland, the United Kingdom, Germany, Italy, France, Poland, Japan and Australia.

The asset management business acts primarily as a wholesale distributor of mutual funds, and the majority of the Credit Suisse brand funds are marketed through our other businesses and third-party distributors, including third-party banks and insurance companies and other financial intermediaries.

Operating environment and competition

Operating environment

Credit Suisse First Boston believes that the long-term outlook for leaders in the investment banking industry is generally positive, although the industry is volatile and subject to periodic market downturns worldwide or in particular geographic regions. Competition has resulted in significant pressure on margins, particularly in the cash equities businesses and equity and debt underwriting, and there has been a trend towards increased capital commitments to secure mandates. The global "bulge bracket", or top tier, investment banks are likely to be more successful than other firms, and there is continuing consolidation in the financial services industry. One of the principal macroeconomic trends affecting the investment banking industry is greater capital formation, which is produced by aging demographics, pension reforms and wealth creation. Consolidation and convergence, driven by a blurring of traditional product and geographic boundaries, deregulation and the importance of scale and efficiency, have also created benefits for global full-service providers such as Credit Suisse First Boston. Technology has led to productivity improvements and new distribution and business models, more demanding and better-informed customers and the need to balance productivity gains with investment requirements.

The financial services business, including asset management, is viewed as a growth sector. Despite a challenging market environment, the underlying fundamentals and demographics continue to support the sector. Credit Suisse First Boston believes that there will be positive net new asset or organic growth opportunities within this sector over the next several years. Despite this positive outlook for the business, increased competition, higher research costs, required advancements in technology, growth in client needs and globalization are trends that place greater pressure on margins and increase the need for scale within full-service asset management organizations. This growth, together with major external changes such as technological innovation and increased volatility and complexity in world markets, is changing the way the industry delivers services, manages investments and measures risk.

Competition

Credit Suisse First Boston faces intense competition from various types of firms in all aspects of its business and throughout the world. The principal competitive factors influencing Credit Suisse First Boston's businesses are its reputation in the market place, its client relationships, its mix of market and product capabilities and the ability to attract and retain highly skilled employees.

In investment banking, Credit Suisse First Boston competes with brokers and dealers in securities and commodities, investment banking firms, commercial banks and other firms offering financial services. There is increased fragmentation in market share, partly due to lower volumes of business and increased competition. Credit Suisse First Boston is subject to continued and increasing competitive pressure to make loans or otherwise commit capital, such as through block trades, to clients. Credit Suisse First Boston has also experienced significant price competition in certain of its businesses, which has reduced profit margins on certain products and in certain markets. Competition from alternative trading systems is reducing fees and commissions.

In asset management, Credit Suisse First Boston's major competitors are the asset management subsidiaries of financial services firms, US mutual and institutional fund managers and European fund managers. Despite the trend towards globalization in the asset management industry, competition is most significant in individual geographic locations. For the private equity business, as private equity funds grow and proliferate, competition to raise private capital and to find and secure attractive investments is accelerating.

Regulation and supervision

Overview

Our operations throughout the world are regulated and supervised, as applicable, by authorities in each of the jurisdictions in which we have offices, branches and subsidiaries. Central banks and other bank regulators, insurance regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our banking, insurance, investment banking and asset management businesses. Changes in 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. For example, a number of countries in which we operate impose limitations on foreign or foreign-owned financial services companies including:

- Restrictions on the opening of local offices, branches or subsidiaries and restrictions on the types of banking and non-banking activities that may be conducted by these local offices, branches or subsidiaries;
- Restrictions on the acquisition of local banks or restrictions requiring a specific percentage of local ownership; and
- Restrictions on investment and other financial flows entering or leaving the country.

In 2003, our structure was based on several legal entities comprising two business units: Credit Suisse Financial Services and Credit Suisse First Boston. These business units contained separate operating segments. Effective July 13, 2004 we will structure our businesses under their respective legal entities. Our legal entities include two principal Swiss banks, Credit Suisse and Credit Suisse First Boston, and their respective subsidiaries, and a Swiss insurance company, "Winterthur" Swiss Insurance Company and its subsidiaries. The Credit Suisse legal entity encompasses the Private Banking and Corporate & Retail Banking segments. Winterthur is comprised of the Life & Pensions and Insurance (subsequently renamed Non-Life) segments. The Credit Suisse First Boston legal entity consists of the Institutional Securities and CSFB Financial Services (subsequently renamed Wealth & Asset Management) segments. In general, we are subject to regulation at the legal entity, rather than the business unit or operating segment level.

Central banks and other bank regulators, financial services agencies and self-regulatory organizations are responsible for the regulation and supervision of our banking businesses in each of the jurisdictions in which we operate. These authorities impose a wide variety of requirements, including those relating to:

- Reporting obligations;
- Reserves;
- Capital adequacy;
- Depositor protection;
- Prudential supervision;
- Risk concentration;
- Prevention and detection of money laundering and terrorist financing; and
- Liquidity requirements.

Some of the more important regulatory requirements affecting our insurance businesses in various jurisdictions include:

- Maintenance of minimum solvency margins;
- Restrictions on the type of business that insurance companies can undertake;
- Restrictions on the types of assets and investments that can be used to support the insurance operations;
- Limits in some countries on premium rates and commission rates that can be charged to customers;
- Guaranteed rates of return for certain lines of insurance;
- Control of actuarial and claim reserves of the regulated insurer; and
- Allocation of profits to policyholders on participating life policies.

In addition, some of the principal jurisdictions in which we have insurance operations have change of control requirements that may deter, delay or prevent certain transactions affecting the control of the ownership of our insurance businesses.

Our investment banking business is also subject to oversight by securities authorities and exchanges, financial services agencies and self-regulatory organizations in various jurisdictions, including regulation as broker-dealers under applicable securities laws. Regulations affecting this business include, among others, those relating to:

- Capital requirements;
- Limitations on extensions of credit;
- Customer sales practice rules;

- Prevention and detection of money laundering and terrorist financing;
- Research analyst independence; and
- Trading rules.

In addition, our asset management and advisory businesses are generally regulated under the banking and securities laws of the United States, Switzerland and other jurisdictions in which we maintain a presence or hold ourselves out as offering services.

The regulatory structure that applies to our operations in certain key countries is discussed more fully below.

Banking

Switzerland

The Credit Suisse Group legal entity is not a bank according to the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended, or the Bank Law, and its Implementing Ordinance of May 17, 1972, as amended, or the Implementing Ordinance. However, the SFBC issued a decree, or the Decree, in August 2003 – replacing an earlier decree from 1998 – pursuant to which the SFBC supervises, in its capacity as global lead regulator, the Credit Suisse Group legal entity on a consolidated basis. We are required to comply with certain of Switzerland's requirements for banks, including, among other things, with respect to capital adequacy, solvency and risk concentration on a consolidated basis, subject to specific stipulations required by the SFBC. We are also subject to certain of the reporting obligations of Swiss banks. Furthermore, our banks in Switzerland, including the Credit Suisse and Credit Suisse First Boston legal entities as well as our private and retail banking subsidiaries, are each regulated by the SFBC on a legal entity basis and, if applicable on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by the SFBC pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by the SFBC pursuant to the Swiss Federal Act on Stock Exchanges and Securities Trading of March 24, 1995, or the Stock Exchange Act. Banks and securities dealers must comply with certain reporting, filing and, from January 1, 2005, minimum reserves requirements of the Swiss National Bank, or the National Bank. In addition, banks and securities dealers must file an annual financial statement and detailed monthly interim balance sheets with the National Bank and the SFBC.

As a member of the Financial Action Task Force on Money Laundering from its inception, in August 1990 Switzerland adopted its first legislative measures aimed at the prevention of money laundering. This initiative was followed in 1991 by the issuance of the SFBC guidelines for the combat and prevention of money laundering, the adoption in 1992 of the fourth version (the first version was issued in 1977) of the Code of Conduct of the Swiss Bankers' Association, or the SBA, a self-regulatory organization, with regard to the exercise of due diligence on business relationships and the implementation of the Federal Statute concerning the Combat of Money Laundering in the Financial Sector on April 1, 1998. In January 2003, the SFBC issued an anti-money laundering ordinance, which contains more stringent due diligence requirements for banks and securities dealers with respect to business relationships and transactions that are deemed to entail higher legal or reputational risks. This ordinance took effect on July 1, 2003 and replaces earlier SFBC anti-money laundering guidelines. In addition, also as of July 1, 2003, the SBA issued a revised Code of Conduct with regard to the exercise of due diligence that applies to business relationships in general. In aggregate, these provisions, which also aim to prevent the financing of terrorism, impose on banks, securities dealers and other financial intermediaries strict duties of diligence when entering into business relationships with customers, including a duty to identify the business partner and to establish the identity of the beneficial owner of funds and assets and, in transacting business with customers or correspondent banks, special duties to monitor and clarify the background of unusual transactions. The provisions also include a duty to freeze funds and assets and to notify the Swiss authorities in the case of well-founded suspicions relating to money laundering activities, and a duty of special care in dealing with politically exposed persons.

Under the Bank Law and the Stock Exchange Act, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer secrecy laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering or terrorist financing activities or tax fraud. In particular, Swiss customer secrecy laws generally do not prevent the disclosure of information to courts and administrative authorities when banks are asked to testify under applicable federal and cantonal rules of civil or criminal procedure.

The SFBC is the highest bank supervisory authority in Switzerland and is independent from the National Bank. Under the Bank Law, the SFBC is responsible for the supervision of the Swiss banking system through the issuance of ordinances and circular letters to the banks and securities dealers it oversees. Among other things, the SFBC has the power to grant and withdraw banking and securities dealer licenses, to enforce the Bank Law and the Stock Exchange Act and to prescribe the content and format of audit reports. The National Bank is a limited liability company whose share capital is held by the Swiss cantons and cantonal banks, private shareholders and public authorities. It is responsible for implementing those parts of the government's monetary policy that relate to banks and securities dealers, particularly in the area of foreign exchange. It publishes extensive statistical data on a monthly basis. With effect as of May 1, 2004, an amendment to the Swiss Federal Act on the National Bank came into effect, which gives the National Bank certain additional powers such as the supervision of payment and securities settlement systems. Conversely, as of the same date, the National Bank abolished the capital export restrictions over which it had jurisdiction – in particular, the principle of entrenchment which required that Swiss franc denominated bonds be lead-managed by banks or securities dealers based in Switzerland.

Under the Bank Law, a bank's business is subject to inspection and supervision by an independent auditing firm that is licensed by the SFBC. These Bank Law auditors, which are appointed by the bank's board of directors, are required to annually perform an audit of the bank's financial statements and assess whether the bank is in compliance with the provisions of the Bank Law, the Implementing Ordinance and SFBC regulations, as well as guidelines for self-regulation. The audit report is submitted to the bank's board of directors and to the SFBC. In the event that the audit reveals violations of the law or other irregularities, the auditors must inform the SFBC if the violation or irregularity is not cured within a time limit designated by the auditors, or immediately in the case of serious violations or irregularities that may jeopardize the security of creditors.

In 1999, the SFBC established the Large Banking Groups Department, or the SFBC Department, which at present is responsible solely for supervising the Group and UBS AG, the other large banking group in Switzerland. The SFBC Department, which oversees all of the main businesses in which we operate, supervises us directly through regular reviews of accounting, risk and structural information, regular meetings with management and periodic on-site visits. The SFBC Department also coordinates the activities of the SFBC with our external auditors and with our foreign regulators.

In November 2001, the Swiss Federal Council appointed a group of experts with the task of formulating a concept for the integrated supervision of the financial markets in Switzerland. In the first part of its report, issued in July 2003, the group of experts recommended establishing a federal financial market supervisory agency, the FINMA, by consolidating the SFBC and the Swiss Federal Office of Private Insurance, or FOPI, and to unify the supervisory means for all supervised areas. The second part of the report, which will cover the issue of sanctions within the framework of financial market regulation, is expected to be published for public comment in 2004. The group of experts intends to prepare a draft legislative act to be considered by the Swiss Parliament in 2005 or 2006 at the earliest. The new act has to be passed by the Swiss Parliament to become law, with the exact effective date to be determined by the Government afterwards.

In addition, the Swiss regulatory framework relies on self-regulation through the SBA. The SBA issues a variety of guidelines to banks, such as (i) the Risk Management Guidelines for Trading and the Use of Derivatives, which set out standards based on the recommendations of the Group of Thirty, the Basle Committee and the International Organization of Securities Commissions; (ii) the Portfolio Management Guidelines, which set standards for banks when managing customers' funds and administering assets on their behalf; and (iii) the Code of Conduct for Securities Dealers, which sets standards for professional ethics in the execution of securities transactions for customers. In January 2003, the SBA issued the Guidelines on the Independence of Financial Research, or Research Guidelines. The Research Guidelines, which were previously ratified by the SFBC, became effective on July 1, 2003. The Research Guidelines have been issued with a view to ensuring the independence of financial research and cover "sell-side" and "buy-side" research of SFBC-regulated financial institutions with respect to equity and debt securities.

Capital requirements

Under the Bank Law, a bank must maintain an adequate ratio between its capital resources and its total risk-weighted assets and, as noted above, this requirement applies to the Credit Suisse Group legal entity on a consolidated basis. For purposes of complying with Swiss capital requirements, bank regulatory capital is divided into three main categories:

- Tier 1 capital (core capital);
- Tier 2 capital (supplementary capital); and
- Tier 3 capital (additional capital).

Through 2003, our Tier 1 capital included primarily paid-in share capital, reserves (defined to include, among other things, free reserves and the reserve for general banking risks), capital participations of minority shareholders in certain fully consolidated subsidiaries, retained earnings and audited current-year profits, less anticipated dividends. Among other items, this was reduced by the net long position of our own shares and goodwill. Tier 1 capital is supplemented, for capital adequacy purposes, by Tier 2 capital, which consists primarily of hybrid capital and subordinated debt instruments. A further supplement is Tier 3 capital, which consists of certain unsecured subordinated debt obligations with payment restrictions. The sum of all three capital tiers, less non-consolidated participations in the industries of banking and finance, equals total bank or regulatory capital.

Effective January 1, 2004, we calculate our regulatory capital on the basis of US generally accepted accounting principles, or US GAAP, with certain adjustments required by the SFBC. With these adjustments, our regulatory capital calculation methodology is substantially the same as for prior years. The SFBC has advised the Group that it may continue to include as Tier 1 capital CHF 2.2 billion of equity from special purpose entities, which are deconsolidated under FIN 46R.

We are required to maintain a minimum regulatory capital ratio of 8% measured on a consolidated basis, calculated by dividing total eligible capital – adjusted for certain deductions, including a 50% deduction of the participation value of Winterthur, which is basically identical to Winterthur's equity capital (with certain modifications) – by aggregate risk-weighted assets. Furthermore, in addition to the annual financial statement and detailed monthly interim balance sheets, our banks submit statements of required and existing regulatory capital semi-annually on a consolidated basis to the National Bank. The National Bank may demand further disclosures from banks concerning their financial condition as well as other kinds of information relevant to regulatory oversight. Pursuant to the Decree, our banking sub-groups (including the Credit Suisse and Credit Suisse First Boston legal entities) are exempt from regulatory capital consolidation, subject to certain conditions, but have to comply with regulatory capital requirements on a legal entity basis. For information on our capital ratios, refer to "Item 5 – Operating and Financial Review and Prospects – Liquidity and capital resources."

The Basle Committee is currently considering significant changes to existing international capital adequacy standards and intends to publish these standards by mid-year 2004. Participating countries would then be expected to modify their bank capital and regulatory standards as necessary to implement the new standards at the earliest at year-end 2006. We cannot predict at this time whether, or in what form, the new standards will be implemented in national legislation, or the effect that they would have on us or on our subsidiaries' capital ratios, financial condition or results of operations. In addition, on April 29, 2004, the SFBC formally announced that it intends to implement the new standards swiftly but subject to a "Swiss finish". Furthermore, the SFBC has indicated that – in contrast to the implementation plans of the Board of Governors of the Federal Reserve System to restrict application of the new standards to the major US banking institutions – it intends to implement the new standards for all Swiss banks. Therefore, in addition to the Credit Suisse and Credit Suisse First Boston legal entities, our private and retail banking subsidiaries will be required to comply with the new standards. Moreover, the SFBC intends to follow the timetable for implementation of the new standards set by the European Union, irrespective of whether the United States delays implementation for US banks.

Liquidity requirements

Banks, such as the Credit Suisse and Credit Suisse First Boston legal entities, are required to maintain specified measures of primary and secondary liquidity under Swiss law. According to the Decree, the Credit Suisse Group legal entity is only required to maintain adequate levels of liquidity on a consolidated basis within the meaning of the Implementing Ordinance and it is not required to comply with the detailed calculations described below for banks.

Primary liquidity is measured by comparing Swiss franc-denominated liabilities to liquid assets in Swiss francs. For this purpose, liabilities are defined as balances due to banks and due to customers, due on demand or due within three months, and 20% of deposits in savings and similar accounts. Under current law, a bank's liquid assets must be maintained to a level of at least 2.5% of the sum of these kinds of liabilities. As of January 1, 2005, these provisions will be replaced by a minimum reserves requirement set forth in the new National Bank Ordinance that entered into effect on May 1, 2004. These new rules follow, in essence, the current law, but also include medium-term notes due within three months.

Secondary liquidity is measured by comparing (i) the total of liquid assets and "easily realizable assets" with (ii) the total of "short-term liabilities." The total of the liquid and easily realizable assets of a bank must be equal to at least 33% of the short-term liabilities.

The Credit Suisse and Credit Suisse First Boston legal entities are required to file with the SFBC and the National Bank monthly statements reflecting their primary liquidity position and quarterly statements reflecting their secondary liquidity position.

Risk concentration

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific, pre-defined 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. A bank's aggregated and risk-weighted exposure to any single counterparty or group of related counterparties may not exceed a specified limit; risk exposures exceeding 10% of a bank's eligible capital are deemed a regulatory large exposure and must be reported to the bank's board of directors, as well as to its Bank Law auditors. In addition, aggregated and risk-weighted exposure to any single counterparty or group of related counterparties may not exceed 25% of a bank's eligible capital, and the aggregate of all reported regulatory large exposure positions may not exceed 800% of the bank's eligible capital. Subject to certain exceptions, exposures exceeding these thresholds must be reported immediately to the Bank Law auditors and to the SFBC, which may require corrective action and impose sanctions, if appropriate.

Pursuant to the Decree, we must adhere to these risk concentration rules on a consolidated level. However, the SFBC has agreed that our Swiss banks and securities dealers are entitled to exclude from the 25% and 800% limits (i) the risk positions of certain of our companies, which are subject to adequate supervision and (ii) the risk positions in respect of the Credit Suisse Group legal entity. In addition, subject to certain conditions, our banking sub-groups (including the Credit Suisse and Credit Suisse First Boston legal entities) are exempt from risk consolidation.

European Union

In 2002 and 2003, the European Union, or EU, adopted or proposed a number of directives and measures within the scope of the Financial Services Action Plan, or FSAP, designed to increase internal market integration and harmonization. Individual EU member states implement these directives through national legislation, the details of which may vary from country to country and which may set higher standards. As part of the FSAP, the EU adopted a directive on financial conglomerates in November 2002. Financial conglomerates are defined as groups that include regulated entities active in the banking and/or investment services sectors, on the one hand, and the insurance sector, on the other hand, and that meet certain criteria. The aim of the directive is to impose (from 2005) additional prudential requirements in respect of the regulated entities that are part of financial conglomerates including, to a certain extent, any mixed financial holding company. The supplementary supervision will be organized at the level of the financial conglomerate and cover capital adequacy, risk concentration and intra-group transactions. The directive further requires non-EU headed groups that operate regulated entities in the EU to be subject to equivalent consolidated supervision in their home country.

In June 2003, the EU adopted a directive on the taxation of savings income. Pursuant to the directive, a member state of the EU will be required to provide to the tax authorities of other member states information regarding payments of interest (or other similar income) paid by a person within its jurisdiction to individual residents of such other member states, except that Belgium, Luxembourg and Austria will instead operate a withholding system for a transitional period in relation to such payments. Furthermore, the EU is currently in negotiations with certain non-EU jurisdictions to introduce similar measures as in the EU. In May 2004, the EU and Switzerland announced that they reached political consensus on an agreement on the taxation of savings income by way of a withholding system and voluntary declaration in the case of transactions between parties in EU member states and Switzerland. Switzerland may introduce a tax on interest payments or other similar income paid by a paying agent within Switzerland to EU resident individuals at the earliest as of January 1, 2005. The tax may be withheld at a rate of 15% for the first three years of the transitional period, 20% for the subsequent three years and 35% thereafter. The beneficial owner of the interest payments may be entitled to a refund of the tax if certain conditions are met.

The agreement in principle with Switzerland is still subject to approval by the Swiss Parliament and a potential subsequent referendum vote by the citizens of Switzerland. The Directive is expected to be required to be applied by EU member states at the earliest from January 1, 2005, subject to certain conditions being met.

United States

Our operations in the United States are subject to a variety of regulatory regimes. The Credit Suisse First Boston legal entity operates a bank branch in New York, or the New York Branch, and the Credit Suisse legal entity operates a US administrative office in Florida and representative offices in New York and Texas. We refer to these collectively as our US Banking Offices. Each of these offices is licensed by the state banking authority in the state in which it is located and is subject to regulation and examination by its licensing authority. Because the New York Branch does not engage in “retail” deposit taking, it is not required to be, and is not, a member of the Federal Deposit Insurance Corporation, or the FDIC. Accordingly, the FDIC does not insure its deposits.

The New York Branch is licensed by the Superintendent of Banks of the State of New York, or the Superintendent, under the New York Banking Law, or the NYBL. The New York Branch is examined by the New York State Banking Department and the Board of Governors of the Federal Reserve System, or the Board, and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. Under the NYBL and regulations adopted at year-end 2002, the New York Branch must maintain, with banks in the State of New York, eligible assets (including US treasuries, other obligations issued or guaranteed by the US government or agencies or instrumentalities thereof, obligations of the New York State government and local governments within New York State, and numerous other assets meeting the criteria established in the NYBL and applicable regulations) in an amount generally equal, with certain exclusions, to 1% of the liabilities of the New York Branch (up to a maximum of USD 400 million as long as the Credit Suisse First Boston legal entity and the New York Branch meet specified supervisory criteria). The NYBL also empowers the Superintendent to require branches of foreign banks to maintain in New York specified assets equal to such percentage of the branches' liabilities as the Superintendent may designate. This percentage is currently set at 0%, although the Superintendent may impose specific asset maintenance requirements upon individual branches on a case-by-case basis. The Superintendent has not prescribed such a requirement for the New York Branch.

The NYBL authorizes the Superintendent to take possession of the business and property of a foreign bank's New York branch under circumstances similar to those that would permit the Superintendent to take possession of the business and property of a New York State-chartered bank. These circumstances include the following:

- Violation of any law;
- Conduct of business in an unauthorized or unsafe manner;
- Capital impairments;
- Suspension of payment of obligations;
- Liquidation of a foreign bank in the jurisdiction of its domicile; or
- Existence of reason to doubt a foreign bank's ability to pay in full certain claims of its creditors.

Pursuant to the NYBL, when the Superintendent takes possession of a New York branch, it succeeds to the branch's assets and the assets of the foreign bank located in New York. In liquidating or dealing with a branch ' s business after taking possession of the branch, the Superintendent shall accept for payment out of these assets only the claims of creditors (unaffiliated with the foreign bank) that arose out of transactions with such New York branch. After such claims are paid, the Superintendent would turn over the remaining assets, if any, to the foreign bank or to its duly appointed liquidator or receiver.

The New York Branch is generally subject under the NYBL to the same single borrower lending limits applicable to a New York State-chartered bank, except that for the New York Branch such limits, which are expressed as a percentage of capital, are based on the capital of the Credit Suisse First Boston legal entity on a global basis.

In addition to being subject to various state laws and regulations, our operations are also subject to federal regulation, primarily under the International Banking Act of 1978, as amended, or the IBA, and the amendments to the IBA made pursuant to the Foreign Bank Supervision Enhancement Act of 1991, or FBSEA, and to examination by the Board in its capacity as our US "umbrella supervisor." Under the IBA, as amended by FBSEA, all branches and agencies of foreign banks in the United States are subject to reporting and examination requirements similar to those imposed on domestic banks that are owned or controlled by US bank holding companies, and most US branches and agencies of foreign banks, including the New York Branch, are subject to reserve requirements on deposits and to restrictions on the payment of interest on demand deposits pursuant to regulations of the Board.

Among other things, FBSEA provides that a state-licensed branch or agency of a foreign bank may not engage in any type of activity that is not permissible for a federally-licensed branch or agency of a foreign bank unless the Board has determined that such activity is consistent with sound banking practice. FBSEA also subjects a state branch or agency to the same single borrower lending limits applicable to national banks and these limits are based on the capital of the entire foreign bank. Furthermore, FBSEA authorizes the Board to terminate the activities of a US branch or agency of a foreign bank if it finds that:

- The foreign bank is not subject to comprehensive supervision on a consolidated basis in its home country; or
- There is reasonable cause to believe that such foreign bank, or an affiliate, has violated the law or engaged in an unsafe or unsound banking practice in the United States and, as a result, continued operation of the branch or agency would be inconsistent with the public interest and purposes of the banking laws.

If the Board were to use this authority to close the New York Branch, creditors of the New York Branch would have recourse only against the Credit Suisse First Boston legal entity, unless the Superintendent or other regulatory authorities were to make alternative arrangements for the payment of the liabilities of the New York Branch.

In 2001, the US Congress enacted the USA Patriot Act, which imposed significant new record-keeping and customer identity requirements, expanded the government's powers to freeze or confiscate assets and increased the available penalties that may be assessed against financial institutions. The USA Patriot Act also required the US Treasury Secretary to develop and adopt final regulations that impose anti-money laundering compliance obligations on financial institutions. The US Treasury Secretary delegated this authority to a bureau of the US Treasury Department known as the Financial Crimes Enforcement Network, or FinCEN.

Many of the new anti-money laundering compliance requirements of the USA Patriot Act, as implemented by FinCEN, are generally consistent with the anti-money laundering compliance obligations that applied to the New York Branch and the US subsidiaries of Credit Suisse Group under Board regulations before the USA Patriot Act was adopted. These include requirements to adopt and implement an anti-money laundering program, report suspicious transactions and implement due diligence procedures for certain correspondent and private banking accounts. Certain other specific requirements under the USA Patriot Act, such as procedures relating to correspondent accounts for non-US financial institutions and regulations thereunder mandating formal customer identification procedures, involve new compliance obligations. However, FinCEN has not adopted final regulations in all of these areas, and the impact on our US operations will depend on how FinCEN implements these requirements.

Non-banking activities

Pursuant to the IBA, the Bank Holding Company Act of 1956, as amended, or the BHCA, imposes significant restrictions on our US non-banking operations and on our worldwide holdings of equity in companies operating in the United States. Historically, our US non-banking activities were principally limited to activities, which the Board found to be a proper incident to banking or managing or controlling banks or for which an exemption applied (such as certain "grandfather rights" accorded to certain segments within the Credit Suisse First Boston legal entity pursuant to the IBA). Moreover, prior Board approval was generally required to engage in new activities and to make non-banking acquisitions in the United States.

The Gramm-Leach-Bliley Act, or GLBA, which was signed into law in November 1999 and became effective in most respects in March 2000, significantly modified these restrictions. Once GLBA took effect in March 2000, qualifying bank holding companies and foreign banks qualifying as "financial holding companies" were permitted to engage in a substantially broader range of non-banking activities in the United States, including insurance, securities, merchant banking and other financial activities—in many cases without prior notice to, or approval from, the Board or any other US banking regulator. GLBA does not authorize banks or their affiliates to engage in commercial activities that are not financial in nature or incidental thereto without other specific legal authority or exemption.

Certain provisions of the BHCA governing the acquisition of US banks were not affected by the GLBA. Accordingly, as was the case prior to enactment of GLBA, we are required to obtain the prior approval of the Board before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of any US bank or bank holding company. Under the BHCA and regulations issued by the Board, the New York Branch is also restricted from engaging in certain "tying" arrangements involving products and services.

Under GLBA and related Board regulations, we became a financial holding company effective March 23, 2000. To qualify as a financial holding company, we were required to certify and demonstrate that the Credit Suisse First Boston legal entity was “well capitalized” and “well managed.” These standards, as applied to us, are comparable to the standards US domestic banking organizations must satisfy to qualify as financial holding companies. In particular, the Credit Suisse First Boston legal entity is required to maintain capital equivalent to that of a US bank, including a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%. If in the future we cease to be well capitalized or well managed, or otherwise fail to meet any of the requirements for financial holding company status, then, depending on which requirement we fail to meet, we may be required to discontinue newly authorized financial activities or terminate our New York Branch. Our ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

GLBA and the regulations issued thereunder contain a number of other provisions that could affect our operations and the operations of all financial institutions. One such provision relates to the financial privacy of consumers. In addition, the so-called “push-out” provisions of GLBA will narrow the exclusion of banks (including the New York Branch) from the definitions of “broker” and “ dealer” under the Securities Exchange Act of 1934, or Exchange Act. The SEC has granted a series of temporary exemptions to delay the required implementation of these push-out provisions. The narrowed “dealer” definition took effect in September 2003, and the narrowed “broker” definition is currently expected to take effect no earlier than November 2004, although the SEC has indicated that it does not expect banks to develop compliance for the broker rules until final rules have been adopted. As a result, it is likely that certain securities activities currently conducted by the New York Branch will need to be restructured or transferred to one or more US registered broker-dealer affiliates.

United Kingdom

The Financial Services Authority, or FSA, is the single statutory regulator of financial services activity in the UK. It takes its powers from the Financial Services and Markets Act 2000, or the FSMA. The FSA took on its powers with effect from December 1, 2001. The scope of activities covered includes banking, personal insurance and investment business. From late 2004, the FSA is due to be responsible for regulating mortgage lending and advice and general insurance advice in addition to its current scope. In undertaking its supervisory responsibilities, the FSA adopts a risk-based approach, covering all aspects of a firm’s business, capital adequacy, systems and controls and management structures. Accordingly, the FSA sets requirements on capital and related systems and controls based on risk factors rather than by sector from which the firm comes. In addition to its supervisory responsibilities, the FSA continues to review and update the overall regulatory regime, taking account of market changes, as well as government and international initiatives and developments with an impact on risk perceptions and exposures within the financial services industry. 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 in cases of breaches or likely breaches of rules, prosecute criminal offences under FSMA, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted.

The London branch of the Credit Suisse First Boston legal entity, or the London Branch, and its affiliated entities, Credit Suisse First Boston International and Credit Suisse (UK) Limited, are authorized under the FSMA with respect to their deposit taking banking business and are regulated by the FSA. Certain aspects of these entities’ wholesale money markets activities are subject to regulation in the United Kingdom by the FSA. Wholesale money market activities, which fall outside the scope of the FSMA generally fall within the scope of a voluntary code of conduct called the Non-Investment Products Code, which is published by the Bank of England.

Subject to certain exemptions set out in the FSMA, only authorized companies may carry on deposit taking business. In deciding whether to grant authorization, the FSA must determine whether an applicant firm satisfies the threshold conditions for suitability stipulated in the FSMA, as further explained in the FSA Handbook, including a requirement to be fit and proper. Guidance on what constitutes fit and proper is set out in the FSA Handbook and includes consideration of its connection with any person, the nature of the regulated activity that it carries on or seeks to carry on and the need to ensure that its affairs are conducted soundly and prudently. The FSA may also take into account anything that could influence a firm's continuing ability to satisfy this condition, including the firm's position within a group and information provided by overseas regulators about the firm. In connection with its authorization the FSA may impose conditions relating to the operation of the bank and the conduct of banking business. The FSA retains the power to waive or modify the application of or compliance with certain of the rules promulgated by the FSA under FSMA.

The FSA has adopted a risk-based approach to the supervision of banks. Under this approach, the FSA performs a formal risk assessment of every bank or banking group in the United Kingdom during each supervisory period, which varies in length according to the risk profile of the bank. The FSA performs the risk assessment by analyzing information that it receives during the normal course of its supervision, such as regular prudential and statistical returns on the financial position of the bank, or that it acquires through a series of meetings with senior management of the bank. After each assessment, the FSA will inform the bank of its view on the bank's risk profile, including details of any remedial action the FSA requires the bank to take. The FSA can, for example, increase the bank's capital ratios or revoke the bank's authorization, either of which would adversely affect our results of operation and financial condition.

The FSA requires Credit Suisse First Boston International and Credit Suisse (UK) Limited to maintain a certain minimum capital adequacy ratio of total capital to risk-weighted assets and to report large exposures. The London Branch is also subject to Swiss Bank Law requirements in respect of capital adequacy and large exposures. The FSA generally requires banks operating in the United Kingdom to maintain adequate liquidity, taking into account the nature and scale of their business so that they are able to conduct business in a prudent manner and meet their obligations as they fall due.

The banking businesses that are subject to oversight by the FSA are regulated in accordance with EU directives requiring, among other things, compliance with certain 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 EU countries in which we operate and are broadly comparable in scope and purpose to the regulatory capital and customer protection requirements imposed under applicable US law.

Our UK banking and broker-dealer businesses are also subject to the Proceeds of Crime Act 2002, or PCA, which consolidates, updates and strengthens existing UK legislation and brings in broad new powers. It transfers many confiscation powers to the Crown Court and establishes an Assets Recovery Agency, or ARA. The PCA also (i) imposes stricter penalties for money laundering offences by the introduction of a negligence-based criminal offence, which applies not only to financial institutions, but also to solicitors and other professionals who manage or deal with clients' money, (ii) introduces civil forfeiture in the High Court and (iii) empowers the Director of the ARA to tax the proceeds of criminal conduct. The new money laundering provisions, which make negligent conduct a criminal offence, are especially important to financial institutions and banks.

Insurance

Switzerland

We conduct our insurance business under operating licenses that were granted by the Swiss Federal Department of Finance, or the Department. Our Swiss insurance operations are subject to supervision by FOPI as lead regulator and, for certain lines of business, by the Federal Social Insurance Office. FOPI is an administrative unit of the Department, pursuant to the Swiss Insurance Supervisory Act of 1978, or the Insurance Supervisory Act, as amended. FOPI has supervisory power as well as the authority to make decisions to the extent that the law does not explicitly designate the Department as the governing regulatory body. Our insurance businesses are supervised on a consolidated basis pursuant to a decree, the FOPI Decree, issued by FOPI effective as of January 1, 2004. Pursuant to the FOPI Decree, our Swiss insurance businesses are required to comply on a consolidated basis with certain requirements with respect to capital, solvency and risk concentration, as well as certain other requirements, subject to specific stipulations required by the FOPI.

Under current regulations, Swiss insurance and reinsurance companies cannot operate in any field other than insurance and reinsurance. This requirement is subject to exceptions, which may be granted by the FOPI. Generally, these exceptions apply if the nature and volume of the proposed non-insurance business are viewed as non-threatening to the solvency of the insurance company. Life insurance companies require approval by the FOPI if their interest in a non-insurance company exceeds 10% of the capital of the company; for investments by non-life insurance companies the relevant threshold is 20%. If the acquisition of interests in non-insurance companies exceeds 10% of the equity of the acquiring insurance company, approval is also required. Approval may be granted if the investment is viewed as non-threatening to the solvency of the acquiring insurance company.

The FOPI requires each insurance company to submit, together with its application for an operating license, a business plan that provides information on the purpose and organization of the insurance company, the nature and geographic scope of its activities, its articles of association, its financial statements, the portion of its tariffs that is subject to supervision and details about the calculations of its technical provisions (that is, the provisions to cover future liabilities for insurance contracts). Any change to these elements of the business plan requires the prior approval of the FOPI.

Swiss insurance companies are required to allocate a portion of their assets to a “Safety Fund” (for life insurance companies) or to “Bound Assets” (for non-life insurance companies). The Safety Fund and the Bound Assets cover the technical provisions and provide a minimum basis for satisfying liabilities of the insurance business. For the Bound Assets and the Safety Fund special investment restrictions apply.

In addition, life insurance companies are subject to the requirements and procedures set forth in the Federal Statute concerning the Combat of Money Laundering in the Financial Sector. For further information about this statute and the possible consolidation of the FOPI and the SFBC, refer to “Regulation and Supervision – Banking.”

Insurance companies are required to submit to the FOPI the statutory annual return, which includes a more detailed breakdown of certain balance sheet and income statement positions, the audited accounts on a stand-alone basis, management letters and the Board of Directors Report issued by the external auditors. Furthermore, reports on the Safety Fund and Bound Assets, respectively, have to be submitted on a regular basis. The FOPI can ask for ad-hoc reports if the situation requires this. In May 2003, the Federal Council submitted a bill on the revision of the Insurance Supervisory Act to the Swiss Parliament. The revision aims to improve financial transparency, consumer protection and corporate governance. Further, it introduces a legal basis for the supervision of insurance groups. The bill is currently being debated in the Swiss Parliament.

On March 24, 2004, the Swiss government passed amendments to the Life Insurance Ordinance that provide for a mandatory allocation of profits from the regulated employee benefit business in Switzerland to be provided to policyholders. The amended ordinance requires that, subject to the level of the investment result of the employee benefit business, a minimum of 90% of gross contributions or, in certain cases, 90% of net contributions be distributed to policyholders; this is referred to as the “legal quote”. This legislation impacts the determination of the provision for future dividends to policyholders in the Life & Pensions segment of the Group.

European Union

The European Union has established a regulatory framework for the insurance sector through the issuance of directives concerning both life and non-life insurance and on the supplementary supervision of financial conglomerates. The general objective of these directives is to achieve a single integrated financial services market and to improve standards of prudential supervision and safeguard for policyholders through harmonization of core regulatory standards and solvency requirements among EU member states. Individual EU member states, such as

Germany, implement these directives through national legislation, the details of which may vary from country to country and which may set higher standards.

Each insurance company in an EU member state must maintain a solvency margin (shareholders' equity and quasi-equity) at a level that depends on the nature of the insurers' activity and that is calculated with reference to certain balance sheet and income statement items, subject to an absolute minimum (so-called minimum guaranteed fund) of EUR 3 million (EUR 2 million for some classes of non-life insurance).

The directives are part of the European Commission's efforts to achieve a single European market for financial services by 2005. The directives also will give regulators greater powers to intervene in the event of concerns regarding an insurance companyfinancial position.

Germany

German insurance companies are subject to a comprehensive system of regulation under the German Law of the Supervision of Insurance Undertakings of 1991, as amended, or the Insurance Supervision Law, which implements EU directives on insurance regulation. The Federal Financial Supervisory Authority, or Supervisory Authority, monitors and enforces compliance with German insurance laws, applicable accounting standards, investment and technical provisions and solvency margins. Insurance companies are required to submit, among other things, to the Supervisory Authority notifications, statutory annual returns, audited annual accounts, quarterly interim reports and quarterly reports on certain investments.

Under the Insurance Supervision Law and related regulations and regulatory releases, German insurance companies are subject to detailed requirements with respect to investment of their assets and liabilities. In general, the actuarial and claims reserves of each insurer must be adequate to allow the insurer to fulfill its contractual commitments to pay upon receipt of claims. Therefore, insurers must maintain a minimum solvency margin, including a guarantee fund equal to one third of the solvency margin.

Under current regulations, German insurance companies may not carry out business that is not directly related to their insurance activities. Life insurance, and health insurance replacing the statutory health insurance, must be transacted by companies that do not write other kinds of insurance. According to the requirements of the Insurance Supervision Law, an insurance company is not permitted to offer life insurance, health insurance, and property and casualty insurance within the same legal entity. Nevertheless, holding companies can hold different types of insurance companies, and primary insurers may write reinsurance.

United States

Insurance companies are subject to risk-based capital, or RBC, guidelines, which provide a method to measure the adjusted capital that insurance companies are required to maintain for regulatory purposes, taking into account the risk characteristics of the company ' s investments and products. To facilitate a uniform regulation of insurer solvency across the United States, the National Association of Insurance Commissioners, or NAIC, has adopted a formula and model law to implement RBC requirements for life insurance companies and most non-life insurance companies. The RBC requirements are used as early warning tools by the NAIC and the individual state insurance departments to identify companies that merit further regulatory action. For these purposes, the insurer's surplus is measured in relation to its specific asset and liability profiles. A company's RBC is calculated by applying factors to various asset, premium and reserve items, where the factor is higher for those items with greater underlying risk and lower for less risky items.

Although the US federal government does not directly regulate the business of insurance, federal legislation and administrative policies in certain areas may significantly affect the insurance industry, including Winterthur. These areas include employee benefit plan regulation, financial services regulation, federal taxation and securities laws.

Insurance companies in the United States are also subject to comprehensive and detailed regulation and supervision of their activities under US state laws in the individual states in which they conduct business. The laws of the various states establish insurance departments with broad powers to regulate most aspects of the insurance business. Furthermore, state insurance regulatory laws require pre-approval by state agencies of a change in control of an insurance company domiciled or commercially domiciled in that state. In addition, many state insurance regulatory laws contain provisions that require pre-notification to state agencies of a change in control of a non-domestic admitted insurance company in that state.

Investment Banking and Asset Management

Switzerland

Our securities dealer activities in Switzerland are conducted primarily through the Credit Suisse and Credit Suisse First Boston legal entities and are subject to regulation under the Stock Exchange Act. The Stock Exchange Act 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. The regulatory capital requirements and risk concentration limits for securities dealers are, subject to minor exceptions, the same as for banks. Securities dealers are supervised by the SFBC, and the Research Guidelines also apply to SFBC-registered securities dealers.

Our asset management activities in Switzerland include the establishment and administration of mutual funds registered for public distribution. In accordance with the Swiss Law on Mutual Funds, these activities are conducted through legal entities under the supervision of the SFBC.

European Union

In April 2004, as part of the FSAP, the EU adopted a new Investment Services Directive, which EU member states will be required to implement by April 2006. The directive is designed to give investment firms an effective “single passport”, allowing them to operate throughout the EU on the basis of authorization in their home member state. It will also permit investment firms to process client orders outside regulated exchanges, which is not currently possible in some member states. The directive provides for certain pre-trade transparency obligations to apply to investment firms that engage in in-house matching of orders. Subject to certain exceptions, such firms would be obliged to disclose the prices at which they will be willing to buy from and/or sell to their clients. This is designed to ensure that European wholesale markets will not be subject to this disclosure requirement and that investment firms in these markets will not be subjected to significant risks in their role as market makers. For a description of the FSAP, refer to “Regulation and Supervision – Banking.”

United States

In the United States, the SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies and the Commodity Futures Trading Commission, or the CFTC, is the federal agency primarily responsible for, among other things, 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 and the Municipal Securities Rulemaking Board has the authority to promulgate rules relating to municipal securities. The Board of Governors of the Federal Reserve System promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by industry self-regulatory organizations, including the NASD and NYSE, and by state authorities. In addition, because they are also engaged in futures activities, the broker-dealers are subject to industry self-regulatory organizations such as the National Futures Association, or the NFA, and by state authorities.

Our investment banking business includes broker-dealers registered with the SEC, all 50 states of the United States, the District of Columbia and Puerto Rico, and with the CFTC as futures commission merchants and commodities trading advisers. As a result of these registrations, and memberships in self-regulatory organizations such as the NASD, the NYSE and the NFA, our investment banking business is subject to over-lapping schemes of regulation covering all aspects of its securities and futures activities. Such regulations cover matters including:

- Capital requirements;
- The use and safekeeping of customers' funds and securities;
- Recordkeeping and reporting requirements;
- Supervisory and organizational procedures intended to ensure compliance with securities and commodities laws and the rules of the self-regulatory organizations;
- Supervisory and organizational procedures intended to prevent improper trading on "material non-public" information;
- Employee-related matters;
- Limitations on extensions of credit in securities transactions;
- Required procedures for trading on securities exchanges and in the over-the-counter market;
- Anti-money laundering procedures;
- Procedures relating to research analyst independence; and
- Procedures for the clearance and settlement of trades.

A particular focus of the applicable regulations concerns the relationship between broker-dealers and their customers. As a result, US broker-dealers may be required in some instances to make "suitability" determinations as to certain customer transactions, are frequently limited in the amounts that they may charge customers, generally cannot trade ahead of their customers and cannot engage in fraudulent trading practices. US broker-dealers must make certain required disclosures to their customers.

The broker-dealers' operations are also subject to the SEC ' s net capital rule, Rule 15c3-1, or the Net Capital Rule, promulgated under the US Securities Exchange Act of 1934, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. We also have a so-called "broker-dealer lite" entity, which is subject to the Net Capital Rule but calculates its capital requirements under Appendix F to Rule 15c3-1. The Net Capital Rule also limits the ability of broker-dealers to transfer large amounts of capital to parent companies and other affiliates. Compliance with the Net Capital Rule could limit those of our 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-dealer subsidiaries, which in turn could limit our ability to pay dividends and make payments on our debt.

As registered futures commission merchants, certain of our broker-dealers are subject to the capital and other requirements of the CFTC under the Commodity Exchange Act. These requirements include the provision of certain disclosure documents, generally impose prohibitions against trading ahead of customers and other fraudulent trading practices, and include provisions as to the handling of customer funds and reporting and recordkeeping requirements.

The investment banking and asset management businesses include legal entities registered and regulated as investment advisers under the US Investment Advisers Act of 1940, as amended, and the SEC's rules and regulations thereunder. Our asset management business provides primarily discretionary asset management services to individuals, corporations, public pension funds and registered and unregistered mutual funds. The SEC-registered mutual funds that we advise are subject to various requirements of the Investment Company Act of 1940, as amended, and the SEC's rules and regulations thereunder. For pension fund customers, we are subject to the Employee Retirement Income Security Act of 1974, as amended, and similar state statutes. These regulations provide, among other things, for the way in which client assets should be managed from a portfolio philosophy, diversification and management perspective. In addition, these regulations impose limitations on the ability of investment advisers to charge performance-based or non-refundable fees to customers, record keeping and recording requirements, disclosure requirements and limitations on principal transactions between an adviser or its affiliates and advisory customers, as well as general anti-fraud prohibitions. Finally, because some of the investment vehicles we advise are commodity pools, we are subject to the Commodity Exchange Act for such vehicles.

Our investment banking and asset management operations may also be materially affected not only by regulations applicable to them as financial market intermediaries, but also by regulations of general application. For example, the volume of our underwriting, merger and acquisition and merchant banking businesses could be affected by, among other things, existing and proposed tax legislation, anti-trust policy and other governmental regulations and policies (including the interest rate policies of the Board) and changes in interpretation and enforcement of various laws that affect the business and financial communities. From time to time, various forms of anti-takeover legislation and legislation that could affect the benefits associated with financing leveraged transactions with high-yield securities have been proposed that, if enacted, could adversely affect the volume of merger and acquisition and merchant banking businesses, which in turn could adversely affect our underwriting, advisory and trading revenues.

In 2002, the NASD, the NYSE and the SEC adopted rules or regulations relating to the independence of research activities and research analysts. Credit Suisse First Boston LLC, as a member of the NASD and the NYSE and by virtue of having affiliated broker-dealers registered with the SEC, is subject to such rules and regulations. The rules adopted by the NASD and NYSE apply to research communications involving equity securities and, among other things, prohibit research analysts from being supervised by investment banking personnel, prohibit tying research analyst compensation to investment banking services, prohibit buying and selling of company securities by research analysts during specified periods, and require certain disclosures in research reports and public appearances. On February 6, 2003, the SEC adopted Regulation Analyst Certification, or Regulation AC, which applies to research reports involving equity or debt securities. Regulation AC requires research analysts to make specific certification in connection with both research report issuances and public appearances.

In 2002, as part of changing practices in the investment banking industry and Credit Suisse First Boston's commitment to ensuring the independence of its research, Credit Suisse First Boston made a number of changes in its equity securities research activities, including realigning its research department, including equity research, to report to the Vice Chairman of Credit Suisse First Boston for Research and for Legal and Compliance, adopting new rules on securities ownership by analysts and implementing new procedures for communication between analysts and investment bankers. Further, pursuant to an agreement with various US regulators regarding, among other things, research analyst independence, Credit Suisse First Boston has adopted internal structural and operational reforms to ensure research analyst independence. Refer to "Item 8—Financial Information – Legal Proceedings."

United Kingdom

Our London broker-dealer subsidiaries and asset management companies are authorized under the FSMA and are subject to regulation by the FSA. For a description of the FSA's enforcement powers, refer to "Regulation and Supervision – Banking."

Subject to certain exemptions set out in the FSMA, only authorized companies may carry on investment business. In deciding whether to grant authorization, the FSA must determine whether an applicant satisfies the threshold conditions for suitability stipulated in the FSMA, as further explained in the FSA Handbook, including a requirement to be fit and proper. For further information on this requirement, refer to "Regulation and Supervision – Banking." In connection with its authorization the FSA may impose conditions relating to the operation of the company and the conduct of investment business. The FSA retains the power to waive compliance with various provisions of the FSMA and underlying rules.

The FSA is responsible for regulating most aspects of an investment firm's business, for example, 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, anti-money laundering systems and periodic reporting and settlement procedures.

Corporate Governance and Investor Protection

Recent legislation and regulation in the area of corporate governance and investor protection is also likely to have an impact on us as an issuer and a participant in the relevant markets, as well as indirectly as a result of its impact on our clients.

Switzerland

In Switzerland, the Swiss Exchange, or SWX, issued a Corporate Governance Directive, which has been in force since July 1, 2002 and increased transparency requirements for listed companies. Furthermore, in line with international developments, the SFBC and the SBA have issued or proposed regulations, such as the Research Guidelines, in furtherance of investor protection. Further legislation and regulation in the area of corporate governance and investor protection are presently under consideration.

European Union

As part of the FSAP, the EU adopted or proposed a number of directives designed to improve corporate governance and investor protection. In December 2003, the EU adopted the Prospectus Directive. EU member states are required to implement its provisions by July 1, 2005. The Prospectus Directive sets out the circumstances in which issuers of securities covered by the directive must publish a prospectus, and a related regulation, which applies from July 1, 2005, sets out the requirements for form and content of the prospectus. Moreover, in many instances, the Prospectus Directive will, when implemented, require prospectuses to include financial statements prepared in accordance with International Financial Reporting Standards, or IFRS, or accounting principles that have been deemed to be "equivalent" for these purposes.

A Transparency Obligations Directive is also expected to be adopted in 2004 and to require EU member states to implement its provisions within two years. The directive will establish on-going reporting requirements, including an obligation to publish periodic financial reports, for issuers with securities admitted to trading on a regulated market in the EU. The directive will require, in many instances, financial statements to be prepared in accordance with IFRS or accounting principles that have been deemed to be "equivalent" for these purposes.

In addition, by October 2004, EU member states are required to implement the Market Abuse Directive, which was adopted in 2002. Its primary purpose is to enhance investor confidence in the markets by further harmonizing the rules on insider trading and market manipulation in respect of transactions in securities that are admitted to trading in the EU. The Market Abuse Directive also imposes upon issuers, whose securities are admitted to trading in the EU, certain disclosure obligations with respect to non-public price sensitive information. Implementing measures under the Market Abuse Directive further specify safe harbors for share buy-back and stabilization activities, standards for research reports, the timing of disclosure of price sensitive information, as well as requirements in respect of lists of insiders that must be maintained by issuers and disclosure of management transactions.

United States

In July 2002, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") was signed into law. The Sarbanes-Oxley Act applies directly to all SEC-reporting companies, both domestic and foreign, including us and our indirect subsidiary, Credit Suisse First Boston (USA), Inc. The Sarbanes-Oxley Act and associated SEC rules govern, among other things, corporate governance and management, disclosure requirements, the conduct of an issuer's auditors and the interactions between the issuer and its auditors. The Sarbanes-Oxley Act also enhanced civil and criminal penalties for violations of the US securities laws. The Sarbanes-Oxley Act has had and will have a significant impact on the corporate governance and management of SEC-registered companies, including us and our subsidiaries.

Property and equipment

Our principal executive offices, which we own, are located at Paradeplatz 8, Zurich, Switzerland. At December 31, 2003, we maintained worldwide over 1,000 offices and branches, of which approximately half were located in Switzerland.

As of December 31, 2003, approximately 30% of our worldwide offices and branches were owned directly by us with the remainder being held under commercial leases, 66% of which expire after 2008. The book value of the ten largest owned properties was approximately CHF 2.2 billion at December 31, 2003. Some of our principal facilities are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of December 31, 2003, the total amount of indebtedness secured by these facilities was not material to us.

We believe our current facilities are adequate for existing operations. Management regularly evaluates our operating facilities for suitability, market presence, renovation and maintenance.

Additional information

For additional information relating to our principal capital expenditures and divestitures at the present time and for the last three financial years, refer to "Item 5 – Operating and Financial Review and Prospects – Liquidity and capital resources."

For a breakdown of our net revenues by geographic market for each of the past three years, refer to note 5 of the notes to the consolidated financial statements.

For selected statistical information relating to our banking and insurance businesses, refer to "Item 5 – Operating and Financial Review and Prospects – Information required by Industry Guide 6 " and "— Information required by Industry Guide 3."

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Overview

We are a global financial services company engaging in private banking, corporate and retail banking, insurance, investment banking and asset management.

For the year ended December 31, 2003, we managed our operations in two business units: Credit Suisse Financial Services and Credit Suisse First Boston. Credit Suisse Financial Services consisted of four segments: Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance (subsequently renamed Non-Life). Credit Suisse First Boston included two segments: Institutional Securities and CSFB Financial Services (subsequently renamed Wealth &

Asset Management). Our consolidated results comprise the results of our six segments and the Corporate Center. Corporate Center costs and revenues attributable to operating businesses have been allocated to the respective segments. The Corporate Center includes expenses for projects sponsored by the Group as well as consolidation adjustments.

On January 1, 2004, Credit Suisse Group changed its primary accounting standard to US GAAP. For the year ended December 31, 2003, the business was managed on the basis of financial information prepared in accordance with Swiss GAAP. The consolidated results of Credit Suisse Group are discussed below on a US GAAP basis. As required by US GAAP, the segment results are presented and discussed on the basis of the management reporting principles applied in 2003, which were based on Swiss GAAP. For a description of those principles, refer to note 5 of the notes to the consolidated financial statements. Our consolidated results include a discussion of the principal reconciling items between segment reporting under our management reporting basis and the consolidated financial statements prepared in accordance with US GAAP.

In our previously published financial statements for 2003, 2002 and 2001 under Swiss GAAP, certain acquisition-related costs, exceptional items, cumulative effect of accounting changes and minority interests were shown only in the consolidated financial statements and the results for our two business units. For purposes of the 2003 US GAAP financial statements and this discussion, these items have been allocated to the segments to which they relate and, accordingly, we have not presented the separate aggregation of the results of our two business units. Prior period segment results have been reclassified to conform to the current presentation.

Effective July 13, 2004, Credit Suisse Group will be structured along three business lines: investment banking and wealth and asset management under the legal entity Credit Suisse First Boston; financial services, including global private banking and corporate and retail banking in Switzerland, under the legal entity Credit Suisse; and insurance under the legal entity Winterthur. We will continue to report six operating segments. The following discussion and analysis has been prepared on the basis of the segment structure in place for the year ended December 31, 2003, and should be read in conjunction with our consolidated financial statements and the related notes, including in particular note 5 thereof.

Factors affecting results of operations

Our results of operations are affected, to varying degrees, by various factors, including general economic and market conditions, exchange rate fluctuations, competition within the financial services industry, and changes in government policy, legislation and regulation. In addition, acquisitions, dispositions and changes in the structure of our business have affected our results from year to year. For additional information on the various risks affecting the results of our operations, refer to “Item 3 – Key Information – Risk factors.”

Summary

In 2002 and 2003, we focused on efficiency and returning the Group’s core businesses to profitability, maintaining leading positions in key markets and building our client franchise. In 2003, we also made a number of divestitures, most significantly at Winterthur, with the sale of Republic Financial Services in the US, Churchill Insurance Group in the UK and Winterthur’s operations in Italy. We also completed the sale of Pershing, Credit Suisse First Boston’s clearing and execution platform. In 2003, market and economic conditions generally improved from 2002, but remained challenging and very competitive. Net revenues in 2003 increased to CHF 51,506 million, an 8.7% increase compared to 2002, while total operating expenses declined 12.1% from 2002 to CHF 26,242 million for 2003. Our provision for credit losses declined 75.4% in 2003 to CHF 615 million. Our net income increased to CHF 770 million for 2003 from a net loss of CHF 4,448 million for 2002.

In 2002, as with the rest of the global financial services industry, the Group’s performance was negatively affected by the continuation of global economic and political uncertainty and the related weakness of the financial markets. Specific challenges we faced included addressing investment losses in our insurance business, setting aside provisions for regulatory and litigation matters, reducing our exposure to legacy assets and lowering costs. Winterthur also disposed of several insurance operations in 2002. Net revenues in 2002 decreased to CHF 47,386 million, a 21.3% decrease compared to 2001, while total operating expenses declined 20.6% from 2001 to CHF 29,857 million for 2002. Our provision for credit losses increased 49.8% in 2002 to CHF 2,504 million. Our net income declined to a net loss of CHF 4,448 million for 2002 from a net loss of CHF 659 million for 2001.

In 2003, our Credit Suisse Financial Services business unit performed strongly while benefiting from a better global market environment and the implementation of efficiency measures. In 2002, the business unit performed poorly, principally as a result of difficult market conditions and declines in net investment income at our insurance businesses due to substantial other-than-temporary impairments and realized losses relating to our equity portfolio, partially offset by decreased operating expenses. With respect to the segments within the business unit, key developments (on a management reporting basis) included the following:

- Private Banking reported a segment profit of CHF 1,870 million for 2003, a 23.4% increase compared to 2002, primarily as a result of decreased operating expenses relating to our efficiency measures and decreased headcount. In 2002, Private Banking reported a segment profit of CHF 1,516 million, a 32.9% decline compared to 2001, largely as a result of a decline in net interest income due to the low interest rate environment and a decline in net commission and service fee income due to lower transaction volumes.

- Corporate & Retail Banking had a segment profit of CHF 554 million for 2003, a 40.6% increase compared to 2002, resulting primarily from a decrease in other operating expenses due to our implementation of efficiency measures. In 2002, Corporate & Retail Banking had a segment profit of CHF 394 million, a 2.3% increase compared to 2001, principally as a result of decreased personnel expenses.

- Life & Pensions reported a segment profit of CHF 475 million for 2003, a substantial improvement over the segment loss of CHF 1,307 million for 2002. This shift resulted principally from higher investment income, which resulted from better performing investment markets and reduced administration costs, and an after-tax gain from the divestiture of Winterthur Italy. The segment loss reported by Life & Pensions in 2002 represented a substantial decline from a segment profit of CHF 535 million in 2001, and resulted principally from a decline in investment income, largely because the segment recognized substantial other-than-temporary impairments on its equity investment portfolio.

- Insurance had a segment profit of CHF 1,263 million for 2003, a substantial improvement over the segment loss of CHF 783 million for 2002. This shift resulted principally from an after-tax gain from the divestitures in the UK, the US and Italy. The results were also impacted by higher investment income, lower administration costs and an improved underwriting result. The segment loss reported by Insurance in 2002 represented a substantial decline from a segment profit of CHF 506 million in 2001, and resulted principally from a decline in investment income, largely because the segment realized substantial net losses in connection with the sale of equity securities and also recognized substantial other-than-temporary impairments on its remaining equity investment portfolio.

Our Credit Suisse First Boston business unit enjoyed a successful turnaround from a loss in 2002, while focusing on profitability and cost discipline, and also benefited from lower credit provisions as a result of a continued improvement in the credit markets. In 2002, the business unit had performed poorly, principally as a result of difficult market conditions, including a stable low interest rate environment and difficult equity markets, and a net outflow of assets at CSFB Financial Services, partially offset by decreased operating expenses. With respect to the segments within the business unit, key developments (on a management reporting basis) included the following:

- Institutional Securities reported a segment profit of CHF 1,258 million for 2003, a substantial improvement over the segment loss of CHF 1,289 million for 2002, resulting primarily from a significant decline in valuation adjustments, provisions and losses and also from lower personnel costs and other operating expenses, which related to the implementation of our efficiency measures. The segment loss reported by Institutional Securities in 2002 represented a slight improvement from a segment loss of CHF 1,366 million in 2001, due principally to tax benefits, extraordinary income and the cumulative effect of a change in accounting principle relating to deferred tax assets, partially offset by a substantial increase in valuation adjustments, provisions and losses.

- CSFB Financial Services had a segment loss of CHF 84 million for 2003, a significant improvement over the segment loss of CHF 547 million for 2002. This improvement resulted principally from the sale of Pershing and our interest in a Japanese online broker in 2003. The segment loss reported by CSFB Financial Services in 2002 increased versus the segment loss of CHF 117 million in 2001, due principally to an extraordinary loss in 2002 relating to the sale of Pershing.

Given the Group's return to profitability in 2003, we believe that we are well positioned to compete successfully in our primary markets. While our businesses remain tied to fluctuations and risks in the capital markets, our objectives for the coming year are to improve revenues while maintaining a disciplined approach to costs, to grow our market share and to make further progress toward our goal of sustained profitability.

Credit Suisse Group

Credit Suisse Group is a global financial services company domiciled in Switzerland. In 2003, the activities of Credit Suisse Group were structured into two main business units as described in "Item 4 – Information on the Company."

The following table shows our consolidated income statement:

Year ended December 31, in CHF m	2003	2002	2001
Interest and dividend income	**28,364**	32,200	45,961
Interest expense	**(16,637)**	(21,191)	(35,872)
Net interest income	**11,727**	11,009	10,089
Commissions and fees	**12,948**	15,344	18,992
Trading revenues	**3,528**	3,443	9,728
Realized gains/(losses) from investment securities, net	**1,536**	(4,207)	(563)
Insurance net premiums earned	**21,823**	22,307	22,159
Other revenues	**(56)**	(510)	(231)
Total noninterest revenues	**39,779**	36,377	50,085
Net revenues	**51,506**	47,386	60,174
Policyholder benefits, claims and dividends	**22,885**	19,274	21,756
Provision for credit losses	**615**	2,504	1,672
Total benefits, claims and credit losses	**23,500**	21,778	23,428

Insurance underwriting, acquisition and administration expenses	**4,542**	4,909	5,078
Banking compensation and benefits	**11,042**	13,495	18,177
Other expenses	**9,010**	11,421	14,285
Goodwill impairment	**1,510**	0	0
Restructuring charges	**138**	32	74
Total operating expenses	**26,242**	29,857	37,614
Income/(loss) from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes	**1,764**	(4,249)	(868)
Income tax expense/(benefit)	**(13)**	(109)	(206)
Dividends on preferred securities for consolidated entities	**133**	133	96
Minority interests, net of tax	**(31)**	(193)	146
Income/(loss) from continuing operations before extraordinary items and cumulative effect of accounting changes	**1,675**	(4,080)	(904)
Income/(loss) from discontinued operations, net of tax	**(346)**	(447)	122
Extraordinary items, net of tax	**7**	18	0
Cumulative effect of accounting changes, net of tax	**(566)**	61	123
Net income/(loss)	**770**	(4,448)	(659)

Year ended December 31, 2003 compared to year ended December 31, 2002

Credit Suisse Group reported net income of CHF 770 million for the year ended December 31, 2003, compared to a net loss of CHF 4,448 million in 2002. Net income for 2003 reflects a CHF 346 million loss from discontinued operations resulting from various divestitures in 2003, most significantly Churchill Insurance Group in the UK, Republic Financial Services in the US, Winterthur’s operations in Italy and Credit Suisse First Boston’s clearing and execution platform, Pershing.

Net revenues increased CHF 4,120 million, or 8.7%, to CHF 51,506 million in 2003 compared to 2002. This reflects an increase in realized gains/(losses) from investment securities offset partly by a decrease in commissions and fees as a result of lower levels of market activity.

Policyholder benefits, claims and dividends increased CHF 3,611 million, or 18.7%, to CHF 22,885 million in 2003 compared to 2002. This increase was mainly a result of a CHF 4,254 million increase in the provision for future dividends to policyholders which was primarily a result of higher investment income and a change in German tax legislation, offset by a decrease of CHF 643 million in policyholder benefits and claims expenses due to continued selective underwriting and lower natural catastrophes in the non-life business, offset by an increase in death and other benefits incurred in the life business. The changes in German tax law allowed life and health insurance companies to deduct impairments and realized losses on equity for tax purposes. In addition, a retroactive deduction of 80% of all impairments since 2001 was also allowed.

Provision for credit losses decreased CHF 1,889 million, or 75.4%, to CHF 615 million in 2003 reflecting an improved credit environment, loan repayments and loan sales.

Total operating expenses decreased CHF 3,615 million, or 12.1%, in 2003 compared to 2002, mainly reflecting the continued focus on efficiency improvements and the impact of foreign exchange movements. Insurance underwriting, acquisition and administration expenses decreased CHF 367 million, or 7.5%, to CHF 4,542 million mainly as a result of a strict underwriting policy and reduced expenses as well as the continued streamlining of the business portfolio through divestitures. Banking compensation and benefits decreased CHF 2,453 million, or 18.2%, primarily as a result of a decrease in salaries and bonuses due to headcount reductions. Other expenses decreased CHF 2,411 million, or 21.1%, primarily due to a decrease in provisions and losses as a result of lower discretionary expenses and litigation provisions. As a result of the changing environment in the life and pensions business in 2003, the Group identified an excess of the carrying amount of goodwill over its implied fair value, and recorded an impairment charge of CHF 1,510 million. Restructuring charges of CHF 138 million were recorded in 2003, mainly reflecting the reorganization plan within the Life & Pensions and Insurance segments to create a unified management structure.

A cumulative effect of accounting changes, net of tax benefit of CHF 566 million was recorded in 2003 mainly related to the early adoption of Statement of Position 03-1, “Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts” and the adoption of Financial Accounting Standards Board Interpretation No. 46. For additional information, see notes 1, 2 and 40 of the notes to the consolidated financial statements.

Income tax increased CHF 96 million from 2002 to a benefit of CHF 13 million in 2003. The increase was a result of a change in German tax laws, enacted in December 2003, allowing for the deductibility of impairments and realized losses on equity, partially offset by a decrease in other non-deductible expenses.

Year ended December 31, 2002 compared to year ended December 31, 2001

The Group reported a net loss of CHF 4,448 million for the year ended December 31, 2002, compared to a net loss of CHF 659 million in 2001, with a decline in both revenues and expenses. The net loss for 2002 reflects a loss of CHF 447 million reported in discontinued operations mainly from the disposal of Pershing LLC.

Net revenues decreased CHF 12,788 million, or 21.3%, in 2002 to CHF 47,386 million, compared to 2001. This decrease reflects lower commissions and fees and trading revenues as a result of the lower levels of market activity and significantly increased realized losses from investment securities.

Policyholder benefits, claims and dividends decreased CHF 2,482 million, or 11.4%, to CHF 19,274 million, compared to 2001. This decrease was mainly a result of a decrease in the provision for future dividends to policyholders reflecting reduced participation rates and the lower investment performance as a result of the decline in the global equity markets.

Provision for credit losses increased CHF 832 million, or 49.8%, in 2002 to CHF 2,504 million primarily due to additional credit provisions related to a change in estimate of the risk of loss inherent in the portfolio of non-impaired loans and commitments and increased reserves related to the non-continuing real estate portfolio.

Total operating expenses decreased CHF 7,757 million, or 20.6%, in 2002 compared to 2001 mainly reflecting continued focus on cost containment. Insurance underwriting, acquisition and administration expenses decreased CHF 169 million, or 3.3%, to CHF 4,909 million mainly reflecting improvements in the claims experience and the implementation of cost saving initiatives. Banking compensation and benefits decreased CHF 4,682 million, or 25.8%, as a result of a decrease in salaries and bonuses primarily due to the impact of reduced headcount and lower incentive compensation. Other expenses decreased CHF 2,864 million, or 20.0%, primarily due to decreases in discretionary expenses, most significantly commission expenses and professional services. Restructuring charges of CHF 32 million were recorded in 2002 related to the insurance business, efforts to refocus on private banking clients and severance payments at Credit Suisse First Boston.

A cumulative effect of accounting changes, net of tax of CHF 61 million was recorded in 2002 in respect of the adoption of SFAS No. 141, "Business Combinations". For additional information, see notes 2 and 16 of the notes to the consolidated financial statements.

Income tax increased CHF 97 million from 2001 to a benefit of CHF 109 million in 2002. The increase was mainly a result of an increase in non-deductible expenses.

Reconciliation of segment reporting in accordance with management reporting principles to consolidated reporting in accordance with US GAAP

As noted above, effective January 1, 2004, the Group adopted US GAAP as its primary accounting standard, and the Group's consolidated results are presented in this Form 20-F on a US GAAP basis. US GAAP, however, requires the Group to present its segment results on the basis of the management reporting principles used in 2003, which were based on Swiss GAAP.

The following tables provides a reconciliation of net revenues and net income of the Group's operating segments and the Corporate Center under the Group's management reporting principles to the consolidated financial statements prepared in accordance with US GAAP:

	Net revenues [1]			Net income/(loss) [2]		
Year ended December 31, in CHF m	2003	2002	2001	2003	2002	2001
Private Banking	**5,921**	6,071	6,998	**1,870**	1,516	2,260
Corporate & Retail Banking	**3,131**	3,147	3,159	**554**	394	385
Life & Pensions	**1,451**	1,349	2,503	**475**	(1,307)	535
Insurance	**3,389**	1,585	3,236	**1,263**	(783)	506
Institutional Securities	**12,766**	14,479	20,097	**1,258**	(1,289)	(1,366)
CSFB Financial Services	**1,524**	3,050	3,790	**(84)**	(547)	(117)
Corporate Center	**(88)**	(966)	(116)	**(275)**	(1,202)	(459)
Total segment reporting	**28,094**	28,715	39,667	**5,061**	(3,218)	1,744
Adjustments	**23,412**	18,671	20,507	**(4,291)**	(1,230)	(2,403)
Credit Suisse Group	**51,506**	47,386	60,174	**770**	(4,448)	(659)

[1] Corresponds to operating income in the segment income statements.
[2] Corresponds to segment results in the segment income statements.

The following discussion describes the significant adjustments to net revenues and net income of the Group's operating segments and the Corporate Center under the management reporting principles to the consolidated financial statements prepared in accordance with US GAAP.

Net revenue reclassification adjustments

Adjustments to net revenues include various classification differences between operating income at the segment level and net revenues in the consolidated statements of income. The primary reclassifications included in the adjustments to net revenues are discussed below.

Reclassifications relating to the Life & Pensions and Insurance segments include:

- Reclassification of CHF 24.3 billion, CHF 24.2 billion and CHF 25.9 billion for the years ended December 31, 2003, 2002 and 2001, respectively, of policyholder benefits, claims and dividends, which are netted against operating income at the segment level but are presented gross in the consolidated statements of income.

- Reclassification of CHF 1.1 billion, CHF –0.1 billion and CHF –0.2 billion for the years ended December 31, 2003, 2002 and 2001, respectively, of realized gains/(losses) from divestitures, which are included in operating income at the segment level but are presented as discontinued operations in the consolidated statements of income.

Reclassifications relating to the Institutional Securities segment include expenses related to certain redeemable preferred securities of CHF 0.1 billion, CHF 0.1 billion and CHF 0.2 billion for the years ended December 31, 2003, 2002 and 2001, respectively, which are netted against operating income at the segment level but are included in dividends on preferred securities in the consolidated statements of income.

Valuation and income recognition adjustments

The primary valuation and income recognition differences resulting in adjustments between operating income and segment result for segment reporting and net revenues and net income in the consolidated statements of income are discussed below (amounts specified are all before tax).

Accounting for business combination with “Winterthur” Swiss Insurance Company

The Group accounted for the merger of Credit Suisse Group and “Winterthur” Swiss Insurance Company as a pooling of interests under the management reporting principles, whereas in the Group’s consolidated financial statements, this merger was accounted for as a purchase with Credit Suisse Group as the acquiror. Accordingly, for segment reporting (in the Life & Pensions and Insurance segments) the carrying values of assets and liabilities of Winterthur were combined at historical values, whereas for the consolidated financial statements, the initial carrying values of assets and liabilities of Winterthur were recorded at fair value on the acquisition date and goodwill was recorded for the excess of the consideration paid over the fair value of the net assets acquired. The total adjustments to net income attributable to Winterthur purchase accounting were decreases of CHF 3.9 billion, CHF 0.8 billion and CHF 2.1 billion for the years ended December 31, 2003, 2002 and 2001, respectively. The total adjustments to net revenues attributable to Winterthur purchase accounting were decreases of CHF 0.8 billion, CHF 0.9 billion and CHF 2.5 billion for the years ended December 31, 2003, 2002 and 2001, respectively. The goodwill impairment and the goodwill write-off from the Italian insurance operations and Churchill did not impact the management basis.

The following table sets forth details on the purchase accounting adjustments resulting from the business combination with “Winterthur” Swiss Insurance Company:

	Net income/(loss)		
Year ended December 31, in CHF m	2003	2002	2001
Investments	**(906)**	(928)	(2,558)
Life insurance			
Deferred policy acquisition costs	**251**	217	37
Present value of future profits	**(331)**	(333)	(225)
Technical provisions	**47**	348	344
Goodwill	**(1,509)**	(228)	(388)
Retirement benefits	**12**	5	(5)

Taxation	**377**	135	698
Discontinued operations	**(1,854)**	0	0
Other	**0**	0	21
Total purchase accounting adjustments	**(3,913)**	(784)	(2,076)

Other business combinations and disposals

Differences in the basis of certain assets and liabilities between management reporting principles and US GAAP result in differences in the carrying amount of goodwill and intangible assets and, accordingly, in realized gains/losses upon disposition of assets and liabilities. Furthermore, under management reporting principles, goodwill and intangibles are amortized over their expected lives, whereas in the Group’s consolidated financial statements, intangible assets with indefinite lives and goodwill for the years ended December 31, 2003 and 2002 are no longer amortized.

Adjustments to net income attributable to business combinations and disposals were increases of CHF 0.8 billion and CHF 0.7 billion in 2003 and 2002, respectively, and a decrease of CHF 0.6 billion in 2001. Adjustments to net revenues attributable to business combinations and disposals (including reclassifications in connection with discontinued operations) were decreases of CHF 5.3 billion, CHF 7.7 billion and CHF 7.8 billion in 2003, 2002 and 2001, respectively.

Insurance liabilities

Adjustments to net income for the year ended December 31, 2003 include a decrease of CHF 0.4 billion, which is primarily a result of the adoption of SOP 03-01 reflected in the consolidated financial statements but not in the segment results. This adoption resulted in a decrease in net revenues of CHF 0.1 billion for the year ended December 31, 2003.

Derivatives

Under management reporting principles, trading derivatives are recorded on the balance sheet at fair value. Realized and unrealized gains and losses from derivatives classified as trading are reported in net trading income. Realized and unrealized gains and losses from derivatives classified as hedging instruments are recognized in income on the same basis as the underlying item being hedged with any difference in fair value recorded in Other Assets or Other Liabilities. Management reporting principles also allow the use of internal derivatives in hedging transactions without requiring that a corresponding trade be executed externally. For purposes of the Group’s consolidated financial statements, all derivatives are recognized as assets or liabilities in the balance sheet at fair value. The recognition of the changes in fair value depends upon the intended use and designation of the derivative. If the derivative instrument is not a hedge, then changes in fair value are recognized in earnings. If the derivative instrument qualifies as a hedge, depending on the nature of the hedge, changes in fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings or recognized in other comprehensive income. The total adjustments to net income attributable to derivatives, including with respect to accounting for internal derivatives that do not meet hedging criteria were a decrease of CHF 17 million in 2003 and increases of CHF 0.2 billion and CHF 1.0 billion in 2002 and 2001, respectively. The total adjustments to net revenues attributable to derivatives, including with respect to accounting for internal derivatives that do not meet hedging criteria were increases of CHF 0.3 billion, CHF 0.6 billion and CHF 1.2 billion in 2003, 2002 and 2001, respectively.

General provisions

Under management reporting principles, certain valuation and other reserves not permitted under SFAS 5 were recorded in the segment results but are reversed in the Group's consolidated financial statements in accordance with US GAAP. Such adjustments, among others, include a reserve for general banking risks, restructuring provisions that are economically necessary or legally required and other reserves. In accordance with Swiss banking regulations, the reserve for general banking risks is disclosed as a separate component of shareholders' equity. Changes to this equity component are disclosed as an extraordinary item in the income statement of the segment to which they relate. These extraordinary items are reversed in the Group's consolidated financial statements in accordance with US GAAP.

Adjustments to net income include decreases of CHF 0.2 billion, CHF 0.6 billion and CHF 0.2 billion for the years ended December 31, 2003, 2002 and 2001, respectively, to reverse the impact of these items included in the segment results. This treatment of provisions resulted in a decrease in net revenues of CHF 0.6 billion for the year ended December 31, 2002, and insignificant adjustments to net revenues for the years ended December 31, 2003 and 2001.

Other

Other valuation and income recognition adjustments to net income include:

- Timing differences for the recognition of gains and losses on investment securities. Related adjustments to net income were decreases of CHF 0.2 billion, CHF 0.2 billion and CHF 0.2 billion for the years ended December 31, 2003, 2002 and 2001, respectively;
- Capitalization of certain costs related to the acquisition and development of internal use software in the Group's consolidated financial statements, which were expensed for management reporting purposes in years prior to 2002. Related adjustments to net income were decreases of CHF 0.2 billion and CHF 0.3 billion and an increase of CHF 0.3 billion for the years ended December 31, 2003, 2002 and 2001, respectively;
- Recognition of additional accruals in the consolidated financial statements for defined benefit pension plans which are treated as defined contribution pension plans for management reporting purposes. Related adjustments to net income were increases of CHF 0.3 billion, CHF 0.3 billion and CHF 0.3 billion for the years ended December 31, 2003, 2002 and 2001, respectively;
- Elimination of dividend and interest income on own shares and bonds in the consolidated financial statements which are included as investments for management reporting purposes. Related adjustments to net income were decreases of CHF 15 million and CHF 0.3 billion for the years ended December 31, 2003 and 2001, respectively, and an increase of CHF 0.3 billion for the year ended December 31, 2002;
- Elimination of differences in the treatment of transfers of financial assets between the consolidated financial statements and management reporting. Related adjustments to net income were decreases of CHF 15 million, CHF 0.3 billion and CHF 0.1 billion for the years ended December 31, 2003, 2002 and 2001, respectively;
- Tax impact, where applicable, of adjustments noted above. Related adjustments to net income were decreases of CHF 0.4 billion, CHF 0.3 billion and CHF 0.2 billion for the years ended December 31, 2003, 2002 and 2001, respectively; and
- Other insignificant adjustments.

Credit Suisse Financial Services

Credit Suisse Financial Services is a leading provider of comprehensive financial services in Europe and other selected markets. Under the main brands Credit Suisse and Winterthur, it offers investment and lending products, and financial advisory services, including insurance and life and pension solutions, for private and corporate clients. For the periods under discussion, Credit Suisse Financial Services was comprised of the Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance segments. For information relating to services provided, refer to "Information on the Company – Credit Suisse Financial Services."

On September 1, 2003, Credit Suisse First Boston transferred its securities and treasury execution platform in Switzerland to Credit Suisse Financial Services. It also transferred its Private Client Services UK business from CSFB Financial Services to Private Banking. The results for all periods presented have been restated to reflect these transfers.

Private Banking

Private Banking is one of the world's largest private banking organizations, with branches in Switzerland and numerous international markets and provides comprehensive wealth management products and services to high-net-worth clients through a network of relationship managers and specialists.

The following table outlines the results of the Private Banking segment: [1)]

Year ended December 31, in CHF m	2003	2002	2001
Net interest income	**1,351**	1,374	1,674
Net commission and service fee income	**3,847**	4,121	4,443
Net trading income	**670**	515	788
Other ordinary income	**53**	61	93
Operating income	**5,921**	6,071	6,998
Personnel expenses	**2,193**	2,311	2,394
Other operating expenses	**1,130**	1,370	1,405
Operating expenses	**3,323**	3,681	3,799
Gross operating profit	**2,598**	2,390	3,199
Depreciation of non-current assets	**218**	285	205
Amortization of acquired intangible assets and goodwill	**29**	110	31
Valuation adjustments, provisions and losses	**69**	78	55
Profit before extraordinary items, cumulative effect of change in accounting principle and taxes	**2,282**	1,917	2,908
Extraordinary income/(expenses), net	**125**	44	12
Cumulative effect of change in accounting principle	**0**	64	0
Taxes	**(522)**	(494)	(640)
Net profit before minority interests	**1,885**	1,531	2,280
Minority interests	**(15)**	(15)	(20)
Segment result	**1,870**	1,516	2,260
	(37)	1	(25)

Increased/(decreased) credit-related valuation adjustments [2]	

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[2] Increased/(decreased) credit-related valuation adjustments taken at the Group level resulting from the difference between the statistical and actual credit provisions.

The following table shows key information for Private Banking: [1]

Year ended December 31	2003	2002	2001
Cost/income ratio	**59.8%**	65.3%	57.2%
Average allocated capital in CHF m	**2,931**	2,507	2,390
Pre-tax margin	**40.7%**	33.4%	41.7%
Fee income/operating income	**65.0%**	67.9%	63.5%
Net new assets in CHF bn	**17.9**	19.1	34.9
Growth in assets under management	**9.9%**	(10.5%)	2.2%
of which net new assets	**3.8%**	3.7%	6.9%
of which market movement and structural effects	**6.0%**	(14.2%)	(6.0%)
of which acquisitions/(divestitures)	**–**	0.1%	1.3%
Gross margin [2]	**121.3 bp**	121.5 bp	136.0 bp
of which asset-driven	**78.7 bp**	81.8 bp	-
of which transaction-driven	**38.4 bp**	35.0 bp	-
of which other	**4.2 bp**	4.7 bp	-
Net margin [3]	**38.6 bp**	30.6 bp	44.3 bp

December 31	2003	2002	2001
Assets under management in CHF bn	**511.7**	465.7	520.1
Number of employees (full-time equivalents)	**11,850**	12,967	12,739

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[2] Operating income/average assets under management.
[3] Segment result before minority interests/average assets under management.

The following table outlines selected balance sheet data for Private Banking: [1)]

December 31, in CHF m	2003	2002	2001
Total assets	**178,533**	171,126	177,165
Due from customers	**32,779**	36,164	34,504
Mortgages	**26,318**	22,935	20,904

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.

Year ended December 31, 2003 compared to year ended December 31, 2002

Private Banking reported a segment profit of CHF 1,870 million for 2003, up 23.4% compared to 2002. Operating income amounted to CHF 5,921 million, down 2.5% compared to 2002. This decrease in operating income was mainly attributable to lower net commission and service fee income as a result of the lower average asset base in 2003, partially offset by higher net trading income due to increased volumes.

Operating expenses amounted to CHF 3,323 million in 2003, down 9.7% compared to 2002. Personnel expenses decreased 5.1% to CHF 2,193 million, mainly due to decreased headcount. Other operating expenses declined CHF 240 million, or 17.5%, to CHF 1,130 million as a result of efficiency measures. Private Banking recorded a cost/income ratio of 59.8%, down 5.5 percentage points compared with 2002.

Depreciation of non-current assets decreased CHF 67 million, or 23.5%, in 2003, primarily related to lower expenses resulting from the refocusing of the European private banking initiative compared to 2002. Amortization of acquired intangible assets and goodwill decreased CHF 81 million, or 73.6%, in 2003 reflecting the same level as reported in 2001, also mainly related to lower amortization charges resulting from the refocusing of the European private banking initiative and the goodwill write-off on a participation in 2002.

Extraordinary income/(expenses) increased CHF 81 million primarily due to the sale of a minority investment in 2003, which had an impact of CHF 106 million before tax.

Private Banking measures overall performance based on growth in net new assets and gross margin on average assets under management. Both the growth in net new assets of 3.8% as well as the gross margin on average assets under management of 121.3 basis points remained virtually unchanged in 2003 compared to 2002. A key factor influencing Private Banking’s result was the amount of assets under management. At the end of 2003, assets under management were CHF 511.7 billion, up CHF 46.0 billion, or 9.9%, compared to year-end 2002. Assets under management benefited mainly from stronger equity markets, as well as inflows of net new assets, which totaled CHF 17.9 billion in 2003.

Year ended December 31, 2002 compared to year ended December 31, 2001

Private Banking reported a segment profit of CHF 1,516 million for 2002, a decrease of CHF 744 million, or 32.9%, over 2001. Operating income decreased CHF 927 million, or 13.2%, in 2002. Net interest income decreased CHF 300 million, or 17.9%, mainly due to the low interest rate environment. Net commission and service fee income decreased CHF 322 million, or 7.2%, in 2002 principally as a result of lower transaction volume due to investor passivity and reduced asset-based income.

Operating expenses decreased CHF 118 million, or 3.1%, in 2002. Personnel expenses decreased CHF 83 million, or 3.5%, mainly due to headcount reductions and a decline in performance-related bonuses. Other operating expenses declined CHF 35 million, or 2.5%, as a result of cost saving measures.

Depreciation of non-current assets increased CHF 80 million, or 39.0%, primarily as a result of increased capital expenditures related to the European private banking initiative. Amortization of acquired intangible assets and goodwill increased CHF 79 million in 2002 mainly due to the refocusing of the European private banking initiative, as well as the write-off of goodwill on a participation.

Valuation adjustments, provisions and losses increased CHF 23 million, or 41.8%, in 2002. This increase was principally the result of higher legal and credit provisions.

Extraordinary income/(expenses), net increased CHF 32 million in 2002. This was primarily related to a realized gain on the sale of a participation of CHF 29 million.

Growth in net new assets decreased 3.2 percentage points to 3.7% and gross margin on average assets under management decreased 14.5 basis points to 121.5 basis points in 2002. Assets under management decreased CHF 54.4 billion, or 10.5%, as of December 31, 2002. Of this decrease, CHF 73.9 billion was attributable to market movements and structural effects. The decrease was partially offset by an increase in net new assets of CHF 19.1 billion and acquisitions of CHF 0.4 billion.

Corporate & Retail Banking

Corporate & Retail Banking serves both corporate and retail clients through a multi-channel approach, with a focus on Switzerland.

The following table outlines the result of the Corporate & Retail Banking segment: [1)]

Year ended December 31, in CHF m	2003	2002	2001
Net interest income	**2,070**	2,142	2,212
Net commission and service fee income	**661**	693	654
Net trading income	**305**	273	262
Other ordinary income	**95**	39	31
Operating income	**3,131**	3,147	3,159
Personnel expenses	**1,242**	1,250	1,324
Other operating expenses	**755**	943	902
Operating expenses	**1,997**	2,193	2,226
Gross operating profit	**1,134**	954	933
Depreciation of non-current assets	**106**	108	100
Amortization of acquired intangible assets and goodwill	**11**	23	12
Valuation adjustments, provisions and losses	**305**	312	328

Profit before extraordinary items, cumulative effect of change in accounting principle and taxes	**712**	511	493
Extraordinary income/(expenses), net	**2**	4	13
Cumulative effect of change in accounting principle	**1**	2	0
Taxes	**(158)**	(122)	(120)
Net profit before minority interests	**557**	395	386
Minority interests	**(3)**	(1)	(1)
Segment result	**554**	394	385
Increased/(decreased) credit-related valuation adjustments [2]	**119**	119	47

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[2] Increased/(decreased) credit-related valuation adjustments taken at the Group level resulting from the difference between the statistical and actual credit provisions.

The following table shows key information for Corporate & Retail Banking: [1]

Year ended December 31	2003	2002	2001
Cost/income ratio	**67.2%**	73.1%	73.6%
Return on average allocated capital	**11.4%**	7.8%	7.9%
Average allocated capital in CHF m	**4,880**	5,036	4,892
Pre-tax margin	**22.8%**	16.4%	16.0%
Personnel expenses/operating income	**39.7%**	39.7%	41.9%
Net interest margin	**212 bp**	215 bp	[2]
Loan growth	**(1.3%)**	(1.0%)	[2]
Net new assets in CHF bn	**(1.4)**	(3.6)	2.1

December 31	2003	2002	2001
Deposit/loan ratio	**67.3%**	64.2%	67.0%
Assets under management in CHF bn	**70.0**	70.3	82.6
Number of employees (full-time equivalents)	**8,479**	9,281	9,654
Number of branches	**214**	223	227

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services as well as the realignment of the private client business. The latter

entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.

[2] Net interest margin and loan growth as previously reported were 226 bp and –1.4%, respectively. Due to the realignment, these numbers are not comparable to subsequent periods.

The following table outlines selected balance sheet data for Corporate & Retail Banking: [1]

December 31, in CHF m	2003	2002	2001
Total assets	**96,252**	94,757	100,613
Due from customers	**24,396**	28,048	30,732
Mortgages	**59,688**	57,165	55,383
Due to customers in savings and investment deposits	**28,590**	27,081	26,964
Due to customers, other	**28,034**	27,611	30,731

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.

Year ended December 31, 2003 compared to year ended December 31, 2002

Corporate & Retail Banking reported a segment profit of CHF 554 million, an increase of CHF 160 million, or 40.6%, compared with 2002, primarily as a result of decreased operating expenses.

Operating income in 2003 was CHF 3,131 million, almost unchanged compared to 2002. An increase in net trading income resulting from increased client trading activity was offset by lower net commission and service fee income, primarily as a result of the lower average asset base and lower transaction volumes.

Operating expenses declined to CHF 1,997 million in 2003, down 8.9% compared with the previous year. Personnel expenses remained stable, whereas other operating expenses declined 19.9% compared to 2002, to CHF 755 million, as a result of cost reductions.

Actual net credit-related valuation allowances and provisions amounted to CHF 398 million for 2003, CHF 119 million above the statistical credit-related valuation adjustments. This deviation was due to one major default in the corporate credit business in Switzerland, which was partly offset by the release of valuation allowances in the recovery portfolio no longer required.

Corporate & Retail Banking recorded a net asset outflow of CHF 1.4 billion in 2003 compared to a net asset outflow of CHF 3.6 billion in 2002. This net asset outflow was attributable to shifts from time deposit accounts of corporate clients to transaction accounts that do not qualify as assets under management. Assets under management amounted to CHF 70.0 billion as of year-end 2003, down CHF 0.3 billion compared to year-end 2002.

Corporate & Retail Banking measures overall performance based on return on average allocated capital, which increased from 7.8% in 2002 to 11.4% in 2003. The segment's second key performance indicator – its cost/income ratio – improved to 67.2% for 2003, a decrease of 5.9 percentage points compared to 2002.

Year ended December 31, 2002 compared to year ended December 31, 2001

The Corporate & Retail Banking segment reported a segment profit of CHF 394 million, an increase of CHF 9 million, or 2.3%, from 2001, primarily as a result of decreased personnel expenses.

Operating income decreased CHF 12 million, or 0.4%, in 2002. Net interest income decreased CHF 70 million, or 3.2%, in 2002, primarily as a result of the negative impact of the lower interest rate environment. Net commission and service fee income increased CHF 39 million, or 6.0%, in 2002, mainly due to increased transaction prices and account-based services.

Total operating expenses decreased CHF 33 million, or 1.5%, in 2002. Personnel expenses decreased CHF 74 million, or 5.6%, primarily due to a reduced headcount. This amount was partially offset by an increase in other operating expenses of CHF 41 million, or 4.5%, due to increased expenses for information technology projects and marketing.

Valuation adjustments, provisions and losses based on statistically expected losses decreased CHF 16 million, or 4.9%, in 2002. Actual credit provisions were CHF 119 million above the statistical valuation adjustment due to anticipated liquidation of certain credit positions. However, the risk profile of the credit portfolio improved in 2002 as a result of a continued focus on credit risk management.

Assets under management decreased CHF 12.3 billion, or 14.9%, in 2002. Net asset outflows accounted for CHF 3.6 billion of the overall decrease. The outflow of assets was mainly attributable to volatility in the account balances of corporate clients.

Corporate & Retail Banking measures overall performance based on the return on average allocated capital. The return on average allocated capital decreased from 7.9% in 2001 to 7.8% in 2002. The segment's cost/income ratio improved slightly to 73.1% for 2002, a decrease of 0.5 percentage points compared to 2001.

Life & Pensions

Life & Pensions provides life and pension products for private and corporate clients through multiple distribution channels.

The following table outlines the result of the Life & Pensions segment: [1)]

Year ended December 31, in CHF m	2003	2002	2001
Gross premiums written	**17,273**	19,019	17,413
Reinsurance ceded	**(87)**	(40)	(210)
Net premiums written	**17,186**	18,979	17,203
Change in provision for unearned premiums	**(1)**	(4)	(15)
Net premiums earned	**17,185**	18,975	17,188
Death and other benefits incurred	**(16,243)**	(14,692)	(12,167)
Change in provision for future policyholder benefits (technical)	**(2,486)**	(5,750)	(6,572)

Change in provision for future policyholder benefits (separate account) [2]	**(1,718)**	1,730	1,115
Dividends to policyholders incurred, net	**(1,661)**	1,758	(287)
Policy acquisition costs (including change in DAC/PVFP)	**(854)**	(716)	(556)
Administration costs	**(1,119)**	(1,463)	(1,312)
Investment income general account	**5,351**	1,438	4,766
Investment income separate account [2]	**1,718**	(1,730)	(1,115)
Interest received and paid	**(117)**	(92)	(139)
Interest on bonuses credited to policyholders	**(155)**	(146)	(135)
Other income/(expenses), net	**(142)**	74	(53)
Amortization of acquired intangible assets and goodwill	**(30)**	(29)	