Wertpapierprospekt

vom 08. September 2010

bis zu 1.000.000 CHF Gold-Note

(WKN CS8AC4
ISIN DE000CS8AC43)

bezogen auf

einen Anteil der Klasse A (der "**Referenz-Anteil**" bzw. der "**Basiswert**") ") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**")

Emissionstag: 14. September 2010

der
Credit Suisse International

Credit Suisse Securities (Europe) Limited

Inhaltsverzeichnis

ZUSAMMENFASSUNG

1. Warnhinweise

Die folgende Zusammenfassung stellt eine Einführung zu diesem Prospekt (der "**Prospekt**") dar.

Die Zusammenfassung enthält lediglich die für den Anleger wesentlichen Informationen. Der Anleger sollte daher jede Entscheidung zur Anlage in die Wertpapiere nur nach ausführlicher Prüfung des gesamten Prospektes einschließlich der Wertpapierbedingungen (die "**Wertpapierbedingungen**") treffen. Begriffe, die in den Wertpapierbedingungen definiert sind, haben in der Zusammenfassung die gleiche Bedeutung, falls nicht anderweitig bestimmt.

Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, hat der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Staaten des Europäischen Wirtschaftsraums gegebenenfalls die Kosten für eine erforderliche Übersetzung des Prospekts vor Prozessbeginn zu tragen.

Ein Prospekthaftungsanspruch gegen die Credit Suisse Securities (Europe) Limited (die "**CSSEL**") besteht nur, sofern die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird. Ein solcher Anspruch besteht nicht sofern er ausschließlich auf Angaben in der Zusammenfassung oder einer Übersetzung dieser Zusammenfassung gestützt wird.

2. Zusammenfassung der wesentlichen Risikofaktoren

Risikofaktoren in Bezug auf die Emittentin sind unter anderem, dass

- das Risikomanagement der Emittentin keinen vollständigen Schutz vor Markt- und sonstigen Entwicklungen bietet und unvorhergesehene Markt- und sonstige Entwicklungen oder unerwartete Schwankungen oder Unterbrechungen auf einem oder mehreren Märkten zu Verlusten führen können.

Risikofaktoren in Bezug auf die Wertpapiere sind unter anderem, dass

- bei negativer Wertentwicklung des maßgeblichen Kurses des Basiswerts der von der Emittentin **zurückzuzahlende Betrag unter dem Kaufpreis des Wertpapiers liegen und gegebenenfalls sogar Null betragen kann**.

- gemäß den Wertpapierbedingungen bei der Berechnung des Rückzahlungsbetrags eine laufzeitabhängige Verwaltungsgebühr in Höhe von 1,3 % per annum auf monatlicher

Basis in Abzug gebracht wird. **Anleger sollten deshalb berücksichtigen, dass der Basiswert eine diese Verwaltungsgebühr übersteigende entsprechend positive Wertentwicklung aufweisen muss, damit der Anleger an einer Wertentwicklung teilnehmen kann.**

- die Wertpapiere keinen Anspruch auf Zinszahlung oder andere laufende Erträge verbriefen

- gemäß den Wertpapierbedingungen kann die Emittentin bzw. können die Wertpapierinhaber unter bestimmten Voraussetzungen die Wertpapiere kündigen.

  Bei einer solchen Kündigung berücksichtigt der Kündigungsbetrag oder der Außerordentliche Kündigungsbetrag bzw. der Vorzeitige Kündigungsbetrag lediglich die Wertentwicklung des Basiswerts bis zu dem für die Berechnung des Kündigungsbetrags oder des Außerordentlichen Kündigungsbetrags bzw. Vorzeitigen Kündigungsbetrages maßgeblichen Tag. Darüber hinausgehende Ansprüche auf Zahlung nach der Kündigung der Wertpapiere stehen den Wertpapierinhabern nicht zu.

- bei dem den Wertpapieren zu Grunde liegenden Basiswert während der Laufzeit der Wertpapiere wesentliche Änderungen eintreten können, die den Wert der Wertpapiere beeinflussen, wobei zuverlässige Aussagen über die künftige Wertentwicklung des Basiswerts nicht getroffen werden können und die vergangene Wertentwicklung keinesfalls als zwingender Anhaltspunkt für die zukünftige Wertentwicklung angesehen werden kann.

- die Wertpapierbedingungen Regelungen enthalten, wonach beim Eintritt der dort beschriebenen Störungen Verzögerungen bei den erforderlichen Feststellungen auftreten können, und dass beim Eintritt bestimmter Ereignisse in Bezug auf den Basiswert Anpassungen bezüglich dieses Basiswerts und/oder der Wertpapierbedingungen bis hin zu einem Austausch des Basiswerts und/oder einer vorzeitigen Kündigung der Wertpapiere durch die Emittentin erfolgen können.

- eine Veräußerung der Wertpapiere während ihrer Laufzeit gegebenenfalls nicht immer oder nur zu einem ungünstigen Kurs möglich ist.

- die Wertpapiere nicht Gegenstand einer Einlagensicherungseinrichtung in der Bundesrepublik Deutschland oder dem Sitzstaat der Emittentin sind und daher Inhaber der Wertpapiere im Falle der Insolvenz der Emittentin bzw. ihrer Anteilseigner das eingesetzte Kapital ganz oder teilweise verlieren können.

- sich eine Herabstufung des Ratings der Emittentin negativ auf den Wert der Wertpapiere auswirken kann.

3. Zusammenfassung der wesentlichen Merkmale in Bezug auf die Emittentin

a) Allgemeines

Die Credit Suisse International (die "**Emittentin**" oder die Gesellschaft) wurde am 9. Mai 1990 gemäß dem Companies Act 1985 (Gesellschaftsgesetz von 1985) in England und Wales gegründet und unter der Nummer 2500199 eingetragen und am 6. Juli 1990 unter dem Namen "Credit Suisse Financial Products" erneut als eine Gesellschaft mit unbeschränkter Haftung eingetragen. Ihre eingetragene Niederlassung und ihr Hauptgeschäftssitz befinden sich in One Cabot Square, London E14 4QJ, Telefonnummer +44 (0)207 888 8888. Bei der Emittentin handelt es sich um eine englische Bank, die als EU-Kreditinstitut laut dem Financial Services and Markets Act 2000 unter Aufsicht der Financial Services Authority ("FSA") steht. Die FSA hat eine Mitteilung über den Umfang der Zulassung veröffentlicht, laut der die Emittentin befugt ist, spezifische regulierte Anlagetätigkeiten auszuüben. Die Emittentin wurde zum 27. März 2000 in "Credit Suisse First Boston International" und am 16. Januar 2006 in "Credit Suisse International" umbenannt.

Bei der Emittentin handelt es sich um eine Gesellschaft mit unbeschränkter Haftung, und ihre Anteilsinhaber haben demzufolge die gesamtschuldnerische und unbeschränkte Verpflichtung, im Fall der Liquidation der Emittentin etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken. Die gesamtschuldnerische und unbeschränkte Haftung der Anteilsinhaber der Emittentin, etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken, gilt nur im Fall der Liquidation der Emittentin. Aus diesem Grund können die Wertpapierinhaber vor einer Liquidation der Emittentin eventuell nur auf die Vermögenswerte der Emittentin und nicht auf die Vermögenswerte ihrer Anteilsinhaber zurückgreifen.

Die Emittentin hat ihre Geschäftstätigkeit am 16. Juli 1990 aufgenommen. Sie ist hauptsächlich im Bankgeschäft tätig, das unter anderem den Handel mit derivativen Produkten beinhaltet, die mit Zinssätzen, Kapitalbeteiligungen, Devisen, Wirtschaftsgütern und Darlehen verbunden sind. Die Emittentin verfolgt vorwiegend das Ziel, weltweit umfassende Dienste mit Produkten für das Finanz- und Risikomanagement anzubieten. Die Emittentin hat sich auf den globalen Märkten für Derivate eine wesentliche Präsenz aufgebaut und bietet ein umfassendes Sortiment an derivativen Produkten an und entwickelt unter Berücksichtigung der Bedürfnisse ihrer Kunden und Veränderungen auf den zugrunde liegenden Märkten laufend neue Produkte. Die Emittentin ist in die drei Geschäftsbereiche FID, Equities und Andere aufgeteilt, die durch den Bereich Shared Services ergänzt werden. Die Emittentin wird als Teil des Geschäftsbereichs Investment Banking der Credit Suisse in der Region Europa, Mittlerer Osten und Afrika geführt.

b) Aktionäre der Credit Suisse International

Die Credit Suisse AG besitzt 80 Prozent, die Credit Suisse Group AG besitzt 20 Prozent der stimmberechtigten Stammaktien der Emittentin.

Credit Suisse Group AG

Die Credit Suisse Group AG mit Geschäftssitz in Ch-8070 Zürich, Paradeplatz 8, Schweiz, ist das Mutterunternehmen des konsolidierten Credit Suisse Konzerns, dem Credit Suisse AG angehört, ein in der Schweiz ansässiges, global und in allen bedeutenden Finanzzentren der Welt tätiges Finanzdienstleistungs-Unternehmen, das eine umfassende Palette von Bankprodukten anbietet.

Credit Suisse AG

Die Credit Suisse AG ist eine weltweit operierende Schweizer Bank mit eingetragenem Geschäftssitz in CH-8070 Zürich, Paradeplatz 8, Schweiz, die ihren Privatkunden, kleineren und mittelständischen Unternehmen umfassende Finanzberatung und Bankprodukte anbietet. Credit Suisse AG bietet Dienstleistungen im Rahmen der Finanzberatung und Kapitalbeschaffung, beim Verkauf und Handel mit Wertpapieren für Verbraucher und Anbieter von Kapital sowie Vermögensverwaltungsprodukte an und stellt entsprechende Dienstleistungen für global tätige institutionelle Kunden, Geschäftskunden, Regierungsstellen und vermögende Privatkunden zur Verfügung.
Credit Suisse AG verfolgt ihre Geschäftsaktivitäten über die Geschäftsfelder Investment Banking, Private Banking und Asset Management.

c) Vorstandsmitglieder und Management

Vorstandsmitglieder der Emittentin sind derzeit: Fawzi Kyriakos-Saad, Eraj Shirvani, Rudolf Bless, Tobias Guldimann, Costas Michaelides, Stephen Dainton, Luigi de Vecchi.

d) Bonität

Der Emittentin wurde am 28. April 2010 von Standard & Poor's Rating Services, einem Unternehmensbereich von The McGraw-Hill Companies (www.standardandpoors.com), für vorrangige unbesicherte Schuldtitel das Rating "A+ (stabile Aussichten)", am 23. Dezember 2009 von Moody's Investors Service (www.moodys.com) für vorrangige Schuldtitel das Rating "Aa1 (negative Aussichten)" und am 20. Oktober 2009 von Fitch Ratings Limited (www.fitchratings.com) ein langfristiges Rating von "AA- (negative Aussichten)" zugewiesen.

e) Wirtschaftsprüfer und Geschäftsjahr

Das Geschäftsjahr der Emittentin ist das Kalenderjahr. Der Wirtschaftsprüfer der Emittentin ist KPMG Audit Plc mit der Anschrift One Canada Square, London E14 5AG. KPMG Audit Plc ist Mitglied der Berufsvereinigung Institute of Chartered Accountants in England und Wales und wurde von dieser zur Wirtschaftsprüfungstätigkeit zugelassen.

4. Zusammenfassung des Angebots

Emissionsvolumen:	Bis zu 1.000.000 Wertpapiere im Gesamtnennbetrag von bis zu Schweizer Franken ("**CHF**") 100.000.000 (in Worten: bis zu Schweizer Franken einhundert Millionen) im Nennbetrag von je CHF 100,00 (in Worten: bis zu Schweizer Franken einhundert)
Öffentliches Angebot:	Das öffentliche Angebot der Wertpapiere beginnt ein Tag nach Veröffentlichung dieses Prospekts
Ausgabepreis:	100% des Nennbetrages (100 CHF) je Wertpapier (zuzüglich. eines Ausgabeaufschlages von bis zu 2 % des Nennbetrages)
Fälligkeit des Ausgabepreises / Lieferung der Wertpapiere:	14. September 2010
Emissionstag:	14. September 2010

5. Zusammenfassung der wesentlichen Merkmale in Bezug auf die Wertpapiere

a) Allgemeine Merkmale der Wertpapiere

Laufzeit der Wertpapiere

Die Laufzeit der Wertpapiere beginnt mit ihrer Ausgabe am Emissionstag und endet, soweit die Wertpapiere nicht zuvor nach Maßgabe von § 6 der Wertpapierbedingungen durch den Wertpapierinhaber bzw. § 13 oder § 14 der Wertpapierbedingungen durch die Emittentin gekündigt worden sind, am 06. September 2030.

Rückzahlung der Wertpapiere

Die Wertpapiere sind nicht kapitalgarantiert. Sie gewähren den Inhabern das Recht, abhängig von der Kursentwicklung des Basiswerts während der Laufzeit der Wertpapiere, bis zum Abrechnungstag den Rückzahlungsbetrag in Schweizer Franken ("**CHF**") zu erhalten, soweit die Wertpapiere nicht zuvor nach Maßgabe der Wertpapierbedingungen gekündigt worden sind.

Der "**Rückzahlungsbetrag**" je Wertpapier, der mindestens 0 (Null) beträgt, entspricht dem Betrag in CHF, der nach folgender Formel berechnet wird:

$$\text{Nennbetrag x } \max\left(0; \frac{\text{Schlußkurs des Basiswerts}}{\text{Anfangskurs des Basiswerts}} - \sum_{i=1}^{240} \text{Monatliche Gebühr}\right)$$

dabei gilt

Der "**Schlusskurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Bewertungstag multipliziert mit 99,90 %.

Der "**Kurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, dem Nettoinventarwert je Referenz-Anteil, wie er von der Fondsleitung in Übereinstimmung mit dem Prospekt mit integriertem Fondsvertrag vom Mai 2010 für das Referenz-Teilvermögen bzw. den Referenz-Umbrella-Fonds (der "**Referenz-Prospekt**") bestimmt und veröffentlicht wird.

Der "**Anfangskurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Festlegungstag multipliziert mit 100,10 %. Sollte der Nettoinventarwert je Referenz-Anteil nicht von der Fondsleitung bestimmt und veröffentlicht werden, ist die Emittentin berechtigt, als Anfangskurs einen auf der Basis der dann geltenden Marktusancen und unter Berücksichtigung der dann herrschenden Marktgegebenheiten nach billigem Ermessen (§ 315 BGB) ermittelten Anfangskurs des Basiswerts festzulegen.

Der "**Nettoinventarwert**" entspricht dem Nettoinventarwert des Referenz-Teilvermögens je Referenz-Anteil, zu dem tatsächlich Rücknahmeaufträge durch den Hypothetischen Investor ausgeführt würden, wenn diese bis zum Orderannahmeschluss an dem Tag abgegeben worden wären, an dem nach den Bestimmungen des Referenz-Prospekts letztmalig eine Order zum Bewertungstag erteilt werden kann. In Bezug auf Rücknahmen werden etwaige Kosten, Steuern und Gebühren im Zusammenhang mit den Rücknahmen abgezogen. Im Fall einer teilweisen Ausführung eines Rücknahmeauftrags wird die Berechnungsstelle in ihrer Berechnung den gewichteten Durchschnitt der Nettoinventarwerte aller teilweise ausgeführten Aufträge ansetzen, vorausgesetzt der erteilte Auftrag wird vollständig ausgeführt.

Der "**Wertpapier-Wert$_{(t)}$**" entspricht dem Marktwert eines Wertpapiers zu dem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$, wie er von der Emittentin nach billigem Ermessen (§ 315 BGB) und unter Berücksichtigung des dann aktuellen Kurses des Basiswerts festgelegt wird.

Der "**Monatliche Gebührenabzug-Beobachtungstag$_{(t)}$**" entspricht dem jeweils 17. Tag eines Kalendermonats bzw., falls dieser Tag kein Bankgeschäftstag ist, dem nächstfolgende Bankgeschäftstag.

Die "**Monatliche Gebühr**" entspricht einer Gebühr in Höhe von 1,3 % pro Jahr, die zu jedem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$ von dem dann aktuellen Wertpapier-Wert$_{(t)}$ in Abzug gebracht wird und dementsprechend auf monatlicher Basis in Übereinstimmung mit folgender Formel berechnet wird:

$$\text{Wertpapier - Wert}_{(\text{Monatlicher Gebührenabzug-Beobachtungstag t})} \times \frac{0{,}013}{12}$$

Anwendbares Recht, Erfüllungsort und Gerichtsstand

Form und Inhalt der Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Wertpapierbedingungen geregelten Angelegenheiten bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort ist Frankfurt am Main. Gerichtsstand für alle Klagen oder sonstigen Verfahren aus oder im Zusammenhang mit den Wertpapieren ist Frankfurt am Main.

b) Zusammenfassende Beschreibung des Basiswerts

Der Basiswert entspricht einem Anteil der Klasse A (Valorennummer 10413628) (auch der "**Referenz-Anteil**") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**"), einem vertraglichen Umbrella-Fonds schweizerischen Rechts der Art «Übrige Fonds für traditionelle Anlagen» gemäß Bundesgesetz über die kollektiven Kapitalanlagen vom 23. Juni 2006, welcher in verschiedene Teilvermögen unterteilt ist.

Der Referenz-Umbrella-Fonds und das Referenz-Teilvermögen werden von der Credit Suisse Asset Management Funds AG, Zürich, als 100%iger Tochtergesellschaft der Credit Suisse AG, Zürich, in der Funktion als Fondsleitung geleitet (die "**Fondsleitung**").

Die Anlageentscheide des Referenz-Teilvermögens sind an die Credit Suisse AG, Zürich, delegiert (der "**Investment Manager**"). Die Credit Suisse AG, Zürich, eine 100%ige Tochtergesellschaft der Credit Suisse Group AG, Zürich, fungiert als Depotbank in Bezug auf die Vermögensgegenstände des Referenz-Umbrella-Fonds und des Referenz-Teilvermögens (die "**Depotbank**").

Informationen über die Wertentwicklung der Referenz-Anteile und ihre Volatilität können auf der allgemein zugänglichen Internetseite www.csetf.com eingeholt werden.

RISIKOFAKTOREN

Potentielle Käufer der Wertpapiere sollten die nachstehenden Risikoinformationen in Verbindung mit sonstigen in diesem Prospekt enthaltenen Informationen sorgfältig prüfen, bevor sie sich zu einem Kauf der Wertpapiere entschließen.

Die nachstehenden Risikoinformationen stellen die nach Auffassung der Emittentin wesentlichen Risiken der Wertpapiere dar. Jeder potentielle Käufer von Wertpapieren sollte sorgfältig prüfen, ob vor dem Hintergrund seiner Finanzlage und der in diesem Prospekt enthaltenen Angaben eine Anlage in die Wertpapiere geeignet erscheint. Potentielle Käufer der Anleihe sollten mit ihren Rechts- und Steuerberatern, Wirtschaftsprüfern und sonstigen Beratern klären, ob eine Anlage in die Anleihe für ihren Einzelfall geeignet ist.

1. Risikofaktoren in Bezug auf die Emittentin

a) Allgemeine Risiken der Emittentin

Die allgemeinen Grundsätze der Emittentin bezüglich Risikomanagement stehen im Einklang mit den entsprechenden Funktionen anderer Konzernunternehmen der Credit Suisse Group. Mit diesen Verfahren soll gewährleistet werden, dass genügend unabhängige Kontrollen vorhanden sind, um die Risiken im Einklang mit der Kontrollstrategie der Emittentin und unter Berücksichtigung der besten Branchengepflogenheiten einzustufen, zu überwachen und zu kontrollieren.

Die Emittentin ist der Meinung, dass sie für die Einstufung und Verwaltung der mit ihren Geschäftstätigkeiten verbundenen Risiken über effektive Verfahren verfügt. Die Emittentin kann nicht alle Markt- und sonstigen Entwicklungen vollständig vorhersagen, und das Risikomanagement der Emittentin kann keinen vollständigen Schutz vor jeder Art von Risiko bieten. Unvorhergesehene Markt- und sonstige Entwicklungen oder unerwartete Schwankungen oder Unterbrechungen auf einem oder mehreren Märkten können zu Verlusten führen. Hierzu gehören beispielsweise Verluste infolge von Ereignissen wie negativen Änderungen der Bestandswerte, eine Verringerung der Liquidität der Handelspositionen, eine höhere Ertragsvolatilität oder höhere Kreditrisiken. Derartige Verluste können erhebliche nachteilige Auswirkungen auf die Ergebnisse, die Geschäftstätigkeit oder die finanzielle Situation der Emittentin haben.

b) Zugriff auf die Anteilsinhaber der Emittentin nur im Liquidationsfall

Bei der Emittentin handelt es sich um eine Gesellschaft mit unbeschränkter Haftung, und ihre Anteilsinhaber haben demzufolge die gesamtschuldnerische und unbeschränkte Verpflichtung, im Fall der Liquidation der Emittentin etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken. Die gesamtschuldnerische und unbeschränkte Haftung der Anteilsinhaber der Emittentin, etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken, gilt nur im Fall der Liquidation der Emittentin. Aus diesem Grund können die Anleihegläubiger vor einer Liquidation der Emittentin eventuell nur auf die Vermögenswerte der Emittentin und nicht auf die Vermögenswerte ihrer Anteilsinhaber zurückgreifen.

c) Liquiditätsrisiko

Die Liquidität oder der schnelle Zugang zu finanziellen Mitteln ist für die Tätigkeit der Emittentin, und insbesondere für ihr Investment Banking, von entscheidender Bedeutung. Die Emittentin hält flüssige Mittel bereit, um ihren Verpflichtungen auch unter angespannten Liquiditätsbedingungen nachzukommen.

Die Liquidität der Emittentin könnte beeinträchtigt werden, falls sie nicht in der Lage wäre, Zugang zu den Kapitalmärkten zu erhalten oder ihre Anlagen zu verkaufen. Zudem geht die Emittentin von steigenden Liquiditätskosten aus. Ihre Möglichkeiten zur Aufnahme gedeckter oder ungedeckter Kredite können beeinflusst werden durch den Anstieg der Zinsen, die Ausweitung der Kreditrisikoprämien, die Kreditverfügbarkeit, oder sofern unter den Marktteilnehmern der Eindruck aufkommt, die Emittentin würde ein höheres Liquiditätsrisiko aufweisen. Ist an den Debt Capital Markets für ungedeckte lang- oder kurzfristige Kredite keine Finanzierung erhältlich oder besteht kein Zugang zu den Märkten für gedeckte Kredite, so könnte dies die Liquidität der Emittentin erheblich beeinträchtigen. Unter schwierigen Kreditmarktbedingungen ist es möglich, dass die Finanzierungskosten für die Emittentin steigen oder dass sie die zur Unterstützung oder Erweiterung ihrer Tätigkeit benötigten Mittel nicht aufnehmen kann und dass sich diese Tatsache ungünstig auf ihr Geschäftsergebnis auswirkt. Im Geschäftsjahr 2009 normalisierte sich der Zugang zu Fremdmitteln beziehungsweise gedeckten Krediten für Finanzinstitute, so auch für die Credit Suisse, die nach der Finanzkrise noch immer eine relativ solide Position innehatten. Dennoch stiegen die Kosten für zusätzliche Liquidität; außerdem geht die Emittentin davon aus, dass sie durch die regulatorischen Vorschriften für flüssige Mittel mit steigenden Kosten zu rechnen hat.

Sollte die Emittentin benötigte Mittel an den Kapitalmärkten nicht aufnehmen können, ist es möglich, dass sie unbelastete Vermögenswerte liquidieren muss, um ihren Verpflichtungen nachzukommen. Herrscht Liquiditätsknappheit, ist es möglich, dass die Emittentin bestimmte ihrer Anlagen nicht oder nur zu niedrigeren Preisen verkaufen kann, was sich beides ungünstig auf ihr Geschäftsergebnis und ihre finanzielle Lage auswirken könnte.

Die Geschäftsbereiche der Emittentin verlassen sich zu Finanzierungszwecken stark auf deren Einlagen.

Die Geschäftsbereiche der Emittentin nutzen kurzfristige Finanzierungsquellen. Dazu zählen primär Sichteinlagen, Inter-Bank-Kredite, Termingelder und Kassa-Anleihen. Obwohl die Einlagen langfristig eine stabile Finanzierungsquelle dargestellt haben, kann dies nicht als selbstverständlich vorausgesetzt werden. Sollte sich daran etwas ändern, könnte die Liquidität der Emittentin beeinträchtigt werden, und sie wäre unter Umständen nicht in der Lage, Einlagenrückzügen auf Verlangen oder bei ihrer vertraglichen Fälligkeit nachzukommen, Kredite bei Fälligkeit zu tilgen oder neue Kredite, Anlagen und Geschäfte zu finanzieren.

Änderungen des Ratings der Emittentin könnten ihre Tätigkeit beeinträchtigen

Eine Herabsetzung der der Emittentin verliehenen Ratings, insbesondere ihrer Kreditratings, könnte ihre Fremdkapitalkosten erhöhen, ihren Zugang zu den Kapitalmärkten einschränken, ihre Kapitalkosten steigern und die Fähigkeit ihrer Geschäftsbereiche zum Verkauf und zur Vermarktung ihrer Produkte, zum Abschluss von Geschäftstransaktionen – insbesondere längerfristiger und derivativer Transaktionen – und zur Bindung von Kunden beeinträchtigen. Die Ratings werden durch Ratingagenturen vergeben, die ihre Ratings jederzeit herabsetzen, ihre Herabsetzungsabsicht andeuten oder die Ratings zurückziehen können. Die großen Ratingagenturen konzentrieren sich nach wie vor auf die Finanzdienstleistungsbranche und insbesondere auf die offene Frage, ob Unternehmen, die ein systemisches Risiko darstellen, in einer Finanz- beziehungsweise Kreditkrise Unterstützung seitens des Staates oder der Notenbanken erhalten würden.

d) Marktrisiko

Die Emittentin könnte durch Marktschwankungen und Volatilität in ihrer Handels- und Anlagetätigkeit erhebliche Verluste erleiden.

Obwohl die Emittentin ihre Bilanz verkürzte und die Umsetzung ihrer kundenzentrierten und kapitaleffizienten Strategie im Geschäftsjahr 2009 beschleunigt vorantrieb, hält sie nach wie vor große Handels- und Anlagepositionen sowie Absicherungen in den Kredit-, Devisen- und Aktienmärkten wie auch in Private Equity, Hedge-Fonds, Immobilien und anderen Anlagen. Diese Positionen könnten durch die Volatilität der Finanz- und anderer Märkte – das heißt durch das Ausmaß von Preisschwankungen über einen bestimmten Zeitraum in einem bestimmten Markt, ganz unabhängig vom Marktniveau – beeinträchtigt werden. Insofern als die Emittentin in diesen Märkten Anlagen besitzt oder Netto-Longpositionen hält, könnte ein entsprechender Marktrückgang Verluste aufgrund eines Wertrückgangs ihrer Netto-Longpositionen zur Folge haben. Umgekehrt könnte ihr, insofern als sie in entsprechenden Märkten Anlagen, die sie nicht besitzt, verkauft hat oder Netto-Shortpositionen hält, ein entsprechender Marktaufschwung potenziell erhebliche Verluste einbringen, wenn sie ihre Netto-Shortpositionen durch den Kauf von Anlagen in einem steigenden Markt zu decken versucht. Marktschwankungen, Kursrückgänge und Volatilität können den Fair Value ihrer Positionen und ihr Geschäftsergebnis ungünstig beeinflussen. Die negativen Markt- und Wirtschaftslagen beziehungsweise -trends haben in der Vergangenheit zu einem ausgeprägten Rückgang ihres Reingewinns geführt. Dies könnte auch in Zukunft der Fall sein. Als weltweit tätiges Finanzdienstleistungsunternehmen ist die Emittentin mit ihren Geschäftsbereichen von den Bedingungen an den Finanzmärkten und von den allgemeinen Wirtschaftsbedingungen in Europa, den USA und anderen Ländern auf der ganzen Welt stark abhängig. Obwohl sich die Wirtschaftslage weltweit im Jahr 2009 markant verbesserte, könnten sich ihre Finanzlage und ihr Betriebsergebnis bei einer Stagnation oder Verschlechterung der Rahmenbedingungen deutlich zum Negativen verändern. Ungünstige Markt- und Wirtschaftsbedingungen stellen die Finanzdienstleister vor große geschäftliche Herausforderungen. Namentlich der Einfluss der Zinssätze und der Wechselkurse und die mit weltpolitischen Ereignissen verbundenen Risiken sowie die Schwankungen der Rohstoffpreise wirkten sich auf die Finanzmärkte und die Wirtschaft aus. In den letzten Jahren beeinträchtigten Zinsschwankungen den Zinserfolg der Emittentin und den Wert ihrer Handels- und Anlagebestände im festverzinslichen Bereich, während Kursschwankungen an den Aktienmärkten den Wert ihrer Handels- und Anlagebestände im Aktienbereich minderten. Ungünstige Markt- oder Wirtschaftsbedingungen – einschließlich der Verunmöglichung der Kreditaufnahme oder untragbarer Kosten dafür – können die Zahl und den Umfang der Investment-Banking-Transaktionen einschränken, für welche die Emittentin Emissions-, Fusions- und Übernahmeberatungen oder andere Dienstleistungen erbringt und sich daher ungünstig auf ihre Finanzberatungshonorare und Übernahmeprovisionen auswirken. Unter Umständen schlagen sich diese Entwicklungen sowohl in der Art als auch im Umfang der von der Emittentin für Kunden getätigten Wertpapiergeschäfte nieder und belasten ihren Nettoertrag aus Kommissionen und Spreads. Ungünstige Markt- und Wirtschaftsbedingungen beeinträchtigten im Geschäftsjahr 2009 das Private Banking und Asset Management der Emittentin, da der Absatz ihrer Anlageprodukte und der Umfang ihrer Vermögensverwaltungsaktivitäten sowie ihre vom Wert der Kundenportfolios abhängigen Kommissions- und Gebührenerträge zurückgingen. Eine Anlageperformance, die unter derjenigen der Konkurrenz oder unter den Vermögensverwaltungs-Benchmarks liegt, könnte einen Rückgang der verwalteten Vermögen und der entsprechenden Gebühren zur Folge haben und die Gewinnung von Neukunden erschweren. Im Zusammenhang mit den jüngsten Verwerfungen an den Finanz- und Kreditmärkten verlagerten die Kunden ihre Nachfrage eindeutig zu Ungunsten der komplexen Produkte und bauten in großem Stil Fremdmittel ab. Solange sich dieser Trend fortsetzt, sind negative Auswirkungen auf das Geschäftsergebnis der Kunden im Asset Management und Wealth Management Clients nicht auszuschließen, wie die Vergangenheit gezeigt hat. Weiter wirkten sich die ungünstigen Markt- oder Wirtschaftsbedingungen auch negativ auf die Private-Equity- Beteiligungen der Emittentin aus. Wenn nämlich ein Private-Equity-Investment erheblich an Wert einbüßt, ist es möglich, dass die Emittentin keine höhere Beteiligung an den Erträgen und Gewinnen der betreffenden Anlage erhält (auf die sie in bestimmten Fällen Anspruch hat, wenn der Ertrag entsprechender Anlagen eine bestimmte Ertragsschwelle übersteigt), dass sie zuvor entgegengenommene Carried-Interest-Überschusszahlungen an Investoren rückerstatten muss und dass sie ihren Pro-Rata-Anteil am investierten Kapital verliert. Außerdem könnte es schwieriger werden, die Anlage abzustoßen, da auch gut abschneidende Anlagen in schwachen IPO-Märkten schwer veräußerbar sein können. Terroranschläge, militärische Konflikte sowie Wirtschafts- oder politische Sanktionen, Pandemien oder Naturkatastrophen könnten erhebliche ungünstige Auswirkungen auf die Wirtschafts- und Marktbedingungen, die Marktvolatilität und die finanziellen Aktivitäten haben und sich auch in den Geschäftsbereichen und Ergebnissen der Emittentin niederschlagen.

Die Emittentin könnte erhebliche Verluste im Immobiliensektor erleiden.

Die Emittentin finanziert und erwirbt in erster Linie für Kunden Positionen in verschiedenen Immobilien- und damit verbundenen Produkten und stellt Kredite bereit, die durch Geschäftsliegenschaften besichert sind. Weiter verbrieft und handelt die Emittentin mit Immobilien und damit verbundenen Kredite und Hypotheken im Wohnliegenschaftsbereich sowie mit anderen Wohn- und Geschäftsimmobilienanlagen und -produkten, einschließlich durch Wohnhypotheken unterlegten Schuldtiteln. Aufgrund der Turbulenzen an den Hypotheken- und Kreditmärkten im Jahr 2008 verzichtete die Emittentin auf die Gewährung von Hypothekarkrediten im Bereich von Geschäfts- und Wohnliegenschaften und reduzierte ihr Angebot an komplexen strukturierten Immobilienprodukten. Es ist nicht auszuschließen, dass ihr fortgeführtes Immobiliengeschäft und Risikopositionen in Bereichen, aus denen sie sich zurückzog, auch weiterhin unter der Baisse der Immobilienmärkte, anderer Sektoren und dem allgemeinen Konjunkturrückgang leidet.
Das Halten großer und konzentrierter Positionen könnte die Emittentin anfällig für hohe Verluste machen. Risikokonzentrationen könnten Verluste im Private Banking und Investment Banking erhöhen, da diese Bereiche umfangreiche Kredite an und Wertpapierbestände von bestimmten Kunden oder Branchen aufweisen können. Der Nettogewinn der Emittentin könnte auch von einem rückläufigen Wirtschaftswachstum in Sektoren, in denen sie etwa durch die Zeichnung von Finanzinstrumenten, Kreditvergaben oder Beratungsdienstleistungen hochgradig engagiert ist, in Mitleidenschaft gezogen werden.

Durch das große Transaktionsvolumen, das die Emittentin routinemäßig mit Broker-Dealer, Banken, Fonds und anderen Finanzinstituten abwickelt, weist sie bedeutende Risikokonzentrationen im Finanzdienstleistungssektor auf. Auch kann die Emittentin durch ihre normale Geschäftstätigkeit eine Risikokonzentration bezüglich einer bestimmten Gegenpartei aufweisen. Die historischen Verwerfungen an den Kredit- und Finanzmärkten sowie die Vertrauenskrise im Jahr 2008 bewogen nicht nur die Emittentin, sondern auch andere Häuser dazu, in Abstimmung mit den für sie zuständigen Aufsichtsbehörden ihre Verfahren und unsere Geschäftstätigkeit laufend an die neuen Einsichten in die eingegangenen systemischen Risiken und Klumpenrisiken bei Finanzinstituten sowie den Umgang mit diesen Risiken anzupassen. Es können keine Zusagen gemacht werden, dass die Anpassungen ihrer Geschäftstätigkeit beziehungsweise der Finanzbranche sowie der Verfahren und entsprechenden Vorschriften sich im Management dieser Risiken als effizient erweisen.

Eine Risikokonzentration kann dazu führen, dass die Emittentin Verluste erleidet, auch wenn die Wirtschafts- und Marktbedingungen für andere Vertreter ihrer Branche generell günstig sind.

Es ist möglich, dass die Hedging-Strategien der Emittentin Verluste nicht verhindern. Falls einzelne der vielfältigen Instrumente und Strategien, die sie zur Absicherung unserer Engagements gegenüber verschiedenen Arten von Risiken im Rahmen unserer Tätigkeit einsetzt, nicht wirksam sind, kann das für sie Verluste zur Folge haben. Möglicherweise kann die E-mittentin dann keine Absicherungen erwerben oder ist nur teilweise abgesichert, oder ihre Hedging-Strategien können ihre Wirkung nicht voll entfalten, um ihre Risikoexponierung in allen Marktumgebungen oder gegenüber allen Arten von Risiken zu verringern. Marktrisiken könnten die übrigen Risiken, denen die Emittentin ausgesetzt ist, erhöhen. Neben den oben beschriebenen potenziell ungünstigen Auswirkungen auf die Tätigkeit der Emittentin könnte das Marktrisiko die übrigen Risiken, denen sie ausgesetzt ist, noch verschlimmern. Sollten die Emittentin beispielsweise erhebliche Handelsverluste erleiden, könnte ihr Liquiditätsbedarf stark zunehmen, während ihr Zugang zu flüssigen Mitteln beeinträchtigt sein könnte. Im Falle eines Marktrückgangs könnten zudem auch die Kunden und Gegenparteien der Emittentin wiederum erhebliche Verluste erleiden, so dass deren finanzielle Lage geschwächt und das mit ihnen eingegangene Kredit- und Gegenparteirisiko dadurch erhöht würde.

e) Kreditrisiko

Die Emittentin könnte durch ihre Kreditengagements erhebliche Verluste erleiden

Für ihre Geschäftsbereiche besteht das Risiko, dass deren Schuldner und andere Gegenparteien nicht in der Lage sein könnten, ihren Verpflichtungen nachzukommen. Kreditrisiken bestehen im Rahmen von Kreditbeziehungen, Engagements und Akkreditiven ebenso wie Derivat-, Devisen- und anderen Transaktionen.

Die Festlegung der Rückstellungen für Kreditverluste durch die Geschäftsleitung ist eine wichtige Ermessensfrage, und es ist möglich, dass die einzelnen Geschäftsbereiche ihre Rückstellungen für Kreditverluste erhöhen müssen oder dass sie Verluste verzeichnen, welche die vorgenommenen Rückstellungen übersteigen, sofern sich die ursprünglichen Verlustschätzungen der Emittentin als inadäquat erweisen sollten. Dies könnte das Geschäftsergebnis der Emittentin erheblich beeinträchtigen.

Die regelmäßige Überprüfung der Bonität der Kunden und Gegenparteien der Emittentin im Hinblick auf Kreditverluste erfolgt unabhängig von der buchhalterischen Behandlung der Vermögenswerte oder Engagements. Änderungen der Bonität von Ausleihungen und Kreditverpflichtungen, die zum Fair Value bilanziert werden, werden im Handelsertrag ausgewiesen. Da die Emittentin Swaps und andere Derivate nutzt, haben ihre Kreditengagements zugenommen und werden möglicherweise sowohl in ihrer Höhe als auch in ihrer Laufzeit noch weiter zunehmen. Außerdem war die Emittentin aus Konkurrenzgründen in der Vergangenheit dem Druck ausgesetzt, längerfristige Kreditrisiken einzugehen, Kredite gegen weniger liquide Sicherheiten bereitzustellen, und für derivative Instrumente auf Basis der von uns übernommenen Kreditrisiken eine aggressivere Preispolitik zu verfolgen. Dies könnte auch in Zukunft der Fall sein. Die Investitionen in oder Kredite an Hedge-Fonds sind eine zusätzliche Quelle von Kreditrisiken. Die Emittentin geht davon aus, dass diese Risiken eine Erhöhung der Eigenkapital- und Liquiditätsanforderungen bei ihr sowie in der gesamten Finanzdienstleistungsbranche zur Folge haben werden.

Zahlungsausfälle eines großen Finanzinstituts könnten sich ungünstig auf die Finanzmärkte im Allgemeinen und auf die Emittentin im Besonderen auswirken.

Befürchtungen oder auch bloße entsprechende Gerüchte, oder tatsächliche Zahlungsausfälle eines Finanzinstituts könnten zu erheblichen Liquiditätsproblemen, Verlusten oder Zahlungsausfällen auch anderer Institute führen, da die Bonität vieler Finanzinstitute aufgrund ihrer gegenseitigen Kredit-, Handels-, Clearing- und anderen Beziehungen eng miteinander verbunden ist. Dieses Risiko wird auch als «systemisches Risiko» bezeichnet. Die Befürchtungen betreffend Zahlungsausfällen und Konkursen von vielen Finanzinstituten bestanden auch im Jahr 2009 weiter und könnten weitere Verluste oder Zahlungsausfälle von Finanzinstituten und Finanzintermediären wie Clearing-Stellen und Clearing-Häusern, Banken, Wertpapierfirmen und Börsen zur Folge haben, mit denen die Emittentin im Tagesgeschäft verbunden ist. Ihr Kreditrisiko nimmt außerdem zu, wenn sich die von ihr gehaltenen Sicherheiten nicht realisieren lassen oder nur zu Preisen realisiert werden, welche die eingegangenen Risiken nicht vollumfänglich decken.

Die von der Emittentin zur Bewirtschaftung ihres Kreditrisikos verwendeten Informationen könnten unrichtig oder unvollständig sein. Obwohl die Emittentin ihre Kreditengagements gegenüber spezifischen Kunden und Gegenparteien wie auch gegenüber spezifischen Branchen, Ländern und Regionen, die ihres Erachtens Kreditprobleme in sich bergen könnten, regelmäßig überprüft, könnten Ausfallrisiken aufgrund von Ereignissen oder Umständen entstehen, die schwer vorauszusehen oder zu erkennen sind, wie etwa Betrug. Auch ist es möglich, dass die Emittentin keine vollständigen Informationen über die Kredit- oder Handelsrisiken einer Gegenpartei erhält.

f) Schätzungs- und Bewertungsrisiken

Die Emittentin nimmt Schätzungen und Bewertungen vor, die einen Einfluss auf ihre ausgewiesenen Ergebnisse haben. Dazu gehören die Schätzung des Fair Value bestimmter Vermögenswerte und Verbindlichkeiten, die Tätigung von Rückstellungen für Erfolgsunsicherheiten und für Verluste im Zusammenhang mit Ausleihungen, Rechtsstreitigkeiten und regulatorischen Verfahren, die Verbuchung von Wertberichtigungen auf Goodwill und immateriellen Vermögenswerten, die Beurteilung ihrer Möglichkeiten zur Aktivierung latenter Steuerguthaben, die Bewertung aktienbasierter Mitarbeiterentschädigungen sowie die Berechnung der Aufwendungen und Verbindlichkeiten im Zusammenhang mit ihren Pensionsplänen. Diese Schätzungen sind Ermessenssache und beruhen auf den verfügbaren Informationen. Die tatsächlichen Resultate der Emittentin können wesentlich von diesen Schätzungen abweichen.

Die verwendeten Schätzungen und Bewertungen beruhen auf Modellen und Verfahren zur Prognose von wirtschaftlichen Bedingungen und Markt- beziehungsweise sonstigen Ereignissen, welche die Fähigkeit von Gegenparteien zur Erfüllung ihrer Verpflichtungen uns gegenüber oder auch den Wert der Vermögenswerte beeinflussen könnten. Falls die verwendeten Modelle und Verfahren aufgrund unvorhergesehener Marktbedingungen, Illiquidität oder Volatilität an Aussagekraft verlieren, könnte die Fähigkeit der Emittentin zu korrekten Schätzungen und Bewertungen negativ beeinflusst werden.

Risiken im Zusammenhang mit außerbilanziellen Gesellschaften

Die Emittentin geht im Rahmen ihrer normalen Geschäftstätigkeit Geschäfte mit Spezialzweckgesellschaften (Special Purpose Entities, SPE) ein, wobei bestimmte dieser Gesellschaften nicht zum Konsolidierungskreis gehören. Ihre Aktiven und Verbindlichkeiten sind somit außerbilanzieller Art. Die Rechnungslegungsvorschriften für die Konsolidierung verpflichten die Emittentin dazu, zu Beginn sowie bei Eintreten bestimmter Ereignisse zu überprüfen, ob eine Konsolidierung angebracht ist. Gegebenenfalls ist diese Prüfung wesentlich vom Ermessen des Managements abhängig. Die Rechnungslegungsvorschriften zu diesem Thema haben sich geändert; weitere Änderungen sind nicht auszuschließen. Falls die Emittentin eine SPE zu konsolidieren haben, würden deren Aktiven und Verbindlichkeiten in der konsolidierten Bilanz der Emittentin ausgewiesen, während die entsprechenden Gewinne und Verluste in ihrer konsolidierten Erfolgsrechnung erfasst würden. Dieser Vorgang könnte sich negativ auf das Geschäftsergebnis und die Eigenkapitalquote der Emittentin sowie das Verhältnis Fremd- zu Eigenmitteln auswirken.

g) Grenzüberschreitende und Fremdwährungsrisiken

Grenzüberschreitende Risiken könnten die Markt- und Kreditrisiken erhöhen

Länder-, Regions- und politische Risiken sind Bestandteile des Markt- und Kreditrisikos. Die Finanzmärkte und allgemeinen Wirtschaftsbedingungen waren immer schon und können jederzeit von entsprechenden Risiken betroffen sein. Der wirtschaftliche oder politische Druck in einem Land oder einer Region kann sich beispielsweise infolge lokaler Marktstörungen, Währungskrisen, geldpolitischer Kontrollen oder anderer Faktoren ungünstig auf die Fähigkeit von Kunden oder Gegenparteien im betreffenden Land oder in der betreffenden Region auswirken, was ihre Beschaffung von ausländischen Währungen oder Krediten und somit die Erfüllung ihrer Verpflichtungen gegenüber der Emittentin betrifft. Dies wiederum kann sich ungünstig auf deren Geschäftsergebnis auswirken.

Die Emittentin könnte erhebliche Verluste in den Emerging Markets erleiden

Als weltweit tätiges Finanzdienstleistungsunternehmen und insbesondere in den Emerging Markets ist die Emittentin der wirtschaftlichen Instabilität, die in Schwellenländern herrschen kann, ausgesetzt. Sie überwacht diese Risiken, strebt eine Diversifizierung in den Branchen, in die sie investiert, an und stellt das kundenbezogene Geschäft in den Mittelpunkt. Trotzdem ist es jedoch möglich, dass ihre Bestrebungen zur Begrenzung des Emerging-Market-Risikos nicht immer erfolgreich sind.

Wechselkursschwankungen könnten sich ungünstig auf das Geschäftsergebnis der Emittentin auswirken

Die Emittentin ist Risiken ausgesetzt, die mit Wechselkursschwankungen verbunden sind, vor allem gegenüber dem US-Dollar. Vor allem ist ein bedeutender Anteil der Aktiven und Verbindlichkeiten im Investment Banking und Asset Management in anderen Währungen als dem Schweizer Franken denominiert, während die finanzielle Berichterstattung der Emittentin primär in Schweizer Franken erfolgt. Auch ihr Gesellschaftskapital ist in Schweizer Franken denominiert, und sie verfügt nicht über eine vollständige Absicherung ihrer Kapitalausstattung gegenüber Wechselkursveränderungen. Wechselkursschwankungen können sich ungünstig auf ihr Geschäftsergebnis und ihre Kapitalausstattung auswirken.

h) Operationelles Risiko

Die Emittentin ist einer breiten Vielfalt an operationellen Risiken und vor allem Informationstechnologierisiken ausgesetzt.

Das operationelle Risiko ist das Risiko von Verlusten, die durch ungeeignete oder mangelhafte interne Prozesse, Personen und Systeme oder durch externe Ereignisse entstehen. Obwohl die Emittentin über Pläne zur Gewährleistung der Geschäftskontinuität verfügt, sind ihre Geschäftsbereiche im Allgemeinen mit einer breiten Vielfalt an operationellen Risiken konfrontiert. Dazu gehören Technologierisiken, die durch Abhängigkeiten gegenüber der Informationstechnologie und Telekommunikationsausrüstung entstehen, die mit der Infrastruktur zur Unterstützung ihrer Tätigkeit und/oder der Bereiche, in denen ihre Geschäftsbereiche oder unabhängigen Zulieferer aktiv sind, zusammenhängen. Als weltweit tätiges Finanzdienstleistungsunternehmen verlässt sich die Emittentin in hohem Masse auf ihre Finanz-, Buchführungs- und sonstigen EDV-Systeme, die vielseitig und komplex sind. Falls irgendwelche dieser Systeme nicht oder nur beschränkt ordnungsgemäß funktionieren, beispielsweise infolge eines Terroranschlags oder anderer unvorhersehbarer Ereignisse, könnte die Emittentin finanziellen Verlusten, Geschäftsunterbrüchen, Schadenersatzforderungen seitens ihrer Kunden, Interventionen der Aufsichtsbehörden oder einer Rufschädigung ausgesetzt sein.

Die Emittentin ist operationellen Risiken ausgesetzt, die aus Fehlern in der Ausführung, Bestätigung oder Abrechnung von Transaktionen oder aufgrund der nicht ordnungsgemäßen Registrierung und Verbuchung von Transaktionen stammen. Das Unternehmen der Emittentin ist darauf angewiesen, dass es große Volumina unterschiedlichster und komplexer Transaktionen verarbeiten kann. Dazu gehören auch derivative Transaktionen, deren Volumina und Komplexität zugenommen haben und die nicht immer zeitgerecht bestätigt werden. Außerdem verlassen sich die Geschäftsbereiche der Emittentin auf eine sichere Verarbeitung, Speicherung und Übertragung vertraulicher wie auch anderer Informationen.

Die Emittentin könnte durch Fehlverhalten von Mitarbeitenden Verluste erleiden

Die Geschäftsbereiche der Emittentin sind Risiken ausgesetzt, die durch mögliche Nichteinhaltung von Richtlinien, Fehlverhalten von Mitarbeitenden, Fahrlässigkeit oder Betrug entstehen könnten und sowohl Sanktionen der Aufsichtsbehörden, eine schwerwiegende Rufschädigung als auch finanzielle Verluste nach sich ziehen könnten. Ein Fehlverhalten von Mitarbeitenden lässt sich nicht immer verhindern, und es ist möglich, dass die von der Emittentin ergriffenen Vorsichtsmassnahmen zur Verhinderung und Erkennung entsprechender Aktivitäten nicht immer wirksam sind.

i) Risikomanagement

Die Emittentin verfügt über Risikomanagementtechniken und Richtlinien zur Bewirtschaftung ihrer Risiken. Es ist jedoch möglich, dass diese Techniken und Richtlinien, insbesondere in hoch volatilen Märkten, nicht immer wirksam sind. Die Emittentin passt ihre Risikomanagementtechniken laufend an die Änderungen in den Finanz- und Kreditmärkten an. Diese Anpassungen betreffen in erster Linie die Value-at-Risk-Berechnung, welche auf historischen Daten beruht[1]. Risikomanagementprozesse können niemals alle Marktentwicklungen oder –ereignisse voraussagen. Deshalb ist es möglich, dass die Risikomanagementprozesse und Absicherungsstrategien der Emittentin, ebenso wie die ihnen zugrunde liegenden Beurteilungen, nicht in der Lage sind, ihre Risikoexponierung in allen Märkten und gegenüber allen Arten von Risiken vollständig zu mindern.

j) Rechtliche und regulatorische Risiken

Das Risiko der Emittentin aus gesetzlicher Haftpflicht ist erheblich.

Die Geschäftsbereiche der Emittentin sind erheblichen rechtlichen Risiken ausgesetzt. Der Umfang und die Zahl der in Gerichtsverfahren, regulatorischen Verfahren und anderen Rechtsstreiten gegen Finanzdienstleistungsunternehmen erhobenen Schadenersatzforderungen sind in Zunahme begriffen. Die Emittentin und ihre Tochtergesellschaften sind einer Reihe wichtiger Rechtsprozesse, regulatorischer Maßnahmen und Untersuchungen ausgesetzt. Unvorteilhafte Ergebnisse einzelner oder mehrerer dieser Verfahren könnten innerhalb eines bestimmten Zeitraums je nach – unter anderem – den Ergebnissen im betreffenden Zeitraum erhebliche Auswirkungen auf das Geschäftsergebnis haben.
Die Ergebnisse vieler rechtlicher, regulatorischer und sonstiger Streitverfahren, in die die Geschäftsbereiche der Emittentin involviert sind, lassen sich schwer abschätzen. Das gilt insbesondere für Fälle, in denen Forderungen durch verschiedene Klägerkategorien erhoben werden, in denen Schadenersatz für nicht spezifizierte oder nicht feststellbare Beträge gefordert wird oder die neuartige rechtliche Forderungen betreffen. Das Management ist im Zusam-

[1] Die Value-at-Risk-Methode (VaR) quantifiziert mögliche Verluste eines Portfolios unter normalen Markbedingungen. Sie setzt voraus, dass zur Einschätzung zukünftiger Ereignisse Daten aus der jüngsten Vergangenheit verwendet werden. Sollten zukünftige Marktbedingungen signifikant von den in der Vergangenheit vorherrschenden abweichen, kann das mittels VaR ermittelte Risiko zu hoch oder zu niedrig angesetzt sein.

menhang mit diesen Angelegenheiten verpflichtet, Reserven für Verluste, die wahrscheinlich sind und angemessen abgeschätzt werden können, zu bilden, zu erhöhen oder freizugeben.

Die Nichteinhaltung umfassender Regulierungen durch die Geschäftsbereiche der Emittentin könnte sie zu erheblichen Geldstrafen verpflichten und ihren Ruf schwerwiegend schädigen

Als Akteur innerhalb der Finanzdienstleistungsbranche untersteht die Emittentin umfassenden Regulierungen durch staatliche Stellen, Aufsichtsbehörden und Selbstregulierungsorganisationen in der Schweiz, in Europa, in den USA und in anderen Rechtsgebieten auf der ganzen Welt, in denen sie tätig ist. Diese Regulierungen werden immer umfangreicher und komplexer. Die von den Aufsichtsbehörden beantragten und verhängten Strafen und Bußen für die Finanzdienstleistungsindustrie haben in den letzten Jahren deutlich zugenommen. Oft dienen sie dazu, die Tätigkeit der Emittentin einzuschränken, was unter anderem durch Vorschriften bezüglich Nettokapital, Kundenschutz und Marktverhalten wie auch durch Einschränkungen bezüglich der Tätigkeitsbereiche, in denen die Emittentin operiert und investieren darf, erfolgt. In den letzten Jahren wurde im Rahmen internationaler Richtlinien und Regulierungen viel Gewicht auf den Foreign Corrupt Practices Act und auf die Bekämpfung der Geldwäscherei und Terrorfinanzierung gelegt. Im Jahr 2009 setzten die Aufsichtsbehörden und Regierungen in ihrer Tätigkeit weiterhin einen Schwerpunkt bei der Finanzdienstleistungsbranche und erweiterten unter anderem ihre Anforderungen an die Kapital-, Fremdmittel- und Liquiditätsausstattung, setzten Veränderungen in der Vergütungspraxis (einschließlich steuerlicher Aspekte) sowie Maßnahmen zur Minderung des systemischen Risikos durch. Die Emittentin rechnet mit zunehmenden Regulierungen und Überprüfungen sowie Vollzugsmaßnahmen in der Finanzdienstleistungsindustrie und nimmt an, dass diese Entwicklung die Kosten erhöhen und ihre Fähigkeit zu bestimmten Geschäftstätigkeiten beeinflussen wird. Die in der Schweiz in erster Linie für die Emittentin zuständige Behörde, die Eidgenössische Finanzmarktaufsicht (FINMA) hat zusätzliche Anforderungen an das Eigenkapital, den Eigenmittelunterlegungssatz und die Fremdmittel gestellt, die die Emittentin bis im Jahr 2013 zu erfüllen hat. Die Emittentin geht davon aus, dass sie — wie die gesamte Finanzdienstleistungsbranche — auch im Jahr 2010 mit beträchtlicher Unsicherheit über den Umfang und Inhalt der regulatorischen Reformen zu rechnen hat.

Trotz ihrer besten Bemühungen um Einhaltung der geltenden Vorschriften bleiben verschiedene Risiken bestehen. Das gilt insbesondere für Bereiche, in denen die geltenden Vorschriften unklar sind, in denen die Aufsichtsbehörden ihre bisherigen Richtlinien überarbeiten oder in denen die Gerichte frühere Urteile revidieren. In vielen Rechtsgebieten sind die Behörden berechtigt, Verwaltungs- und Gerichtsverfahren gegen die Emittentin anzustrengen, die unter anderem zur Suspendierung oder dem Widerruf ihrer Konzessionen, zu Unterlassungsverfügungen, Bußen, zivil- oder strafrechtlichen Strafen oder anderen Disziplinarmaßnahmen führen könnten, die sich äußerst ungünstig auf das Geschäftsergebnis der Emittentin auswirken und ihren Ruf schwerwiegend schädigen könnten.

Änderungen der Gesetze, Vorschriften und Regeln beziehungsweise ihrer Auslegung oder ihres Vollzugs können sich negativ auf das Geschäftsergebnis der Emittentin auswirken. Zudem besteht die Möglichkeit, dass Aufsichtsbehörden den ihnen unterstellten Tochtergesellschaften der Credit Suisse weitere Kapitalanforderungen auferlegen.

Geldpolitische Änderungen entziehen sich der Kontrolle der Emittentin und lassen sich kaum voraussagen.

Die Geldpolitik der Zentralbanken und Aufsichtsbehörden in der Schweiz, den USA und weiteren Ländern beeinflussen die Arbeit der Emittentin. Die Maßnahmen der Fed und anderer Behörden des Bankwesens schlagen sich direkt in den Kosten für Mittel zur Kreditgewährung, für die Kapitalbeschaffung, sowie für Anlagen nieder. Zudem können sie den Wert von Finanzinstrumenten im Besitz der Emittentin sowie das Wettbewerbs- und Betriebsumfeld in der Finanzdienstleistungsbranche beeinflussen. Änderungen der Geldpolitik üben möglicherweise auch einen Einfluss auf die Bonität der Kunden der Emittentin aus. Sämtliche geldpolitischen Änderungen entziehen sich ihrer Kontrolle und lassen sich kaum vorhersagen.

Rechtliche Einschränkungen gegenüber den Kunden der Emittentin könnten die Nachfrage nach ihren Dienstleistungen reduzieren

Die Emittentin könnte nicht nur durch Vorschriften, denen sie als Finanzdienstleistungsunternehmen untersteht, erheblich beeinträchtigt werden, sondern auch durch Vorschriften von allgemeiner Gültigkeit. Beispielsweise könnte der Umfang ihrer Geschäfte in einem Jahr unter anderem durch bestehende und vorgeschlagene Steuergesetze, Kartell- und Wettbewerbsrichtlinien, Corporate-Governance-Initiativen und andere staatliche Vorschriften oder Richtlinien beeinträchtigt werden oder durch Änderungen in der Auslegung oder Durchsetzung bestehender Gesetze und Vorschriften, die sich auf die Geschäftstätigkeit und die Finanzmärkte auswirken.

k) Wettbewerb

Die Emittentin steht in heftigem Konkurrenzdruck.

Die Emittentin ist in allen Finanzdienstleistungsmärkten mit den von ihr angebotenen Produkten und Dienstleistungen einem heftigen Wettbewerb ausgesetzt. Konsolidierungen, etwa durch aufgrund finanzieller Schwierigkeiten ausgelöster Fusionen, Übernahmen, Allianzen und Zusammenarbeitsvereinbarungen, sorgen für zunehmenden Wettbewerbsdruck. Dieser betrifft viele Faktoren: die angebotenen Produkte und Dienstleistungen, die Preissetzung, die Vertriebssysteme, den Kundendienst, die Markenerkennung, die wahrgenommene Finanzkraft sowie die Bereitschaft zum Kapitaleinsatz zwecks Abdeckung von Kundenbedürfnissen. Durch Konsolidierungen sind verschiedene Unternehmen entstanden, die wie die Emittentin die Fähigkeit besitzen, eine breite Produktpalette anzubieten, die sich von Krediten und Einlagen über Maklerdienste, Investment Banking bis zur Vermögensverwaltung erstreckt. Manche dieser Unternehmen mögen in der Lage sein, eine breitere Produktpalette anzubieten als die Emittentin oder entsprechende Produkte zu konkurrenzfähigeren Preisen anzubieten. Unter den aktuellen Marktbedingungen hat sich die Wettbewerbslandschaft für die Finanzdienstleister einschneidend verändert, da zahlreiche Finanzinstitute sich zusammengeschlossen haben, Konkurs anmeldeten, staatliche Unterstützung erhielten oder ihren regulatorischen Status gewechselt haben, was ihre Geschäftstätigkeit beeinflusst. Zudem wirkt sich die heutige Marktlage grundsätzlich auf die Nachfrage der Kunden nach Produkten und Dienstleistungen aus. Die Emittentin geht zwar davon aus, dass sich mit der zunehmenden Konsolidierung und den Umbrüchen in ihrer Branche neue Chancen auftun, kann aber keine Zusicherung abgeben, dass ihr Geschäftsergebnis nicht negativ beeinflusst wird.

Die Wettbewerbsfähigkeit der Emittentin könnte durch eine Rufschädigung beeinträchtigt werden.

Im hart umkämpften Umfeld, das sich aus der Globalisierung und der Konvergenz innerhalb der Finanzdienstleistungsbranche ergibt, ist der Ruf der Emittentin von hoher Finanzkraft und Integrität entscheidend für ihre Leistungen, damit sie unter anderem Kunden und Mitarbeitende gewinnen und binden kann. Ihr Ruf könnte in Frage gestellt werden, falls es ihr mittels ihrer umfassenden Verfahren und Kontrollen nicht gelingt oder nicht zu gelingen scheint, Interessenkonflikte auszuschließen, Fehlverhalten von Mitarbeitenden zu verhindern, im Wesentlichen präzise und vollständige Finanz- und andere Informationen zu liefern oder nachteilige rechtliche oder regulatorische Maßnahmen zu vermeiden.

Die Emittentin muss gut ausgebildete Mitarbeitende rekrutieren und binden.

Der Geschäftsgang der Emittentin ist zu einem großen Teil von der Kompetenz und dem Engagement gut ausgebildeter Mitarbeiterinnen und Mitarbeiter abhängig. Qualifizierte Mitarbeitende werden hart umworben. Die Emittentin hat bedeutende Ressourcen für die Rekrutierung, Fortbildung und Entschädigung ihrer Mitarbeitenden eingesetzt. Damit sie sich weiterhin auf ihren Gebieten erfolgreich behaupten kann, muss sie in der Lage sein, neue Mitarbeitende zu gewinnen und die bestehenden Mitarbeitenden zu behalten und zu motivieren. Für das Jahr 2009 hat die Emittentin eine neue Vergütungsstruktur für leitende Mitarbeitende eingeführt. Die Vergütungspraxis in der Finanzindustrie erregt bei der Öffentlichkeit nach wie vor ausgeprägtes Interesse und ist Anlass für regulatorische Änderungen. Diese Entwicklungen könnten es der Emittentin erschweren, gut ausgebildete Mitarbeitende zu rekrutieren und an sich zu binden.

Die Emittentin ist mit Konkurrenz durch neue Handelstechnologien konfrontiert.

Die Geschäftsfelder Private Banking, Investment Banking und Asset Management stehen unter Wettbewerbsdruck durch neue Handelstechnologien, die die Kommissions- und Handelserträge der Emittentin sinken lassen, ihre Geschäftsfelder von bestimmten Transaktionen ausschließen, ihre Beteiligung an den Handelsmärkten einschränken und den damit verbundenen Zugang zu Marktinformationen verringern sowie zum Aufkommen neuer und stärkerer Konkurrenten führen könnten. Die Emittentin hat bedeutende zusätzliche Aufwendungen für die Entwicklung und den Unterhalt neuer Händlersysteme vorgenommen oder in sonstiger Weise in Technologien investiert, um konkurrenzfähig zu bleiben. Weitere Anforderungen in dieser Richtung sind nicht auszuschließen.

l) Risiken im Zusammenhang mit der Strategie der Emittentin

Risiken aufgrund übernommener Finanzdienstleistungsunternehmen oder eingegangener Joint Ventures.

Obwohl die Emittentin die Unterlagen von Unternehmen, deren Übernahme sie plant, prüft, ist es ihr im Allgemeinen nicht möglich, alle entsprechenden Aufzeichnungen im Detail zu analysieren. Auch mit einer gründlichen Überprüfung der Aufzeichnungen bleiben bestehende oder potenzielle Probleme eventuell unerkannt oder die Emittentin kann sich nicht genügend mit einem Unternehmen vertraut machen, um seine Stärken und Schwächen vollständig zu erfassen. Deshalb ist nicht auszuschließen, dass sie unerwartete Verbindlichkeiten (einschließlich Streitpunkte im Zusammenhang mit Rechts- und Compliance-Fragen) übernimmt oder dass eine Akquisition sich nicht erwartungsgemäß entwickelt. Auch besteht für die Emittentin das Risiko, dass Akquisitionen sich nicht effektiv in ihre bestehende Tätigkeit einbinden lassen, weil unter anderem unterschiedliche Abläufe, Geschäftspraktiken und technologische Systeme vorliegen oder weil bei der Anpassung einer übernommenen Gesellschaft an ihre Organisationsstruktur Schwierigkeiten auftreten. Es besteht somit das Risiko, dass die Erträge aus Akquisitionen die durch die betreffenden Akquisitionen entstandenen Kosten oder Verschuldungen oder die zum Aufbau der betreffenden Unternehmen erforderlichen Investitionsausgaben nicht ausgleichen. In den letzten Jahren ist die Emittentin eine Reihe neuer Joint Ventures und strategischer Allianzen eingegangen. Obwohl sie sich bemüht, geeignete Partner zu finden, kann nicht ausgeschlossen werden, dass ihre Joint-Venture-Bestrebungen sich als erfolglos erweisen oder ihre Investitionen und sonstigen Verpflichtungen nicht rechtfertigen.

2. Risikofaktoren in Bezug auf die Wertpapiere

Durch den Kauf der Wertpapiere erwerben Anleger das Recht (das "**Wertpapierrecht**"), am Ende der Laufzeit der Wertpapiere von der Emittentin die Zahlung des nach Maßgabe der Wertpapierbedingungen bestimmten Betrags zu verlangen. Der von der Emittentin am Ende der Laufzeit zu zahlende Betrag ist nicht kapitalgarantiert.

Kursänderungen des zu Grunde liegenden Basiswerts während der Laufzeit können den Wert Ihrer Wertpapiere stark beeinträchtigen. Angesichts der begrenzten Laufzeit der Wertpapiere kann nicht darauf vertraut werden, dass sich der Preis der Wertpapiere wieder auf das Niveau des von Ihnen gezahlten Kaufpreises erholen wird. Es besteht dann das **Risiko erheblicher Verluste des eingesetzten Kapitals, einschließlich der aufgewendeten Transaktionskosten bis zur Höhe des Nennbetrags. Dieses Risiko besteht unabhängig von der finanziellen Leistungsfähigkeit der Emittentin.**

Kursänderungen des Basiswerts und damit der Wertpapiere können u.a. auch dadurch entstehen, dass durch die Emittentin selbst oder ein mit der Emittentin verbundenes Unternehmen Absicherungsgeschäfte oder sonstige Geschäfte größeren Umfangs in den Basiswert oder bezogen auf den Basiswert bzw. in oder bezogen auf die dem Basiswert zugrunde liegenden Werte getätigt werden.

a) Gefahr des Totalverlusts

Bei negativer Wertentwicklung des maßgeblichen Kurses des Basiswerts in dem Zeitraum zwischen dem Emissionstag und dem Bewertungstag kann der von der Emittentin zurückzuzahlende Betrag unter dem Kaufpreis des Wertpapiers liegen **und gegebenenfalls sogar Null betragen**. **Anleger tragen daher, unabhängig von der finanziellen Leistungsfähigkeit der Emittentin, das Risiko des Verlusts des gesamten gezahlten Kaufpreises einschließlich der aufgewendeten Transaktionskosten.**

b) Abzug der Verwaltungsgebühr bei der Berechnung des Rückzahlungsbetrags

Gemäß den Wertpapierbedingungen wird bei der Berechnung des Rückzahlungsbetrags eine laufzeitabhängige Verwaltungsgebühr in Höhe von 1,3 % per annum auf monatlicher Basis in Abzug gebracht. **Anleger sollten deshalb berücksichtigen, dass der Basiswert eine diese Verwaltungsgebühr übersteigende entsprechend positive Wertentwicklung aufweisen muss, damit der Anleger an einer Wertentwicklung teilnehmen kann.**

c) Keine tatsächliche Lieferung des Basiswerts

Die vorliegenden Wertpapiere sind Anlageinstrumente, die nur auf die Zahlung von Geldbeträgen, nämlich des Rückzahlungsbetrages, und nicht auf die Lieferung des Basiswerts, gerichtet sind.

d) Keine laufenden Erträge und keine Teilnahme an Dividendenzahlungen

Die Wertpapiere verbriefen weder einen Anspruch auf Zinszahlung noch auf Dividendenzahlung und werfen daher keinen laufenden Ertrag ab. Mögliche Wertverluste des Wertpapiers können daher nicht durch laufende Erträge des Wertpapiers kompensiert werden.

e) Kündigung der Wertpapiere unter bestimmten Voraussetzungen

Gemäß den Wertpapierbedingungen kann die Emittentin bzw. können die Wertpapierinhaber unter bestimmten Voraussetzungen die Wertpapiere kündigen.

Bei einer solchen Kündigung berücksichtigt der Kündigungsbetrag (im Fall der Kündigung durch die Wertpapierinhaber gemäß § 6 der Wertpapierbedingungen oder im Fall der Kündigung durch die Emittentin gemäß § 13 der Wertpapierbedingungen), der Außerordentliche Kündigungsbetrag (im Fall der Kündigung durch die Emittentin gemäß § 14 der Wertpapierbedingungen) bzw. der Vorzeitige Kündigungsbetrag (im Falle der Kündigung durch die Emittentin gemäß § 15 der Wertpapierbedingungen) lediglich die Wertentwicklung des Basiswerts bis zu dem für die Berechnung des Kündigungsbetrags oder des Außerordentlichen Kündigungsbetrags bzw. des Vorzeitigen Kündigungsbetrages maßgeblichen Tag. Darüber hinausgehende Ansprüche auf Zahlung nach der Kündigung der Wertpapiere stehen den Wertpapierinhabern nicht zu.

f) Ungewisse Wertentwicklung des Basiswerts

Bei dem den Wertpapieren zu Grunde liegenden Basiswert können während der Laufzeit der Wertpapiere wesentliche Änderungen eintreten, die den Wert der Wertpapiere beeinflussen, wobei zuverlässige Aussagen über die künftige Wertentwicklung des Basiswerts nicht getroffen werden können und die vergangene Wertentwicklung keinesfalls als zwingender Anhaltspunkt für die zukünftige Wertentwicklung angesehen werden kann.

g) Nachteilige Auswirkungen von Marktstörungen und Anpassungen

Die Wertpapierbedingungen enthalten Regelungen, wonach beim Eintritt der dort beschriebenen Störungen Verzögerungen bei den erforderlichen Feststellungen auftreten können, und dass beim Eintritt bestimmter Ereignisse in Bezug auf den Basiswert Anpassungen bezüglich dieses Basiswerts und/oder der Wertpapierbedingungen bis hin zu einem Austausch des Basiswerts und/oder einer vorzeitigen Kündigung der Wertpapiere durch die Emittentin erfolgen können.

h) Einfluss von Nebenkosten

Provisionen, Ausgabeaufschlag und andere Transaktionskosten, die beim Kauf oder Verkauf von Wertpapieren anfallen, können – insbesondere in Kombination mit einem niedrigen Auftragswert – zu Kostenbelastungen führen, **die das Verhältnis des in die Wertpapiere investierten Kapitals zu dem erwarteten Auszahlungsbetrag zu Ungunsten des Anlegers ver-**

ändern können. Bitte informieren Sie sich deshalb vor Erwerb von Wertpapieren über alle beim Kauf oder Verkauf der Wertpapiere anfallenden Kosten.

i) Risikoausschließende oder -einschränkende Geschäfte

Vertrauen Sie nicht darauf, dass Sie während der Laufzeit der Wertpapiere Geschäfte abschließen können, durch die Sie Ihre anfänglichen Risiken ausschließen oder einschränken können; dies hängt von den Marktverhältnissen und den jeweils zu Grunde liegenden Bedingungen ab. Unter Umständen können solche Geschäfte nur zu einem ungünstigen Marktpreis getätigt werden, so dass für Sie ein entsprechender Verlust entsteht.

j) Handel in den Wertpapieren

Für die Wertpapiere, die Gegenstand dieses Angebots sind, gab es bislang keinen öffentlichen Handel. Es ist zudem nicht beabsichtigt, die Wertpapiere in den Handel an einer Wertpapierbörse einzubeziehen.

Es ist jedoch beabsichtigt, dass die Emittentin oder ein mit der Emittentin verbundenes Unternehmen (jeweils der "**Market Maker**") während der Laufzeit der Wertpapiere regelmäßig Ankaufs- und Verkaufskurse für die Wertpapiere stellen wird. Die Emittentin übernimmt jedoch allein aus der Begebung der Wertpapiere keinerlei Rechtspflicht hinsichtlich der Höhe oder des Zustandekommens derartiger Kurse und kann keine Aussage dazu machen, ob sich ein aktiver Handel in den Wertpapieren entwickeln wird. Darüber hinaus ist beabsichtigt, Ankaufs- und Verkaufskurse für die Wertpapiere nur unter der Voraussetzung zu stellen, dass die SIX Swiss Exchange AG an diesem Tag für den regulären Handel in den Referenz-Anteilen geöffnet ist. Der für die Wertpapiere bestellte Market Maker ist zudem lediglich verpflichtet, bei normalen Marktverhältnissen Ankaufs- und Verkaufskurse für die Wertpapiere zu stellen. Abhängig von den Marktbedingungen könnte ein Market Maker auch die Rücknahme von Wertpapieren limitieren. Darüber hinaus kann ein Market Maker berechtigt sein, die Stellung von An- und Verkaufskursen unter bestimmten Voraussetzungen ganz einzustellen, bspw. wenn die Wertpapiere von der Emittentin aufgrund eines besonderen Ereignisses gekündigt werden. **Anleger sollten deshalb nicht darauf vertrauen, dass sie die Wertpapiere während ihrer Laufzeit zu einer bestimmten Zeit oder einem bestimmten Kurs veräußern können.**

Sollte die Emittentin nicht alle Wertpapiere platzieren können oder sollte sie Wertpapiere am Markt zurückkaufen, kann dies eine Reduzierung der Liquidität in den Wertpapieren zur Folge haben.

k) Totalverlust im Falle der Insolvenz

Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt. **Die Wertpapiere sind nicht Gegenstand einer Einlagensicherungseinrichtung in der Bundesrepublik Deutschland oder im Sitzstaat der Emittentin. Daher besteht das Risiko, dass im Falle der Insolvenz der Emittentin die Inhaber der Wertpapiere ihr Kapital ganz oder teilweise verlieren**.

l) Inanspruchnahme von Kredit

Wenn Sie den Erwerb der Wertpapiere mit Kredit finanzieren, müssen Sie den Kredit verzinsen und zurückzahlen. Setzen Sie nie darauf, den Kredit mit Zahlungen aus den Wertpapieren verzinsen und zurückzahlen zu können. Vielmehr muss der Erwerber von Wertpapieren vorher seine wirtschaftlichen Verhältnisse daraufhin überprüfen, ob er zur Verzinsung und gegebenenfalls zur kurzfristigen Tilgung des Kredits auch dann in der Lage ist, wenn erwartete Zahlungen ausbleiben oder geringer ausfallen als erwartet.

m) Auswirkung einer Herabstufung des Ratings

Der Wert der Wertpapiere könnte zum Teil dadurch beeinflusst werden, wie die potentiellen Käufer der Wertpapiere die Bonität der Emittentin allgemein einschätzen. Diese Einschätzungen wiederum unterliegen dem Einfluss der Ratings, mit denen Ratingagenturen die von der Emittentin ausgegebenen Wertpapiere bewerten. Eine eventuelle Herabstufung im Rating von ausgegebenen Schuldtiteln der Emittentin durch eine dieser Ratingagenturen könnte eine Abnahme des Handelswerts der Wertpapiere zur Folge haben.

n) Zahl- und Verwahrstellen außerhalb der Bundesrepublik Deutschland

Für die Wertpapiere wird es voraussichtlich keine Zahl- bzw. Verwahrstellen außerhalb der Bundesrepublik Deutschland geben. Anleger können daher keine lokale Zahl- bzw. Verwahrstelle außerhalb der Bundesrepublik Deutschland in Anspruch nehmen.

3. Risikofaktoren in Bezug auf den Referenz-Anteil bzw. das Referenz-Teilvermögen

Die in diesem Prospekt beschriebene Anteil der Klasse A (Valorennummer 10413628) (der "**Basiswert**" bzw. der "**Referenz-Anteil**") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**") **sind nicht zum öffentlichen Vertrieb in der Bundesrepublik Deutschland zugelassen. Sämtliche Angaben dienen allein der Information von Anlegern, die Zertifikate erwerben wollen, und stellen kein Angebot von Referenz-Anteilen dar.**

Jedes der nachfolgenden Risiken kann mittelbar, das heißt über die Referenz-Anteilen, die über die Zertifikate abgebildet werden, nachteilige Auswirkungen auf den Wert der Zertifikate haben.

a) Konzentration der Anlagen des Referenz-Teilvermögens in physisches Gold

Das Anlageziel des Referenz-Teilvermögens besteht darin, die Wertentwicklung des Goldes möglichst genau nachzubilden. Vorbehalten bleiben Abweichungen, die durch die dem Referenz-Teilvermögen belasteten Vergütungen und Nebenkosten verursacht werden. Das Referenz-Teilvermögen investiert ausschließlich in physisches Gold in kuranter Form in Barren der Standardeinheit von ca. 400 Unzen (oz.) (ca. 12,5 kg) mit der Feinheit 995/1000 oder besser. Vorbehalten bleibt ein Haben oder Soll auf einem Edelmetallkonto im Umfang von max. 450 Unzen (oz.) (ca. 14 kg) Gold. Dies erlaubt es, Spitzenbestände unterhalb Barrengröße der Entwicklung des Goldpreises auszusetzen. Als Anlagewährung von Gold gilt der US-Dollar. Daneben dürfen zusätzlich flüssige Mittel gehalten werden. Als flüssige Mittel gelten Bankguthaben auf Sicht und Zeit mit Laufzeiten bis zu zwölf Monaten. Zusätzlich werden sämtliche Anlagen, die nicht auf die jeweilige Rechnungseinheit des Teilvermögens lauten, mittels Devisentermingeschäften gegen diese bestmöglich abgesichert.

Zu den wesentlichen Risiken zählt das Risiko der Konzentration der Anlagen. Da das Referenz-Teilvermögen grundsätzlich ausschließlich in physisches Gold investiert, besteht eine für Wertschriftenfonds typische Risikoverteilung in verschiedene Anlagen vorliegend nicht. Ertrag und der Wert der Anteile unterliegen Veränderungen, welche sich im Wesentlichen aus den Ertrags- und Wertschwankungen von Gold ergeben. Gold wirft typischerweise keinen Ertrag ab. Die Menge an physischem Gold, die pro Anteil am Referenz-Teilvermögen gehalten wird, wird aufgrund des fehlenden Ertrags und der gleichzeitig anfallenden Kommissionen und Kosten langfristig abnehmende Tendenz haben. Das Fremdwährungsrisiko einer tendenziellen Abwertung der Anlagewährungen des Referenz-Teilvermögens gegenüber der Rechnungseinheit wird durch den Einsatz von Devisentermingeschäften weitgehend reduziert, wobei eine zu jedem Zeitpunkt vollständige Absicherung nicht gewährleistet werden kann. Diese Absicherung ist zudem mit laufenden Kosten verbunden. Im Umfang des Edelmetallkontoguthabens besteht ein Gegenparteirisiko gegenüber der kontoführenden Bank. Auch wenn Gold grundsätzlich leicht handelbar ist, können Faktoren wie beispielsweise Handels-, Transport-, Zoll-und Fiskalbeschränkungen sowie andere staatliche und nichtstaatliche Eingriffe und Ereignisse erheblichen Einfluss auf den Goldpreis bzw. den Goldhandel an sich zur Folge haben.

b) Marktschwankungen

Das Referenz-Teilvermögen ist den normalen Marktschwankungen unterworfen. Die historische Performance ist keine Garantie für die zukünftige Entwicklung der Teilvermögen.

ALLGEMEINE HINWEISE

Die Emittentin, ihre Tochtergesellschaften sowie sonstige mit ihr verbundene Unternehmen sind jederzeit berechtigt, im freien Markt oder durch nicht-öffentliche Geschäfte die Wertpapiere zu kaufen oder zu verkaufen. Die Emittentin, ihre Tochtergesellschaften sowie sonstige mit ihr verbundene Unternehmen sind nicht verpflichtet, die Wertpapierinhaber über einen solchen Kauf bzw. Verkauf zu unterrichten. Wertpapierinhaber müssen sich ihr eigenes Bild von der Entwicklung des Kurses des Basiswerts machen, von dessen Wertentwicklung die Höhe des Rückzahlungsanspruchs bzw. die Höhe sämtlicher sonstigen Ansprüche der Wertpapierinhaber unter den Wertpapieren abhängig ist.

Die Emittentin behält sich vor, nach eigenem Ermessen von der Ausgabe der Wertpapiere abzusehen und dies im Internet unter www.credit-suisse-zertifikate.com bekannt zu machen.

UNABHÄNGIGE PRÜFUNG UND BERATUNG

Jeder potentielle Käufer der Wertpapiere muss durch eine eigene unabhängige Prüfung und eine sachverständige Beratung, die ihm unter den gegebenen Umständen als geeignet erscheint, sicherstellen, dass der Erwerb der Wertpapiere

(i) mit seinen Anlagebedürfnissen und -zielen sowie seiner finanziellen Lage (oder, falls er die Wertpapiere treuhänderisch oder in anderer Weise für einen Dritten erwirbt, mit den Anlagebedürfnissen und -zielen sowie der finanziellen Lage des Begünstigten oder des jeweils maßgeblichen Dritten) vollständig vereinbar ist,

(ii) allen diesbezüglich anwendbaren Anlagegrundsätzen, -richtlinien und -beschränkungen entspricht und vollständig mit diesen vereinbar ist (unabhängig davon, ob der Käufer die Wertpapiere in eigenem Namen oder treuhänderisch oder auf andere Weise für einen Dritten erwirbt), und

(iii) eine geeignete, angemessene und passende Anlage für ihn (oder, falls er die Wertpapiere treuhänderisch oder in anderer Weise für einen Dritten erwirbt, für den Begünstigten oder den jeweils maßgeblichen Dritten) ist, ungeachtet der offensichtlichen und wesentlichen Risiken, die mit einer Anlage in den Wertpapieren bzw. mit dem Besitz der Wertpapiere verbunden sind.

Dieser Prospekt ersetzt nicht die in jedem individuellen Fall unerlässliche Beratung vor der Kaufentscheidung durch Ihre Bank oder Ihren Finanzberater. **Insbesondere sollten Sie im Hinblick auf die individuellen steuerlichen Auswirkungen der Anlage in die Wertpapiere den eigenen steuerlichen Berater konsultieren.**

ALLGEMEINE INFORMATIONEN ÜBER DEN PROSPEKT

1. Verantwortung

Die Credit Suisse Securities (Europe) Limited, London, übernimmt gem. § 5 Abs. 4 Wertpapierprospektgesetz ("**WpPG**") als Anbieterin die Verantwortung für den Inhalt des Prospekts und erklärt, dass die in diesem Prospekt genannten Angaben ihres Wissens nach richtig sind und keine wesentlichen Umstände ausgelassen sind.

Im Zusammenhang mit der Ausgabe und dem Verkauf der Wertpapiere (die "**Wertpapiere**") ist niemand berechtigt, Informationen zu verbreiten oder Erklärungen abzugeben, die nicht in diesem Prospekt enthalten sind. Für Informationen, die nicht in diesem Prospekt enthalten sind, übernehmen die Emittentin und die Credit Suisse Securities (Europe) Limited (die "**CSSEL**") keine Haftung.

Die Emittentin und die CSSEL weisen darauf hin, dass nach dem Datum dieses Prospektes Ereignisse oder Veränderungen eintreten können, die dazu führen, dass die hierin enthaltenen Informationen unrichtig oder unvollständig werden. Eine Veröffentlichung von ergänzenden Angaben erfolgt nur unter den in § 16 WpPG genannten Voraussetzungen und in der dort genannten Form.

2. Bereithaltung des Prospektes und sonstiger Unterlagen

Dieser Prospekt wird von der Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt am Main, Junghofplaza, Junghofstraße 16, 60311 Frankfurt am Main, in ihrer Eigenschaft als Zahlstelle zur kostenlosen Ausgabe bereitgehalten. Die in dem Prospekt genannten Unterlagen, die die Emittentin betreffen, können während der Gültigkeit dieses Prospekts ebenda eingesehen werden. Der Prospekt wird spätestens ein Tag vor dem öffentlichen Angebot auf dieselbe Weise zur Verfügung gestellt. Für die Dauer der Wirksamkeit dieses Prospekts kann darüber hinaus eine Kopie des Gesellschaftsvertrages der Emittentin ("Articles of Association") unter www.credit-suisse.com eingesehen werden. Die SEC-Registrierungen der Credit Suisse Group sind über das Internet auf der SEC-Website: www.sec.gov und über die Website der Credit Suisse Group: www.credit-suisse.com öffentlich zugänglich.

Der Prospekt ist in dieser Form der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") als der für die Billigung zuständige Stelle übermittelt worden. Der Prospekt wird von der BaFin nicht auf seine inhaltliche Richtigkeit, sondern lediglich im Hinblick auf seine Vollständigkeit – einschließlich der Kohärenz und Verständlichkeit der vorgelegten Informationen – geprüft. Der Prospekt wird ein Tag vor dem öffentlichen Angebot auf der Homepage www.credit-suisse-zertifikate.com zum Abruf bereitgehalten.

SPEZIELLE INFORMATIONEN ÜBER DIE EMISSION

1. Übernahme; Angebot; Ausgabepreis für die Wertpapiere

Die bis zu 1.000.000 CHF Gold-Note bezogen auf einen Anteil der Klasse A (der "**Referenz-Anteil**" bzw. der "**Basiswert**") ") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**") (die "**Wertpapiere**") der Credit Suisse International (die "**Emittentin**") werden von der Credit Suisse Securities (Europe) Limited ("**CSSEL**"), One Cabot Square, London E14 4QJ, Vereinigtes Königreich, übernommen und von ihr zum freibleibenden Verkauf gestellt. Die Wertpapiere können bei Banken und Sparkassen oder über den Börsenhandelsplatz Frankfurt erworben werden. Dort ist auch der Ausgabepreis zu entrichten.

Das öffentliche Angebot der Wertpapiere beginnt ein Tag nach Veröffentlichung dieses Prospekts.

Der Ausgabepreis entspricht 100% des Nennbetrages (100 CHF) zuzüglich eines Ausgabeaufschlages von bis zu 2 % des Nennbetrages je Wertpapier. Danach wird der Verkaufspreis fortlaufend festgesetzt und ist bei der CSSEL erfragbar.

Emissionstag ist der 14. September 2010. Die Lieferung der Wertpapiere erfolgt über Clearstream Banking AG, Frankfurt am Main. Ab dem Emissionstag (einschließlich) können für die Wertpapiere zu gewöhnlichen Marktbedingungen An- und Verkaufskurse durch die Emittentin oder ein verbundenes Unternehmen gestellt werden. Bei unverändertem Kurs des Basiswerts im Zeitpunkt des Beginns des Sekundärhandels können die gestellten An- und Verkaufskurse für die Wertpapiere unter dem Zeichnungspreis liegen.

Der Ausgabepreis für die Wertpapiere ist am 14. September 2010 fällig und zahlbar.

Vor dem Tag, an dem der Prospekt veröffentlicht wird, kann die CSSEL die Wertpapiere nur aufgrund der Ausnahmevorschriften der Richtlinie 2003/71/EG (oder der entsprechenden nationalen Vorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums (EU plus Island, Norwegen und Liechtenstein, der "**EWR**"), die die Richtlinie 2003/71/EG umgesetzt haben) bzw. des Wertpapierprospektgesetzes anbieten. Insbesondere kann sie vor Veröffentlichung des Prospektes gemäß § 3 Abs. 2 Nr. 1 und Nr. 2 WpPG ein Angebot in der Bundesrepublik Deutschland ausschließlich an qualifizierte Anleger im Sinne des § 2 Nr. 6 WpPG bzw. an einen Kreis von jeweils weniger als 100 nicht qualifizierten Anlegern in jedem Staat des Europäischen Wirtschaftsraums richten.

2. Kosten im Zusammenhang mit den Wertpapieren

Auf den Ausgabepreis in Höhe von 100 % des Nennbetrages wird ein Ausgabeaufschlag von bis zu 2 % des Nennbetrages je Wertpapier aufgeschlagen, der an die Vertriebspartner gezahlt werden kann.

Darüber hinaus wird in Übereinstimmung mit den Wertpapierbedingungen bei der Berechnung des Rückzahlungsbetrags eine laufzeitabhängige Verwaltungsgebühr in Höhe von 1,3 % per annum in Abzug gebracht.

3. Notierung der Wertpapiere

Die Einbeziehung der Wertpapiere in den Handel einer Wertpapierbörse ist nicht vorgesehen.

4. Eingeschränkter Sekundärmarkt

Es ist jedoch beabsichtigt, dass die Emittentin oder ein mit der Emittentin verbundenes Unternehmen (jeweils der "**Market Maker**") während der Laufzeit der Wertpapiere unter gewöhnlichen Marktbedingungen und wie nachfolgend beschrieben regelmäßig Ankaufs- und Verkaufskurse für die Wertpapiere stellen wird. Die Emittentin übernimmt jedoch allein aus der Begebung der Wertpapiere keinerlei Rechtspflicht hinsichtlich der Höhe oder des Zustandekommens derartiger Kurse und kann keine Aussage dazu machen, ob sich ein aktiver Handel in den Wertpapieren entwickeln wird

Unter der Voraussetzung, dass die SIX Swiss Exchange AG ("**SIX Swiss Exchange**") für den regulären Handel in den Referenz-Anteilen geöffnet ist, wird der Market Maker, an jedem 01. und 15. Kalendertag eines Kalendermonats bzw. soweit dieser Tag kein Sekundärmarkt-Geschäftstag (wie nachfolgend definiert) ist, an dem unmittelbar folgenden Sekundärmarkt-Geschäftstag, An- und Verkaufskurse für die Wertpapiere stellen. In diesem Zusammenhang bezeichnet der "**Sekundärmarkt-Geschäftstag**" jeden Tag, an dem die Banken in Frankfurt am Main, Zürich und in London für den Geschäftsverkehr geöffnet sind.

Es ist keine Mindestanzahl von Wertpapieren für den Handel im Sekundärmarkt vorgesehen.

Sämtliche An- und Verkaufsaufträge müssen von den Inhabern der Wertpapiere über ihre jeweilige Depotbank eingereicht werden und jeweils bis 14 Uhr (Ortszeit London) an dem betreffenden Sekundärmarkt-Geschäftstag bei der Emittentin eingehen.

Der Market Maker wird den An- bzw. Verkaufskurs der Wertpapiere auf Grundlage des Schlusskurses der Referenz-Anteile an der SIX Swiss Exchange abzüglich einer Transaktionsgebühr in

Höhe von 0, 32% ermitteln. Der so ermittelte Kurs der Referenz-Anteile stellt den An- bzw. den Verkaufskurs der Wertpapiere dar.

Weitere Informationen über den Sekundärmarkt sind bei der Emittentin erhältlich.

5. Verwendung der Netto-Emissionserlöse

Die Emittentin wird den Netto-Erlös aus der Emission der Wertpapiere nach Abzug der Kosten der Emission für ihre allgemeine Geschäftstätigkeit verwenden.

6. Zahlstelle

Zahlstelle ist, vorbehaltlich von § 9 der Wertpapierbedingungen die Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt am Main, Junghofstraße 16, 60311 Frankfurt am Main, Bundesrepublik Deutschland.

7. Kennnummern

Wertpapier-Kennnummer	CS8AC4
ISIN-Code	DE000CS8AC43

8. Angebots- und Verkaufsbeschränkungen

Wertpapiere dürfen innerhalb einer Rechtsordnung oder mit Ausgangspunkt in einer Rechtsordnung nur angeboten, verkauft oder geliefert werden, wenn dies gemäß den anwendbaren Gesetzen und anderen Rechtsvorschriften zulässig ist und der Emittentin und der CSSEL keinerlei Verpflichtungen entstehen.

Mitgliedstaaten des EWR
In Bezug auf jeden Mitgliedstaat des Europäischen Wirtschaftsraums (EU plus Island, Norwegen und Liechtenstein, der "**EWR**"), der die Prospektrichtlinie umgesetzt hat (jeweils ein "**Maßgeblicher Mitgliedstaat**"), dürfen mit Wirkung ab einschließlich dem Tag, an dem die Prospektrichtlinie in dem Maßgeblichen Mitgliedstaat umgesetzt worden ist bzw. wird (der "**Jeweilige Tag der Umsetzung"**), Wertpapiere in dem Maßgeblichen Mitgliedstaat vor der Veröffentlichung eines Prospekts zu den Wertpapieren, der gemäß der Prospektrichtlinie von der zuständigen Behörde in dem Maßgeblichen Mitgliedstaat genehmigt wurde bzw. in einem anderen Maßgeblichen Mitgliedstaat genehmigt und der zuständigen Behörde in diesem Maßgeblichen Mitgliedstaat vorgelegt wurde, öffentlich nicht angeboten werden. Die Wertpapiere dürfen jedoch folgenden Personen bzw. unter folgenden Voraussetzungen angeboten werden:

a) juristischen Personen, deren Tätigkeit an den Finanzmärkten zugelassen ist oder beaufsichtigt wird oder, wenn eine derartige Zulassung nicht erfolgt ist oder Aufsicht nicht besteht, deren Zweck ausschließlich in der Anlage in Wertpapieren besteht;

(b) juristischen Personen, die mindestens zwei der folgenden Voraussetzungen erfüllen: 1) eine durchschnittliche Mitarbeiterzahl von mindestens 250 im letzten Geschäftsjahr, 2) eine Bilanzsumme von über € 43.000.000 und 3) einen Nettojahresumsatz von über € 50.000.000 gemäß dem letzten Jahresabschluss oder Konzernabschluss; oder

(c) unter sonstigen Umständen, in denen der Emittent zur Veröffentlichung eines Prospekts gemäß Artikel 3 der Prospektrichtlinie nicht verpflichtet ist.

Im Sinne dieser Bestimmung in der in dem jeweiligen Mitgliedstaat umgesetzten Fassung der Prospektrichtlinie bezeichnet ein öffentliches Angebot von Wertpapieren in Bezug auf einen Maßgeblichen Mitgliedstaat die Mitteilung von Informationen über die Bedingungen des Angebots und die angebotenen Wertpapiere in jeglicher Form und auf jedem Wege, die ausreichend sind, um einem Anleger eine Entscheidung über den Erwerb oder die Zeichnung der Wertpapiere zu ermöglichen; "**Prospektrichtlinie**" bezeichnet die Richtlinie 2003/71/EG einschließlich der zu ihrer Umsetzung in jedem Maßgeblichen Mitgliedstaat jeweils eingesetzten Instrumente.

USA:
Die Wertpapiere sind nicht gemäß dem United States Securities Act of 1933 in der jeweiligen Fassung (der "**Securities Act**") registriert und unter bestimmten Umständen dürfen sie nicht innerhalb der Vereinigten Staaten oder an oder für Rechnung oder zu Gunsten von US-Personen angeboten, verkauft oder geliefert werden. Eine gegen diese Beschränkungen verstoßende Transaktion kann eine Verletzung des Rechts der Vereinigten Staaten darstellen. Die Wertpapiere werden fortlaufend angeboten. Demgemäß kann das Angebot, der Verkauf oder die Lieferung von Wertpapieren innerhalb der Vereinigten Staaten oder an US-Personen durch einen Händler, unabhängig davon, ob er sich an dem Angebot beteiligt, bis 40 Tage nach Beginn des Angebots einen Verstoß gegen das Registrierungserfordernis gemäß dem Securities Act darstellen. Die in diesem Absatz verwendeten Bezeichnungen haben die Bedeutung, die ihnen in Regulation S gemäß dem Securities Act beigelegt ist.

England:
Die CSSEL wird gegenüber der Emittentin gewährleisten, dass:

(i) sie die Wertpapiere Personen im Vereinigten Königreich weder angeboten noch verkauft hat und vor Ablauf eines Zeitraums von sechs Monaten ab dem Ausgabetag der Wertpapiere weder anbieten noch verkaufen wird, mit Ausnahme solcher Personen, deren gewöhnliche Tätigkeit es mit sich bringt, dass sie Anlagen für geschäftliche Zwecke erwerben, halten, verwalten oder über sie verfügen (als Geschäftsherr oder als Vertreter) oder mit Ausnahme von Umständen, die nicht zu einem öffentlichen Angebot im Vereinigten Königreich im Sinne der Public Offers of Securities Regulations 1995 geführt haben oder führen werden;

(ii) sie eine Aufforderung oder einen Anreiz zu einer Anlagetätigkeit (im Sinne von § 21 des Financial Services and Markets Act 2000 (der "**FSMA**")), die sie im Zusammenhang mit der Ausgabe oder dem Verkauf von Wertpapieren erhalten hat, ausschließlich unter Umständen weitergegeben hat oder weitergeben wird oder eine solche Weitergabe veranlasst hat oder veranlassen wird, unter denen § 21(1) des FSMA nicht auf die Emittentin anwendbar ist; und

(iii) sie bei allen ihren Handlungen in Bezug auf die Wertpapiere, soweit sie im Vereinigten Königreich erfolgen, von diesem ausgehen oder dieses betreffen, alle anwendbaren Bestimmungen des FSMA erfüllt hat und erfüllen wird.

9. EWR-Pass

Die Emittentin behält sich vor, für bestimmte Länder des Europäischen Wirtschaftsraums ("**EWR**") die Bescheinigung der Billigung des Prospekts nach § 18 WpPG bei der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") zu beantragen, um die Wertpapiere auch in diesen Ländern öffentlich anbieten zu können und/oder dort ggf. auch eine Börsennotierung zu erreichen (der "**EWR-Pass**"). Eine besondere Erlaubnis zum Angebot der Wertpapiere oder zum Verteilen des Prospekts in einer Rechtsordnung außerhalb der Länder, für die ein EWR-Pass möglich und in der eine Erlaubnis erforderlich ist, wurde nicht eingeholt.

BESCHREIBUNG DER WERTPAPIERE

Laufzeit der Wertpapiere

Die Laufzeit der Wertpapiere beginnt mit ihrer Ausgabe am Emissionstag und endet, soweit die Wertpapiere nicht zuvor nach Maßgabe von § 6 der Wertpapierbedingungen durch den Wertpapierinhaber bzw. § 13 oder § 14 der Wertpapierbedingungen durch die Emittentin gekündigt worden sind, am 06. September 2030.

Rückzahlung der Wertpapiere

Die Wertpapiere sind nicht kapitalgarantiert. Sie gewähren den Inhabern das Recht, abhängig von der Kursentwicklung des Basiswerts während der Laufzeit der Wertpapiere, bis zum Abrechnungstag den Rückzahlungsbetrag in Schweizer Franken ("**CHF**") zu erhalten, soweit die Wertpapiere nicht zuvor nach Maßgabe der Wertpapierbedingungen gekündigt worden sind.

Der "**Rückzahlungsbetrag**" je Wertpapier, der mindestens 0 (Null) beträgt, entspricht dem einem Betrag in CHF, der nach folgender Formel berechnet wird:

$$\text{Nennbetrag x max}\left(0; \frac{\text{Schlußkurs des Basiswerts}}{\text{Anfangskurs des Basiswerts}} - \sum_{i=1}^{240} \text{Monatliche Gebühr}\right)$$

dabei gilt

Der "**Schlusskurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Bewertungstag multipliziert mit 99,90 %.

Der "**Kurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, dem Nettoinventarwert je Referenz-Anteil, wie er von der Fondsleitung in Übereinstimmung mit dem Prospekt mit integriertem Fondsvertrag vom Mai 2010 für das Referenz-Teilvermögen bzw. den Referenz-Umbrella-Fonds (der "**Referenz-Prospekt**") bestimmt und veröffentlicht wird.

Der "**Anfangskurs des Basiswerts**" entspricht, vorbehaltlich der Wertpapierbedingungen, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Festlegungstag multipliziert mit 100,10 %. Sollte der Nettoinventarwert je Referenz-Anteil nicht von der Fondsleitung bestimmt und veröffentlicht werden, ist die Emittentin berechtigt, als Anfangskurs einen auf der Basis der dann geltenden Marktusancen und unter Berücksichtigung der dann herrschenden Marktgegebenheiten nach billigem Ermessen (§ 315 BGB) ermittelten Anfangskurs des Basiswerts festzulegen.

Der "**Nettoinventarwert**" entspricht dem Nettoinventarwert des Referenz-Teilvermögens je Referenz-Anteil, zu dem tatsächlich Rücknahmeaufträge durch den Hypothetischen Investor ausgeführt würden, wenn diese bis zum Orderannahmeschluss an dem Tag abgegeben worden wären, an dem nach den Bestimmungen des Referenz-Prospekts letztmalig eine Order zum Bewertungstag erteilt werden kann. In Bezug auf Rücknahmen werden etwaige Kosten, Steuern und Gebühren im Zusammenhang mit den Rücknahmen abgezogen. Im Fall einer teilweisen Ausführung eines Rücknahmeauftrags wird die Berechnungsstelle in ihrer Berechnung den gewichteten Durchschnitt der Nettoinventarwerte aller teilweise ausgeführten Aufträge ansetzen, vorausgesetzt der erteilte Auftrag wird vollständig ausgeführt.

Der "**Wertpapier-Wert$_{(t)}$**" entspricht dem Marktwert eines Wertpapiers zu dem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$, wie er von der Emittentin nach billigem Ermessen (§ 315 BGB) und unter Berücksichtigung des dann aktuellen Kurses des Basiswerts festgelegt wird.

Der "**Monatliche Gebührenabzug-Beobachtungstag$_{(t)}$**" entspricht dem jeweils 17. Tag eines Kalendermonats bzw., falls dieser Tag kein Bankgeschäftstag ist, dem nächstfolgende Bankgeschäftstag.

Die "**Monatliche Gebühr**" entspricht einer Gebühr in Höhe von 1,3 % pro Jahr, die zu jedem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$ von dem dann aktuellen Wertpapier-Wert$_{(t)}$ in Abzug gebracht wird und dementsprechend auf monatlicher ´Basis in Übereinstimmung mit folgender Formel berechnet wird:

$$\text{Wertpapier - Wert}_{(\text{Monatlicher Gebührenabzug-Beobachtungstag t})} \times \frac{0{,}013}{12}$$

Anwendbares Recht, Erfüllungsort und Gerichtsstand

Form und Inhalt der Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Wertpapierbedingungen geregelten Angelegenheiten bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort ist Frankfurt am Main. Gerichtsstand für alle Klagen oder sonstigen Verfahren aus oder im Zusammenhang mit den Wertpapieren ist Frankfurt am Main.

BESCHREIBUNG DES BASISWERTS

Bei dem den Wertpapieren zugrunde liegenden "**Basiswert**" entspricht einem Anteil der Klasse A (Valorennummer 10413628) (auch der "**Referenz-Anteil**") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**"), einem vertraglichen Umbrella-Fonds schweizerischen Rechts der Art «Übrige Fonds für traditionelle Anlagen» gemäß Bundesgesetz über die kollektiven Kapitalanlagen vom 23. Juni 2006, welcher in verschiedene Teilvermögen unterteilt ist.

Die Referenz-Anteile sind nicht zum öffentlichen Vertrieb in der Bundesrepublik Deutschland zugelassen. Die nachfolgenden Angaben zu den Referenz-Anteilen dienen allein der Information von Anlegern, die Zertifikate erwerben wollen und stellen kein Angebot von Referenz-Anteilen dar.

Die nachfolgenden Informationen bestehen lediglich aus Auszügen oder Zusammenfassungen von Informationen über die Referenz-Anteile, den Referenz-Umbrella-Fonds und das Referenz-Teilvermögen, die die Emittentin aus dem sog. Prospekt mit integriertem Fondsvertrag vom Mai 2010 für das Referenz-Teilvermögen bzw. den Referenz-Umbrella-Fonds (der "**Referenz-Prospekt**") entnommen hat. Anleger sollten beachten, dass sich der Referenz-Prospekt nach dem Datum dieses Prospekts von Zeit zu Zeit ändern kann und damit die nachfolgenden Informationen über die Referenz-Anteile, den Referenz-Umbrella-Fonds und das Referenz-Teilvermögen unzutreffend werden. **Anleger sollten deshalb berücksichtigen, dass sich auch die Anlagestrategie des Referenz-Teilvermögens, die zulässigen Anlagen und die Anlagebeschränkungen gegebenenfalls ändern können.** Maßgeblich ist die jeweils gültige Fassung der Beschreibung des Referenz-Anteils als Basiswerts, die in der aktuellen Fassung bei der Zahlstelle bereitgehalten wird.

Die Emittentin bestätigt, dass diese Informationen korrekt wiedergegeben wurden und dass – soweit es der Emittentin bekannt ist und sie aus diesen veröffentlichten Informationen ableiten konnte – keine Tatsachen unterschlagen, die die wiedergegebenen Informationen unkorrekt oder irreführend gestalten würden. Darüber hinaus wird keine weitergehende oder sonstige Gewähr für die Informationen von der Emittentin übernommen. Insbesondere übernimmt die Emittentin keine Verantwortung dafür, dass die nachfolgenden Angaben über den Basiswert zutreffend und vollständig sind bzw. dass kein Umstand eingetreten ist, der die Richtigkeit und Vollständigkeit beeinträchtigen könnte.

Informationen über die Wertentwicklung der Referenz-Anteile und ihre Volatilität können auf der allgemein zugänglichen Internetseite www.Credit-Suisse.com eingeholt werden.

Ausführungen zu den Voraussetzungen und Folgen einer Marktstörung im Zusammenhang mit dem Basiswert können § 7 und § 8 der Wertpapierbedingungen entnommen werden.

1. Informationen über den Referenz-Umbrella-Fonds bzw. die Teilvermögen

a) Allgemeine Angaben zum Referenz-Umbrella-Fonds bzw. zu den Teilvermögen

Der CS ETF II (CH) ist ein vertraglicher Umbrella-Fonds schweizerischen Rechts der Art «Übrige Fonds für traditionelle Anlagen» gemäß Bundesgesetz über die kollektiven Kapitalanlagen vom 23. Juni 2006, welcher in die folgenden Teilvermögen unterteilt ist: a) CS ETF II (CH) on Gold, b) CS ETF II (CH) on Gold – hedged CHF als das Referenz-Teilvermögen und c) CS ETF II (CH) on Gold – hedged EUR (jeweils ein "**Teilvermögen**"). Der Referenz-Umbrella-Fonds bzw. die Teilvermögen besitzen in der Schweiz keine Rechtspersönlichkeit.

Der Fondsvertrag wurde von der Credit Suisse Asset Management Funds AG, Zürich, als Fondsleitung aufgestellt und mit Zustimmung der Credit Suisse AG, Zürich, als Depotbank der Eidgenössischen Finanzmarktaufsicht FINMA ("FINMA") unterbreitet und von dieser erstmals am 30. August 2009 genehmigt.

Die Teilvermögen basieren auf einem Kollektivanlagevertrag (Fondsvertrag), in dem sich die Fondsleitung verpflichtet, den Anleger nach Maßgabe der von ihm erworbenen Fondsanteile am entsprechenden Teilvermögen zu beteiligen und diesen gemäß den Bestimmungen von Gesetz und Fondsvertrag zu verwalten. Die Depotbank nimmt nach Maßgabe der ihr durch Gesetz und Fondsvertrag übertragenen Aufgaben am Fondsvertrag teil.

Ein Anleger in einen Teilvermögen ist nur am Vermögen und am Ertrag desjenigen Teilvermögens berechtigt, an dem er beteiligt ist. Für die auf ein einzelnes Teilvermögen entfallenden Verbindlichkeiten haftet nur das betreffende Teilvermögen.

Gemäß Fondsvertrag steht der Fondsleitung das Recht zu, mit Zustimmung der Depotbank und Genehmigung der Aufsichtsbehörde für jedes Teilvermögen jederzeit verschiedene Anteilklassen zu schaffen, aufzuheben oder zu vereinigen.

Die Teilvermögen sind derzeit nicht in verschiedene Anteilklassen unterteilt. Es gibt nur eine ausschüttende Anteilklasse A, wobei aufgrund der wirtschaftlichen Eigenschaften des Edelmetalls und der anfallenden laufenden Vergütungen und Kosten nicht mit effektiven Ausschüttungen zu rechnen ist.

b) Kotierung der Teilvermögen an der SIX Swiss Exchange AG

Die Anteile der Teilvermögen sind gemäß Standard für kollektive Kapitalanlagen der SIX Swiss Exchange AG (nachfolgend "**SIX Swiss Exchange**") kotiert und werden deshalb auch Exchange Traded Funds bezeichnet. Die Zulassungsstelle der SIX Swiss Exchange hat die beantragte Kotierung bewilligt. Der Handel der Fondsanteile über die SIX Swiss Exchange erfolgt in der Rechnungseinheit des jeweiligen Teilvermögens. Der Handel der Anteile an den Teilvermögen über die SIX Swiss Exchange wird per 6. Oktober 2009 aufgenommen.

Das Clearing wird über SIX SIS AG durchgeführt.

2. Anlageziel und Anlagepolitik, Anlagebeschränkungen sowie Derivateeinsatz der des Referenz-Teilvermögens:

a) Anlageziel und Anlagepolitik des Referenz-Teilvermögens

Das Anlageziel des Teilvermögens CS ETF II (CH) on Gold – hedged CHF als Referenz-Teilvermögen besteht darin, die Wertentwicklung des Goldes möglichst genau nachzubilden. Vorbehalten bleiben Abweichungen, die durch die dem Referenz-Teilvermögen belasteten Vergütungen und Nebenkosten verursacht werden.

Das Referenz-Teilvermögen investiert ausschließlich in physisches Gold in kuranter Form in Barren der Standardeinheit von ca. 400 Unzen (oz.) (ca. 12,5 kg) mit der Feinheit 995/1000 oder besser. Vorbehalten bleibt ein Haben oder Soll auf einem Edelmetallkonto im Umfang von max. 450 Unzen (oz.) (ca. 14 kg) Gold. Dies erlaubt es, Spitzenbestände unterhalb Barrengröße der Entwicklung des Goldpreises auszusetzen. Als Anlagewährung von Gold gilt der US-Dollar. Daneben dürfen zusätzlich flüssige Mittel gehalten werden. Als flüssige Mittel gelten Bankguthaben auf Sicht und Zeit mit Laufzeiten bis zu zwölf Monaten. Zusätzlich werden sämtliche Anlagen, die nicht auf die jeweilige Rechnungseinheit des Teilvermögens lauten, mittels Devisentermingeschäften gegen diese bestmöglich abgesichert.

b) Derivateinsatz Referenz-Teilvermögens

Die Fondsleitung setzt Derivate im Hinblick auf eine effiziente Verwaltung der Vermögen des Referenz-Teilvermögens ein. Diese dürfen jedoch auch unter außerordentlichen Marktverhältnissen nicht zu einer Abweichung von den Anlagezielen beziehungsweise zu einer Veränderung des Anlagecharakters des Referenz-Teilvermögens führen. Bei der Risikomessung gelangt der Commitment-Ansatz I zur Anwendung (vereinfachtes Verfahren).

Die Derivate werden lediglich zur Absicherung von Währungsrisiken eingesetzt. Es dürfen nur Derivat-Grundformen verwendet werden, d.h. Call-oder Put-Optionen, Swaps und Termingeschäfte (Futures und Forwards), wie sie im Fondsvertrag näher beschrieben sind, sofern deren

Basiswerte gemäß Anlagepolitik als Anlage zulässig sind. Die Derivate können an einer Börse oder an einem anderen geregelten, dem Publikum offenstehenden Markt gehandelt oder OTC (over the counter) abgeschlossen sein. Derivate unterliegen neben dem Markt- auch dem Gegenparteirisiko, d.h. dem Risiko, dass die Vertragspartei ihren Verpflichtungen nicht nachkommt und dadurch einen finanziellen Schaden verursacht. Der Einsatz dieser Instrumente darf auch unter außerordentlichen Marktverhältnissen weder eine Hebelwirkung (sog. Leverage) auf das Vermögen des Referenz-Teilvermögens ausüben noch einem Leerverkauf entsprechen.

3. Die Fondsleitung, der Investment Manager, die Depotbank, und die Prüfgesellschaft

a) Die Fondsleitung

Allgemeine Angaben zur Fondsleitung

Für die Fondsleitung zeichnet die Credit Suisse Asset Management Funds AG, Zürich, verantwortlich (die "**Fondsleitung**"). Seit ihrer Gründung als Aktiengesellschaft im Jahre 1984 ist sie ausschließlich im Fondsgeschäft tätig. Die Höhe des gezeichneten Aktienkapitals der Fondsleitung beträgt seit 30. Juni 1994 CHF 7 Mio. und ist voll einbezahlt. Das Aktienkapital ist in Namenaktien eingeteilt. Die Credit Suisse Asset Management Funds AG ist eine 100%ige Tochtergesellschaft der Credit Suisse AG, Zürich.

Die Fondsleitung verwaltet in der Schweiz insgesamt 150 kollektive Kapitalanlagen (inkl. Teilfonds), wobei sich die Summe der verwalteten Vermögen am 31. Dezember 2009 auf CHF 77’032 Mio. belief.

Delegation der Anlageentscheide

Die Anlageentscheide der Teilvermögen sind an die Credit Suisse AG, Zürich, als Investment Manager delegiert. Die genaue Ausführung des Auftrags regelt ein zwischen der Fondsleitung und der Credit Suisse AG, Zürich, abgeschlossener Vermögensverwaltungsvertrag.

Delegation weiterer Teilaufgaben

Die Fondsleitung hat der Credit Suisse AG, Zürich, verschiedene Teilaufgaben der Fondsadministration delegiert. Es handelt sich um Aufgaben in den Bereichen Rechts- und Steuerberatung, Finanzwesen der Fondsleitung, Real Estate Portfolio Management und Administration, Facility Management, Personalwesen, Management Information System MIS, Projekt- und Benutzersupport für das Fund Accounting, Risk Management und Investment Guideline Monitoring. Es besteht die Möglichkeit, der Credit Suisse AG, Zürich, weitere Teilaufgaben zu delegieren. Die genaue Ausführung des Auftrags regelt ein zwischen der Fondsleitung und der Credit Suisse AG, Zürich, abgeschlossener Vertrag.

Ausübung von Gläubiger- und Mitgliedschaftsrechten

Die Fondsleitung übt die mit den Anlagen der verwalteten Teilvermögen verbundenen Mitgliedschafts- und Gläubigerrechte unabhängig und ausschließlich im Interesse der Anleger aus. Bei anstehenden Routinegeschäften ist es der Fondsleitung freigestellt, die Mitgliedschafts- und Gläubigerrechte selber auszuüben oder die Ausübung an die Depotbank oder Dritte zu delegieren. Bei allen sonstigen Traktanden, welche die Interessen der Anleger nachhaltig tangieren könnten, wie namentlich bei der Ausübung von Mitgliedschafts- und Gläubigerrechten, welche der Fondsleitung als Aktionärin oder Gläubigerin der Depotbank oder sonstiger ihr nahestehender juristischer Personen zustehen, übt die Fondsleitung das Stimmrecht selber aus oder erteilt ausdrückliche Weisungen. Sie darf sich dabei auf Informationen abstützen, die sie von der Depotbank, dem Portfolio Manager, der Gesellschaft oder Dritten erhält oder aus der Presse erfährt. Der Fondsleitung ist es freigestellt, auf die Ausübung der Mitgliedschafts- und Gläubigerrechte zu verzichten.

b) Der Investment Manager

Die Anlageentscheide der Teilvermögen sind an die Credit Suisse AG, Zürich, als Investment Manager delegiert (der "**Investment Manager**"). Die Credit Suisse AG, Zürich, ist ein weltweit tätiges Finanzdienstleistungsunternehmen, das Kunden im Bereich Private & Retail Banking, Corporate & Investment Banking sowie Asset Management berät. Sie zeichnet sich durch langjährige Erfahrung in den Bereichen institutionelle Vermögensverwaltung und Anlageberatung aus.

c) Die Depotbank

Als Depotbank fungiert die Credit Suisse AG, Paradeplatz 8, 8001 Zürich (die "**Depotbank** "). Die Depotbank wurde im Jahre 1856 unter dem Namen Schweizerische Kreditanstalt in der Rechtsform einer Aktiengesellschaft in Zürich gegründet. Die Credit Suisse AG, eine 100%ige Tochtergesellschaft der Credit Suisse Group AG, Zürich, ist eine weltweit tätige Universalbank.

Die Depotbank kann Dritt-und Sammelverwahrer im In- oder Ausland mit der Aufbewahrung der Vermögen der Teilvermögen beauftragen. Für Anlagen in physisches Gold darf die Depotbank nur Dritt- und Sammelverwahrer in der Schweiz beauftragen. Sie haftet dabei für die gehörige Sorgfalt bei deren Wahl und Instruktion sowie bei der Überwachung der dauernden Einhaltung der Auswahlkriterien. Die Dritt- und Sammelverwahrung bringt es mit sich, dass die Fondsleitung an den hinterlegten Wertpapieren nicht mehr das Allein-, sondern nur noch das Miteigentum hat.

d) Die Prüfgesellschaft

KPMG AG, Zürich, ist die Prüfgesellschaft

5. Vergütungen und Nebenkosten

a) Verwaltungskommission

Für die Leitung, das Asset Management und den Vertrieb der Teilvermögen stellt die Fondsleitung zulasten der Teilvermögen eine Kommission von jährlich maximal 0,50% des Nettoinventarwertes der Teilvermögen in Rechnung (die "**Verwaltungskommission**"). Die Belastung der Teilvermögen erfolgt jeweils am Anfang jeden Monats auf der Basis des durchschnittlichen Nettovermögens der Teilvermögen des Vormonats.

b) Depotbankkommission

Für die Aufbewahrung des Vermögens der Teilvermögen, die Besorgung des Zahlungsverkehrs der Teilvermögen und die sonstigen Aufgaben der Depotbank belastet die Depotbank dem Teilvermögen eine Kommission von jährlich maximal 0,20% des Nettoinventarwertes des Teilvermögens (die "**Depotbankkommission**"). Die Belastung des Teilvermögens erfolgt jeweils am Anfang jeden Monats auf der Basis des durchschnittlichen Nettovermögens der Teilvermögen des Vormonats.

c) Ersatz von Auslagen

Die Fondsleitung und Depotbank haben außerdem Anspruch auf Ersatz der folgenden Auslagen, die ihnen in Ausführung des Fondsvertrags entstanden sind:

- jährliche Gebühren der Aufsicht über den Umbrella-Fonds bzw. die Teilvermögen in der Schweiz;

- Druck der Jahres- und Halbjahresberichte;

- Preispublikationen (inkl. Kosten der Einspeisung der Preise in elektronische Medien und Kursübermittlungssysteme) und Veröffentlichungen von Mitteilungen an die Anleger;

- Honorar der Prüfgesellschaft für die ordentlichen Prüfungen;

- Kosten allfällig nötig werdender außerordentlicher Dispositionen, die sie im Interesse der Anleger treffen, insbesondere Rechts- und Steuerberatung.

d) Nebenkosten

Zusätzlich trägt das jeweilige Teilvermögen sämtliche aus der Verwaltung des Vermögens des Teilvermögens erwachsenden Nebenkosten für den An- und Verkauf der Anlagen (marktkonforme Courtagen, Kommissionen, Abgaben, die im Zusammenhang mit der Anlage in physisches Gold anfallenden Bearbeitungsgebühren usw.). Diese Kosten werden entweder direkt mit dem

Einstands bzw. Verkaufswert der betreffenden Anlagen verrechnet oder separat in Rechnung gestellt.

Ferner können dem Vermögen der Teilvermögen folgende Kosten belastet werden:

- Sämtliche Kosten und Gebühren für Lizenzen zugunsten der Teilvermögen (insbesondere für die Verwendung von Indizes);

- Gebühren und Kosten im Zusammenhang mit der Kotierung und Zulassung zum Handel der Anteile in der Schweiz und im Ausland sowie deren Aufrechterhaltung.

BESTEUERUNG FÜR INHABER DER WERTPAPIERE

I. Steuerliche Behandlung in der Bundesrepublik Deutschland

1. Allgemeine Hinweise

Die nachfolgende Darstellung der steuerlichen Konsequenzen einer Anlage in die Wertpapiere basiert auf den zum Zeitpunkt der Drucklegung des Prospekts gültigen deutschen Steuergesetzen und deren Auslegung, die Änderungen unterliegen können. Solche Änderungen können auch rückwirkend eingeführt werden und die nachfolgend beschriebenen steuerlichen Folgen nachteilig beeinflussen. Auf einzelne, abweichende Stellungnahmen der Rechtsprechung sowie der Fachliteratur wurde insoweit nicht eingegangen, als diese nach Auffassung der Emittentin das Ergebnis der steuerlichen Würdigung nicht beeinflussen.

Die in diesem Prospekt enthaltenen Darstellungen zur Besteuerung können weder als steuerliche Beratung noch als verbindliche Auskunft oder gar als Zusicherung oder Garantie hinsichtlich des Eintritts bestimmter steuerlicher Folgen in einem nicht abschließend geklärten Bereich angesehen werden. Darüber hinaus darf die Darstellung nicht als alleinige Grundlage für die steuerliche Beurteilung einer Anlage in die Wertpapiere dienen, da letztlich auch die individuelle Situation des einzelnen Anlegers berücksichtigt werden muss. Die Darstellung beschränkt sich vielmehr auf einen allgemeinen Überblick über mögliche steuerliche Konsequenzen.

POTENZIELLEN ERWERBERN VON WERTPAPIEREN WIRD EMPFOHLEN, IHREN PERSÖNLICHEN STEUERBERATER ZU KONSULTIEREN UND SICH ÜBER DIE STEUERLICHEN KONSEQUENZEN EINES ERWERBS, DES BESITZES UND EINER VERÄUSSERUNG DER WERTPAPIERE BERATEN ZU LASSEN. DIES GILT INSBESONDERE IM HINBLICK AUF MÖGLICHE LOKALE STEUERN IN DEM STAAT, IN DEM SIE ANSÄSSIG SIND.

Soweit in den nachstehenden Ausführungen die Besteuerung im Fall einer Veräußerung der Wertpapiere dargestellt wird, gilt diese Darstellung gegebenenfalls entsprechend für die Fälle der Einlösung, Rückzahlung oder Abtretung der Wertpapiere sowie einer verdeckten Einlage der Wertpapiere in eine Kapitalgesellschaft.

2. Im Inland ansässige Anleger

Im Inland ansässige Anleger sind Personen, die in der Bundesrepublik Deutschland steuerlich ansässig sind (d.h. grundsätzlich Personen, deren Wohnsitz, gewöhnlicher Aufenthalt, Sitz oder Ort der Geschäftsleitung sich in Deutschland befindet).

(a) Besteuerung der Wertpapiere im Privatvermögen

Bei den Wertpapieren handelt es sich um Kapitalforderungen im Sinne von § 20 Abs. 1 Nr. 7 Einkommensteuergesetz ("**EStG**"). Bei Anlegern, die die Wertpapiere im Privatvermögen halten, sind Gewinne aus der Veräußerung von Wertpapieren im Rahmen der Einkünfte aus Kapitalvermögen gemäß § 20 Abs. 2 Satz 1 Nr. 7 EStG steuerpflichtig. Verluste aus einer solchen Veräußerung können nur mit anderen positiven Einkünften aus Kapitalvermögen verrechnet werden. Soweit im Jahr des Verlusts keine ausreichenden positiven Einkünfte aus Kapitalvermögen vorhanden sind, können die Verluste (ohne Mindestbesteuerung) in zukünftige Veranlagungszeiträume vorgetragen werden.

Gemäß einem BMF-Schreiben vom 22. Dezember 2009 stellt ein Forderungsausfall keine Veräußerung dar. Entsprechendes gilt für einen Forderungsverzicht, soweit keine verdeckte Einlage in eine Kapitalgesellschaft vorliegt. Das hat zur Folge, dass Verluste aufgrund eines Forderungsausfalls bzw. eines Forderungsverzichts steuerlich nicht abzugsfähig sind. Nach Auffassung der Emittentin sollten jedoch Verluste aus anderen Gründen (z.B. weil wie vorliegend den Wertpapieren ein Basiswert zugrundeliegt und dieser Basiswert an Wert verliert) abzugsfähig sein. Anleger werden jedoch darauf hingewiesen, dass diese Auffassung der Emittentin nicht als Garantie verstanden werden darf, dass die Finanzverwaltung und/oder Gerichte dieser Auffassung folgen werden.

Für Einkünfte aus Kapitalvermögen gilt grundsätzlich ein gesonderter Steuertarif in Höhe von 26,375 % einschließlich Solidaritätszuschlag, gegebenenfalls zuzüglich Kirchensteuer. In bestimmten Fällen kann der Anleger beantragen, mit seinem persönlichen Steuersatz besteuert zu werden, wenn dies für ihn günstiger ist.

Bei den Einkünften aus Kapitalvermögen wird der Sparer-Pauschbetrag in Höhe von 801,- EUR (1.602,- EUR bei zusammen veranlagten Ehegatten) in Abzug gebracht. Der Abzug der tatsächlichen Werbungskosten ist grundsätzlich ausgeschlossen.

Die Einkommensteuer für Einkünfte aus Kapitalvermögen gilt mit dem Einbehalt der Kapitalertragssteuer grundsätzlich als abgegolten (Abgeltungsteuer); eine Erklärung der Einkünfte im Veranlagungsverfahren ist dann nicht mehr erforderlich. Wird keine Kapitalertragssteuer einbehalten (abgesehen von nicht einbehaltener Kapitalertragsteuer auf Grund eines Freistellungsauftrags – siehe unten), ist der Anleger weiterhin verpflichtet, die Einkünfte aus Kapitalvermögen in seiner Steuererklärung anzugeben. Für die Einkünfte aus Kapitalvermögen gilt in diesem Fall auch im Veranlagungsverfahren grundsätzlich der gesonderte Steuertarif für Einkünfte aus Kapitalvermögen.

(b) Besteuerung der Wertpapiere im Betriebsvermögen

In Deutschland unbeschränkt steuerpflichtige natürliche und juristische Personen, die die Wertpapiere im Betriebsvermögen halten, unterliegen mit Veräußerungsgewinnen der Besteuerung in Deutschland (Einkommensteuer oder Körperschaftsteuer, jeweils zuzüglich Solidaritätszuschlag sowie gegebenenfalls Kirchensteuer und Gewerbesteuer). Veräußerungsverluste sind gegebenenfalls nicht oder nur beschränkt steuerlich abzugsfähig.

Einbehaltene Kapitalertragsteuer gilt als Vorauszahlung der Einkommen- bzw. Körperschaftsteuer und wird im Veranlagungsverfahren angerechnet oder erstattet.

(c) Quellensteuer

Kapitalertragsteuer wird bei der Auszahlung des Veräußerungserlöses in Höhe von 26,375 % erhoben (einschließlich Solidaritätszuschlag, gegebenenfalls zuzüglich Kirchensteuer), wenn die Wertpapiere von einer inländischen Zweigstelle eines inländischen oder ausländischen Kredit- oder Finanzdienstleistungsinstituts oder von einem inländischen Wertpapierhandelsunternehmen oder einer inländischen Wertpapierhandelsbank verwahrt oder verwaltet werden, welche(s) den Veräußerungserlös auszahlt oder gutschreibt ("**auszahlende Stelle**"). Der Steuerabzug bemisst sich nach dem erzielten Gewinn, wenn die Wertpapiere von der auszahlenden Stelle erworben oder veräußert und seitdem verwahrt oder verwaltet worden sind. Im Fall einer zwischenzeitlichen Übertragung kann der Steuerpflichtige versuchen, die Anschaffungsdaten nachzuweisen. Sind die Anschaffungsdaten nicht nachgewiesen, bemisst sich der Steuerabzug nach 30 % der Einnahmen aus der Veräußerung der Wertpapiere.

Die Emittentin ist nach deutschem Steuerrecht dagegen nicht verpflichtet, Quellensteuer bei Einlösung bzw. Veräußerung der Wertpapiere einzubehalten.

Grundsätzlich wird keine Kapitalertragsteuer einbehalten, wenn der Anleger die Wertpapiere im Privatvermögen hält und der auszahlenden Stelle einen Freistellungsauftrag erteilt hat, jedoch nur soweit die Kapitalerträge aus den Wertpapiere zusammen mit anderen Kapitalerträgen den im Freistellungsauftrag angegebenen Betrag nicht überschreiten. Entsprechend wird keine Kapitalertragsteuer einbehalten, wenn der Anleger eine Nichtveranlagungs-Bescheinigung des zuständigen Wohnsitzfinanzamts vorgelegt hat. Darüber hinaus erfolgt bei Veräußerungsgewinnen kein Einbehalt von Kapitalertragsteuer, wenn (a) der Steuerpflichtige eine unbeschränkt steuerpflichtige Körperschaft, Personenvereinigung oder Vermögensmasse ist, die nicht unter § 43 Abs. 2 Satz 2 oder § 44a Abs. 4 Satz 1 EStG fällt, oder (b) die Kapitalerträge Betriebseinnahmen eines inländischen Betriebs sind und der Steuerpflichtige dies gegenüber der auszahlenden Stelle nach amtlich vorgeschriebenem Vordruck erklärt.

3. Im Ausland ansässige Anleger

Personen, die nicht in Deutschland steuerlich ansässig sind, sind mit Einkünften aus den Wertpapieren grundsätzlich nicht in Deutschland steuerpflichtig, es sei denn die Wertpapiere gehören zu einer inländischen Betriebstätte oder einem inländischen ständigen Vertreter des Investors oder die Einkünfte aus den Wertpapieren gehören aus sonstigen Gründen zu den inländischen Einkünften im Sinne des § 49 EStG. Wenn ein Investor mit den Einkünften aus den Wertpapieren in Deutschland beschränkt steuerpflichtig ist, gelten grundsätzlich die gleichen Ausführungen wie für die in Deutschland ansässigen Personen (siehe oben 2).

Personen, die nicht in Deutschland steuerlich ansässig sind, unterliegen grundsätzlich auch nicht dem Kapitalertragsteuerabzug. Wenn die Einkünfte aus den Wertpapieren jedoch als inländische Einkünfte qualifizieren, finden auch die Kapitalertragsteuervorschriften grundsätzlich entsprechende Anwendung.

4. EU Zinsrichtlinie

Gemäß der Richtlinie 2003/48/EG der Europäischen Union über die Besteuerung von Zinserträgen ist jeder Mitgliedstaat verpflichtet, den zuständigen Behörden eines anderen Mitgliedstaates Auskünfte über Zinszahlungen und gleichgestellte Zahlungen zu erteilen, die im jeweiligen Mitgliedstaat an eine Person gezahlt werden, die in einem anderen Mitgliedstaat ansässig ist. Allerdings können Österreich, Belgien und Luxemburg während einer Übergangszeit stattdessen eine Quellensteuer erheben, deren Satz schrittweise auf 35% angehoben wird. Mit Wirkung vom 1. Januar 2010 hat Belgien beschlossen, diese Übergangszeit vorzeitig zu beenden und auf das System des Informationsaustauschs überzugehen.

Eine Reihe von Staaten, die nicht Mitglied der Europäischen Union sind, sowie einige bestimmte abhängige oder angeschlossene Gebiete bestimmter Mitgliedsstaaten haben vergleichbare Regelungen (Informationspflichten oder Quellensteuer) verabschiedet.

Die Richtlinie wurde in Deutschland mittels der Zinsinformationsverordnung (ZIV) durch Einführung eines Meldeverfahrens für Zinszahlungen an in anderen EU-Staaten (bzw. bestimmten abhängigen und assoziierten Gebieten) ansässige natürliche Personen nach § 9 ZIV umgesetzt.

Das Meldeverfahren sieht vor, dass eine inländische Zahlstelle verpflichtet ist, dem Bundeszentralamt für Steuern Auskünfte zu erteilen, insbesondere im Hinblick auf Identität und Wohnsitz des wirtschaftlichen Eigentümers, Name und Anschrift der Zahlstelle, Kontonummer des wirtschaftlichen Eigentümers oder, in Ermangelung einer solchen, Kennzeichen der Forderung, aus der die Zinsen herrühren, sowie den Gesamtbetrag der Zinsen oder Erträge und den Gesamtbetrag des Erlöses aus der Abtretung, Rückzahlung oder Einlösung. Das Bundeszentralamt für Steuern leitet diese Auskünfte an die zuständige Behörde des Mitgliedstaats, in dem der wirtschaftliche Eigentümer ansässig ist, weiter.

Am 13. November 2008 hat die Europäische Kommission einen Vorschlag für eine Anpassung der EU Zinsrichtlinie veröffentlicht, der einige Änderungen enthält. Eine modifizierte Fassung des Vorschlags wurde vom Europäischen Parlament genehmigt und wird nun vom Europäischen Rat geprüft. Wenn die Änderungen umgesetzt werden, könnte dies die Anwendbarkeit der EU Zinsrichtlinie ändern oder erweitern. Anleger, die Zweifel bezüglich ihrer Position haben, sollten sich daher durch ihre Berater beraten lassen.

II. Besteuerung der Wertpapiere in der Republik Österreich

Die nachstehenden Ausführungen geben die zum Zeitpunkt der Drucklegung dieses Prospekts geltende österreichische Rechtslage und Verwaltungspraxis wieder und beziehen sich im Wesentlichen auf Anleger, die in Österreich unbeschränkt steuerpflichtig sind. Darüber hinaus stellt diese Übersicht nur eine Kurzzusammenfassung dar und ersetzt keine detaillierte Prüfung der Rechtslage im Einzelfall. Die steuerlichen Folgen des Erwerbs, des Haltens und der Veräußerung der Wertpapiere in anderen Ländern werden nicht erläutert. Potenzielle Anleger werden darauf hingewiesen, dass sie hinsichtlich der steuerlichen Behandlung der Erträge aufgrund des Erwerbs, des Haltens und der Veräußerung der Wertpapiere einen Steuerberater konsultieren sollten. Es ist generell darauf hinzuweisen, dass die Finanzverwaltung bei neuen Finanzprodukten, mit denen auch steuerliche Vorteile verbunden sein können, eine kritische Haltung einnimmt. Das steuerliche Risiko aus den Wertpapieren trägt der Käufer.

1. Allgemein

Wertpapiere, deren Rückzahlungspreis sich nach der Wertentwicklung eines Basiswertes (z.B. Index oder Aktie) richtet, werden nach herrschender Auffassung steuerlich als Forderungswertpapiere qualifiziert. Die Differenz zwischen Ausgabe- und Einlösewert sind Zinsen gemäß § 27 Einkommensteuergesetz (EStG), für die Kapitalertragssteuer gemäß § 93 EStG abzuziehen ist.

2. Natürliche Personen – Besteuerung im Privatvermögen

Natürliche Personen, welche Forderungswertpapiere in ihrem Privatvermögen halten, unterliegen mit den Zinsen daraus der Einkommensteuer nach § 27 Abs 1 Z 4 und § 27 Abs 2 Z 2 EStG.

Werden die Zinsen über eine inländische kuponauszahlende Stelle ausbezahlt, dann kommt es zum Abzug von Kapitalertragsteuer (KESt) von 25 %; über den Abzug von KESt hinaus besteht keine Einkommensteuerpflicht (Endbesteuerung gemäß § 97 Abs 1 EStG), sofern die Forderungswertpapiere zusätzlich an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden. Werden die Zinsen nicht über eine inländische kuponauszahlende Stelle ausbezahlt, dann müssen sie in der Steuererklärung angegeben werden; sie unterliegen dann einer Besteuerung mit einem begünstigten Satz von 25 %, sofern die Forderungswertpapiere zusätzlich an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden. Wenn die Forderungswertpapiere nicht an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden, dann müssen die Zinsen in der Steuererklärung angegeben werden; sie unterliegen dann einer Besteuerung nach dem progressiven Einkommensteuertarif, wobei eine allfällige KESt auf die Steuerschuld anzurechnen ist.

3. Natürliche Personen – Besteuerung im Betriebsvermögen

Natürliche Personen, welche Forderungswertpapiere in einem Betriebsvermögen halten, unterliegen mit den Zinsen daraus der Einkommensteuer.

Werden die Zinsen über eine inländische kuponauszahlende Stelle ausbezahlt, dann kommt es zum Abzug von Kapitalertragsteuer von 25 %; über den Abzug von KESt hinaus besteht keine Einkommensteuerpflicht (Endbesteuerung gemäß § 97 Abs 1 EStG), sofern die Forderungswertpapiere zusätzlich an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden. Werden die Zinsen nicht über eine inländische kuponauszahlende Stelle ausbezahlt, dann müssen sie in der Steuererklärung angegeben werden; sie unterliegen dann einer Besteuerung mit einem begünstigten Satz von 25 %, sofern die Forderungswertpapiere zusätzlich an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden. Wenn die Forderungswertpapiere nicht an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden, dann müssen die Zinsen in der Steuererklärung angegeben werden; sie unterliegen dann einer Besteuerung nach dem progressiven Einkommensteuertarif, wobei eine allfällige KESt auf die Steuerschuld anzurechnen ist.

4. Kapitalgesellschaften

Kapitalgesellschaften unterliegen mit den Zinsen aus Forderungswertpapieren der Körperschaftsteuer von 25 %. Unter den Voraussetzungen des § 94 Z 5 EStG (Befreiungserklärung) kommt es nicht zum Abzug von KESt.

5. Privatstiftungen

Privatstiftungen nach dem Privatstiftungsgesetz, welche die Voraussetzung des § 13 Abs 1 Z 1 Körperschaftsteuergesetz (KStG) erfüllen (offen legende, eigennützige Privatstiftungen) und Forderungswertpapiere im Privatvermögen halten, unterliegen mit den Zinsen daraus gemäß § 13 Abs 3 Z 1 KStG der Körperschaftsteuer (Zwischenbesteuerung) mit einem Steuersatz von 12,5 %, unter der Voraussetzung, dass die Forderungswertpapiere zusätzlich an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden. Wenn die Forderungswertpapiere nicht an einen in rechtlicher und tatsächlicher Hinsicht unbestimmten Personenkreis angeboten werden, dann unterliegen die Zinsen der Körperschaftsteuer mit einem Steuersatz von 25 %. Unter den Voraussetzungen des § 94 Z 11 EStG kommt es nicht zum Abzug von KESt.

6. Hinweis zum Investmentfondsgesetz

Gemäß § 42 Abs 1 Investmentfondsgesetz (InvFG) gilt als ausländischer Investmentfonds, ungeachtet der Rechtsform, jedes einem ausländischen Recht unterstehende Vermögen, das nach dem Gesetz, der Satzung oder der tatsächlichen Übung nach den Grundsätzen der Risikostreuung angelegt ist. Von dieser Definition sind jedoch Veranlagungsgemeinschaften in Immobilien im Sinne des § 14 Kapitalmarktgesetz ausgenommen. Es ist darauf hinzuweisen, dass die österreichische Finanzverwaltung in den Investmentfondsrichtlinien zur Frage der Abgrenzung von Indexzertifikaten ausländischer Anbieter und einerseits und ausländischen Investmentfonds andererseits Stellung genommen hat. Danach ist ein ausländischer Investmentfonds dann nicht anzunehmen, wenn für Zwecke der Emission ein überwiegender tatsächlicher Erwerb dieser Wertpapiere durch den Emittenten oder einen allenfalls von ihm beauftragten Treuhänder unterbleibt und kein aktiv gemanagtes Vermögen vorliegt.

Nach Ansicht der Emittentin handelt es sich bei den gegenständlichen Wertpapieren steuerlich um Forderungswertpapiere und nicht um Anteile an einem ausländischen Investmentfonds. Gegen eine Qualifizierung als Anteil an einem ausländischen Fonds spricht der Umstand, dass eine Nachbildung des dem Wertpapier zugrunde liegenden Basiswertes weder von der Emittentin noch von einem Treuhänder vorgenommen wird und somit kein *asset backing* vorliegt. Ebenso liegt kein aktives Vermögensmanagement vor.

7. Hinweis zur EU-Quellensteuer

§ 1 EU-Quellensteuergesetz (EU-QuStG) sieht – in Umsetzung der Richtlinie 2003/48/EG des Rates vom 3. Juni 2003 im Bereich der Besteuerung von Zinserträgen – vor, dass Zinsen, die eine inländische Zahlstelle an einen wirtschaftlichen Eigentümer, der eine natürliche Person ist, zahlt oder zu dessen Gunsten einzieht, der EU-Quellensteuer unterliegen, sofern der wirtschaftliche Eigentümer seinen Wohnsitz in einem anderen Mitgliedstaat der EU hat.

Betreffend die Frage, ob Indexzertifikate der EU-Quellensteuer unterliegen, unterscheidet die österreichische Finanzverwaltung zwischen Indexzertifikaten mit und ohne Kapitalgarantie, wobei eine Kapitalgarantie bei Zusicherung der Rückzahlung eines Mindestbetrages des eingesetzten Kapitals oder auch bei der Zusicherung von Zinsen besteht. Im vorliegenden Fall liegen Zertifikate ohne Kapitalgarantie vor, sodass Folgendes gilt: Bei Zertifikaten auf Aktienindices stellen die Erträge keine Zinsen iSd EU-QuStG dar, während die Erträge bei Zertifikaten auf Anleiheindices dann keine Zinsen iSd EU-QuStG darstellen, wenn sich der Index aus mindestens fünf unterschiedlichen Anleihen unterschiedlicher Emittenten zusammensetzt, wobei der Anteil einer einzelnen Anleihe nicht mehr als 80 % des Index betragen darf.

Nach Ansicht der Emittentin sollten die Wertpapiere auf Basis der dargestellten Rechtsauffassung der österreichischen Finanzverwaltung und aufgrund der konkreten Ausgestaltung des Basiswerts nicht der EU-Quellensteuer unterliegen.

Anlegern wird ferner empfohlen, im Hinblick auf die individuellen steuerlichen Auswirkungen der Anlage den eigenen steuerlichen Berater zu konsultieren.

ALLGEMEINE INFORMATIONEN ÜBER DIE EMITTENTIN

Die Credit Suisse Securities (Europe) Limited (die "CSSEL") hat die in diesem Abschnitt enthaltenen Informationen, die sich auf die Emittentin und die Anteilsinhaber der Emittentin beziehen, von der Emittentin bzw. ihren Anteilsinhabern erhalten. Es wird bestätigt, dass diese Informationen korrekt wiedergegeben wurden und dass, soweit dies der CSSEL bekannt ist und sie aus den von der Emittentin bzw. ihren Anteilsinhabern veröffentlichten Informationen ableiten konnte, keine Fakten unterschlagen wurden, die dazu führen würden, dass die wiedergegebenen Informationen falsch oder irreführend wären. Die CSSEL hat insoweit die Quellen ihrer Informationen überprüft.

Die Credit Suisse International (die "Emittentin") wurde am 9. Mai 1990 gemäß dem Companies Act 1985 (Gesellschaftsgesetz von 1985) in England und Wales gegründet und unter der Nummer 2500199 eingetragen und am 6. Juli 1990 unter dem Namen "Credit Suisse Financial Products" erneut als eine Gesellschaft mit unbeschränkter Haftung eingetragen und wurde am 27. März 2000 in "Credit Suisse First Boston International" umfirmiert. Die Emittentin wurde am 16. Januar 2006 in "Credit Suisse International" umbenannt. Ihre eingetragene Niederlassung und ihr Hauptgeschäftssitz befinden sich in One Cabot Square, London E14 4QJ, Telefonnummer +44 (0)207 888 8888. Bei der Emittentin handelt es sich um eine englische Bank, die als EU-Kreditinstitut laut dem Financial Services and Markets Act 2000 unter Aufsicht der Financial Services Authority ("FSA") steht. Die FSA hat eine Mitteilung über den Umfang der Zulassung veröffentlicht, laut der die Emittentin befugt ist, spezifische regulierte Anlagetätigkeiten auszuüben.

Bei der Emittentin handelt es sich um eine Gesellschaft mit unbeschränkter Haftung, und ihre Anteilsinhaber haben demzufolge die gesamtschuldnerische und unbeschränkte Verpflichtung, im Fall der Liquidation der Emittentin etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken. Die gesamtschuldnerische und unbeschränkte Haftung der Anteilsinhaber der Emittentin, etwaige Fehlbeträge der Vermögenswerte der Emittentin zu decken, gilt nur im Fall der Liquidation der Emittentin. Aus diesem Grund können die Wertpapierinhaber vor einer Liquidation der Emittentin eventuell nur die Vermögenswerte der Emittentin und nicht die Vermögenswerte ihrer Anteilsinhaber in Regress nehmen.

Die Emittentin hat ihre Geschäftstätigkeit am 16. Juli 1990 aufgenommen. Sie ist hauptsächlich im Bankgeschäft tätig, das unter anderem den Handel mit derivativen Produkten beinhaltet, die mit Zinssätzen, Devisen, Kapitalbeteiligungen, Wirtschaftsgütern und Darlehen verbunden sind. Die Emittentin verfolgt vorwiegend das Ziel, umfassende Dienste mit Produkten für das Finanzund Risikomanagement anzubieten. Die Emittentin hat sich auf den globalen Märkten für Derivate eine wesentliche Präsenz aufgebaut und bietet ein umfassendes Sortiment an derivativen Produkten an und entwickelt unter Berücksichtigung der Bedürfnisse ihrer Kunden und Veränderungen auf den zugrunde liegenden Märkten laufend neue Produkte. Die Geschäftstätigkeit der Emittentin wird als Teil der des Geschäftsbereiches Investment Banking der Credit Suisse AG in der Region Europa, Mittlerer Osten und Afrika geführt und durch den Bereich Shared Services der Credit Suisse AG unterstützt, der die Geschäftstätigkeit der Emittentin auf den Gebieten wie Finanzen, Recht, Risikomanagement und Informationstechnologie unterstützt.

1. Anteilsinhaber

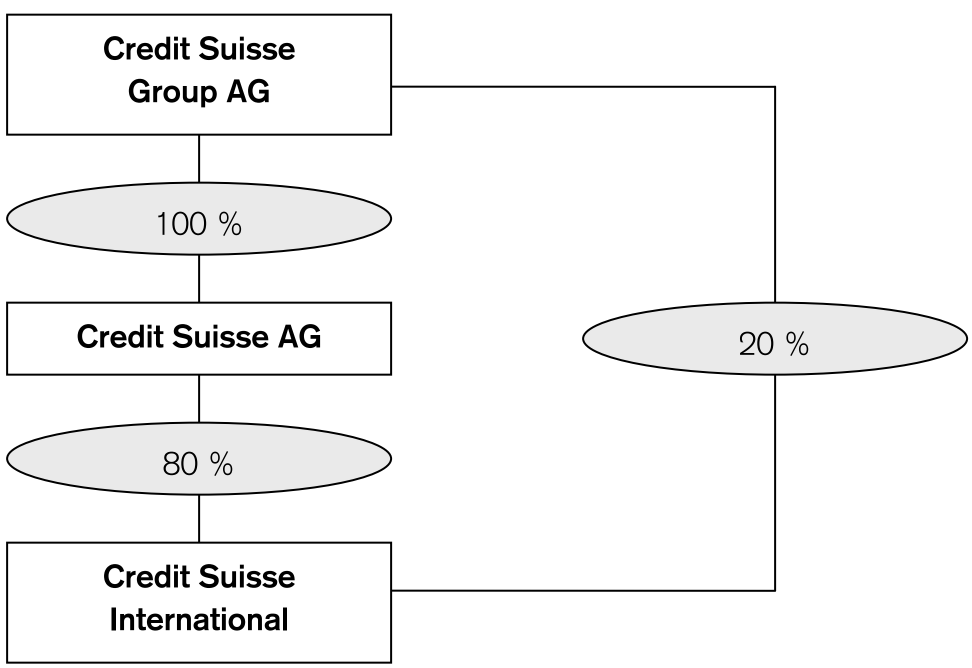
Die Credit Suisse AG besitzt 80 Prozent und die Credit Suisse Group AG besitzt 20 Prozent der stimmberechtigten Stammaktien der Emittentin. Der ehemalige Anteilseigner Credit Suisse (International) Holding AG ging mit Wirkung zum 30. Juni 2010 in der Credit Suisse AG auf, wobei letztere die fortbestehende Gesellschaft ist. Die Credit Suisse AG übernimmt in Übereinstimmung mit Schweizer Recht aufgrund des Zusammenschlusses die gesamten Vermögenswerte der Credit Suisse (International) Holding AG einschließlich deren Anteile an der Credit Suisse International. Die Credit Suisse AG hält 70,755 Prozent, die Credit Suisse Investments (UK) eine hundertprozentige Tochtergesellschaft der Credit Suisse AG hält 19,624 Prozent und die Credit Suisse Group AG hält 9,620 Prozent der stimmrechtslosen Anteile an der Emittentin (außer einer Emission von stimmrechtslosen Anteilen der "Klasse A"). Außerdem besitzen die Credit Suisse AG und die Credit Suisse (UK) Investments jeweils die Hälfte der stimmrechtslosen Anteile der "Klasse A" der Emittentin, und die Credit Suisse (UK) Investments besitzt 80 Prozent und die Credit Suisse Group AG besitzt 20 Prozent der Nichtkumulativen Vorzugsaktien der "Klasse A" der Emittentin mit unbegrenzter Laufzeit. Die Credit Suisse PSL GmbH besitzt 42,2857 Prozent und die Credit Suisse (UK) Investments besitzt 57,7143 Prozent der Nichtkumulativen Vorzugsaktien der "Klasse C" und Credit Suisse PSL GmbH hält 100 % der Nichtkumulativen Vorzugsaktien der „Klasse D“ der Emittentin. Credit Suisse PSL GmbH hält 100 % der Nichtkumulativen Vorzugsaktien der „Klasse E“ der Emittentin. Am 9. Mai 2007 wurden 750.000.000 von der Credit Suisse International (Holding) AG gehaltene Vorzugsaktien der „Klasse F“ zurückgenommen. Am 9. Mai 2007 wurden weitere von der Credit Suisse International (Holding) AG gehaltene 800.000.000 Vorzugsaktien der „Klasse G“ zurückgenommen. Credit Suisse PSL GmbH hält 100 % der nichtkumulativen Vorzugsakten der „Klasse H“ der Emittentin. Credit Suisse PSL GmbH hält 53 % und Credit Suisse Investments (UK) hält 47 % der Nichtkumulativen Vorzugsakten der „Klasse I“ der Emittentin.

Credit Suisse PSL GmbH hält 89,286 Prozent der Nichtkumulativen Vorzugsaktien der „Klasse J“ der Emittentin.

Am 20. Januar 2009 wurde das gesamte genehmigte Kapital der Emittentin durch die Schaffung von weiteren 1.500.000.000 *Participating Shares* mit einem Nennbetrag von je USD 1,00 sowie die Schaffung weiterer 200.000 Vorzugsaktien der „Klasse K" im Nennbetrag von USD 1,00 von bislang USD 14.100.000.000 auf USD 15.800.000.000 erhöht. Am 20. Januar 2009 wurden 757.575.758 *Participating Shares* an die Credit Suisse (International) Holding AG für eine Gegenleistung in Höhe von USD 1.500.000.000 ausgegeben, die nunmehr von der Credit Suisse AG gehalten werden; weitere 200.000 Vorzugsaktien der „Klasse K" wurden an die Credit Suisse Investments (UK) ausgegeben.
Am 27. Februar 2009 wurden 375.000.000 der Nichtkumulativen Vorzugsaktien der Emittentin der „Klasse B", die von Credit Suisse (International) Holding AG gehalten wurden, zurückgezahlt.

Informationen über die Anteilsinhaber der Emittentin werden unter "Aktionärinnen der Credit Suisse International – Überblick" dargestellt.

Nachstehend ein zusammenfassendes Organigramm, aus dem die
Inhaberschaft der stimmberechtigten Anteile an der Emittentin ersichtlich ist.



2. Bonität

Der Emittentin wurde am 28. April 2010 von Standard & Poor's Rating Services, einem Unternehmensbereich von The McGraw-Hill Companies (www.standardandpoors.com), für vorrangige unbesicherte Schuldtitel das Rating "A+ (stabile Aussichten)", am 23. Dezember 2009 von Moody's Investors Service (www.moodys.com) für vorrangige Schuldtitel das Rating "Aa1 (negative Aussichten)" und am 20. Oktober 2009 von Fitch Ratings Limited (www.fitchratings.com) ein langfristiges Rating von "AA- (negative Aussichten)" zugewiesen.

3. Vorstandsmitglieder und Management

Nachstehend sind die Vorstandsmitglieder der Emittentin und ihre externen Hauptbeschäftigungen aufgeführt. Es bestehen keine potentiellen Interessenkonflikte zwischen den Pflichten der nachstehend aufgeführten Vorstandsmitglieder gegenüber der Emittentin und ihren privaten Interessen und/ oder sonstigen Verpflichtungen. Die Firmenadresse jedes Vorstandsmitglieds lautet One Cabot Square, London E14 4QJ.

Name	Externe Hauptbeschäftigung
Fawzi Kyriakos-Saad CEO	Chief Executive Officer der Credit Suisse[2] für EMEA und Mitglied des Executive Board der Credit Suisse AG. Ferner Co-Leiter des Globalen Emerging Markets Council und Vorsitzender des EMEA Operating Committee.
Eraj Shirvani	Managing Director der Credit Suisse, Leiter des Bereichs Fixed Income in der Region Europa, Mittlerer Osten, Afrika und Leiter des Kreditbereichs Europa und Mitglied im EMEA Managment Committee, dem Fixed Income Division Operating Committee und Co-Vorsitzender des Globalen Derivatives Committee.
Rudolf Bless *Nicht geschäftsführend*	Chief Accounting Officer der Credit Suisse Group AG sowie der Credit Suisse AG.
Tobias Guldimann *Nicht geschäftsführend*	Chief Risk Officer der Credit Suisse Group AG sowie der Credit Suisse AG und Mitglied der Geschäftsführung der Credit Suisse Group AG.

[2] „Credit Suisse" bezeichnet sämtliche Geschäftsbereiche aller Credit Suisse Gesellschaften.

Costas Michaelides	Managing Director und European Chief Operating Officer der Credit Suisse in Europa, Nahost und Afrika. Er ist Mitglied des EMEA Operating Committee und Vorsitzender der EMEA COO Management und des EMEA Management Forum.
Stephen Dainton	Managing Director der Credit Suisse, Leiter der Abteilung European Equities. Weiterhin Mitglied des Global Equity Management Committee, des European Executive Management Committee, des Investment Banking Management Councils und des EMEA Chairman's Board.
Luigi de Vecchi	Managing Director und CEO der Credit Suisse in Italien, Leiter des Bereichs Investmentbanking in Italien. Ferner Mitglied des EMEA Operating Committee und Co-Leiter des Globalen Bereichs Investmentbanking.

4. Wirtschaftsprüfer und Geschäftsjahr

Das Geschäftsjahr der Emittentin ist das Kalenderjahr. Der Wirtschaftsprüfer der Emittentin ist KPMG Audit Plc mit der Anschrift One Canada Square, London E14 5AG. KPMG Audit Plc ist Mitglied der Berufsvereinigung Institute of Chartered Accountants in England und Wales und wurde von dieser zur Wirtschaftsprüfungstätigkeit zugelassen.

5. Aktionärinnen der Credit Suisse International – Überblick

5.1. Credit Suisse Group AG

Die Credit Suisse Group AG mit Geschäftssitz in Ch-8070 Zürich, Paradeplatz 8, Schweiz, ist die Muttergesellschaft des konsolidierten Credit Suisse Group AG, dem die Credit Suisse, ein in der Schweiz ansässiges, global und in allen bedeutenden Finanzzentren der Welt tätiges Finanzdienstleistungs-Unternehmen, angehört, das eine umfassende Palette von Bankprodukten anbietet. Credit Suisse wird unter Punkt 5.2 dargestellt. In Fortführung ihrer auf das reine Bankgeschäft gerichteten Strategie hat die Credit Suisse Group die schweizerische Versicherungsgesellschaft Winterthur an AXA veräußert.

5.2. Credit Suisse AG

Die Credit Suisse AG ist eine weltweit operierende Schweizer Bank mit eingetragenem Geschäftssitz in CH-8070 Zürich, Paradeplatz 8, Schweiz. Die Credit Suisse AG bietet ihren Kunden weltweit Private Banking, Investment Banking und Vermögensverwaltungsdienstleistungen an. Die Credit Suisse AG bietet Firmen, Gesellschaften, institutionellen Kunden und wohlhabenden Privatkunden weltweit ebenso wie Privatkunden in der Schweiz Beratungsdienstleistungen, unfangreiche Lösungen und innovative Produkte. Die Credit Suisse AG ist in über 50 Ländern vertreten und beschäftigt ca. 46.700 Mitarbeiter. Die Credit Suisse AG beinhaltet weltweit eine Vielzahl von Gesellschaften und hat ihren Hauptsitz in Zürich. Die Aktien der Muttergesellschaft Credit Suisse Group AG werden in der Schweiz und in der Form von American Depository Shares in New York notiert. Weitere Informationen zur Credit Suisse AG können der website www.credit-suisse.com entnommen werden.

Credit Suisse AG ist an drei Geschäftsfeldern ausgerichtet.

Im Geschäftsfeld Investment Banking bietet die Credit Suisse AG Wertpapierprodukte und Finanzberatung Kapitalanbietern und –nutzern weltweit an. Mit 57 Büros in 30 Ländern ist die Credit Suisse AG über das gesamte Spektrum von Finanzdienstleistungsprodukten wie Platzierungen von Schuldverschreibungen und –Aktien, Handel und Verkauf von Wertpapieren, Übernahmen und Fusionen, Research und damit in Zusammenhang stehenden sowie Prime Brokerage Dienstleistungen aktiv.

Im Geschäftsfeld Private Banking bietet die Credit Suisse AG umfassende Beratung und eine große Bandbreite von Investmentprodukten und –dienstleistungen an, die auf die komplexen Bedürfnisse von wohlhabenden Privatkunden weltweit abgestimmt sind. Vermögensverwaltungslösungen umfassen Steueroptimierung, Vorsorge-, Lebensversicherungslösungen, Vermögens- und Nachfolgeberatung und Stiftungen. In der Schweiz bietet die Credit Suisse AG Bankprodukte und –dienstleistungen für wohlhabende Privatkunden als auch Geschäfts und Privatkunden.

Im Geschäftsfeld Vermögensverwaltung bietet die Credit Suisse AG Produkte aus einem umfangreichen Spektrum aller Anlageklassen einschließlich Alternativer Investments wie Private Equity, Hedge Fonds, Immobilien und Krediten; außerdem werden auch anlageklassenüberschreitende Lösungen angeboten, welche Aktien- und Rentenprodukte umfassen. Das Geschäftsfeld Vermögensverwaltung der Credit Suisse AG verwaltet Portfolios, Sondervermögen und andere Investitionsformen für eine breite Gruppe von Kunden über Regierungen, Institutionen, Gesellschaften bis hin zu Privatpersonen. Mit Büros, die auf Vermögensverwaltungsdienstleistungen spezialisiert sind in 21 Ländern wird der Geschäftsbereich Vermögensverwaltung der Credit Suisse AG als weltweites integriertes Netzwerk geführt, um seinen Kunden weltweit angemessene Anlageprodukte und –dienstleistungen anzubieten.

5.3. Credit Suisse PSL GmbH

Credit Suisse PSL GmbH, mit dem Geschäftssitz c/o Credit Suisse AG, Paradeplatz 8, 8001 Zürich, Schweiz, wurde am 29. September 2009 in Zürich gegründet. Ihr Hauptgeschäftsfeld ist das Finanzieren, Erwerben, Halten, Verwalten und Verkaufen von Finanzbeteiligungen in anderen Gesellschaften der Credit Suisse Group.

6. Finanzinformationen

Die historischen Finanzinformationen der Emittentin, d.h. die geprüften Jahresberichte für die Geschäftsjahre 2008 und 2009 (*Credit Suisse International Annual Report 2008, Credit Suisse International Annual Report 2009*) sowie der Zwischenbericht für das am 30. Juni 2010 beendete Halbjahr sind diesem Prospekt als Anlage 1, Anlage 2 und Anlage 3 beigefügt. Die KPMG Audit Plc hat die Jahresberichte der Emittentin für die Geschäftsjahre 2008 und 2009 geprüft und jeweils uneingeschränkte Bestätigungsvermerke erteilt.
Die Credit Suisse Group AG, die oberste Muttergesellschaft der Emittentin, reicht bei der U.S. Securities and Exchange Commission (die "SEC") jährliche und aktuelle Geschäftsberichte inklusive Interim-Finanzinformationen über die Formulare 20-F und 6-K ein. Die SEC-Registrierungen der Credit Suisse Group AG sind über das Internet auf der SEC-Website: www.sec.gov und über die Website der Credit Suisse Group: www.credit-suisse.com öffentlich zugänglich. Alle historischen Finanzinformationen, die in diesem Abschnitt "Finanzinformationen" enthalten sind, wurden testiert.

7. Allgemeine Informationen

1. Seit dem 31. Dezember 2009 haben sich keine wesentlichen negativen Änderungen für die Geschäftsaussichten der Emittentin ergeben.

2. Am 8. April 2010 belegte die Financial Services Authority die Emittentin gemeinsam mit der Credit Suisse Securities (Europe) Limted und der Credit Suisse AG mit einem Bußgeld in Höhe von £ 1.750.000, da im Zeitraum von November 2007 bis November 2008 ca. 40 Millionen Transaktionsreports nicht ordnungsgemäß an die FSA übermittelt wurden.
   Darüber hinaus war die Emittentin während der letzten 12 Monate nicht an behördlichen, rechtlichen oder schiedsgerichtlichen Verfahren (einschließlich solcher Verfahren, von deren Anhängigkeit oder Bevorstehen die Emittentin Kenntnis hat) beteiligt, die erhebliche Auswirkungen auf die Finanz- oder Ertragslage der Emittentin oder auf die Emittentin und deren Tochtergesellschaften (der "Konzern") haben könnten oder in der jüngsten Vergangenheit gehabt haben.

3. Seit dem 30. Juni 2010 ist keine wesentliche Verschlechterung der Finanzlage des Konzerns ("Konzern" wie oben unter 7.2 definiert) eingetreten.

4. Für die Dauer der Wirksamkeit dieses Prospektes kann eine Kopie des Gesellschaftsvertrages der Emittentin ("Articles of Association") unter www.credit-suisse.com eingesehen werden.

WERTPAPIERBEDINGUNGEN

§ 1
Wertpapierrecht; Basiswert; Rückzahlungsbetrag

(1) Die Credit Suisse International (die "**Emittentin**") begibt bis zu 1.000.000 untereinander gleichberechtigte, auf den Inhaber lautende CHF Gold-Note im Gesamtnennbetrag von bis zu Schweizer Franken ("**CHF**") 100.000.000 (in Worten: bis zu Schweizer Franken einhundert Millionen) im Nennbetrag von je CHF 100,00 (in Worten: einhundert Schweizer Franken) (der "**Nennbetrag**"), deren Rückzahlung von der Wertentwicklung des Basiswerts (§ 1(3)) abhängt (die "**Wertpapiere**"). Jedes Wertpapier gewährt seinem Inhaber (der "**Wertpapierinhaber**") das Recht, nach Maßgabe dieser Wertpapierbedingungen und vorbehaltlich einer Kündigung durch die Emittentin gemäß § 13 bzw. § 14, bis zum Abrechnungstag (§ 2 (3)) je Wertpapier den Abrechnungsbetrag (§ 1 (4)) zu beziehen (das "**Wertpapierrecht**").

(2) Die Wertpapiere gelten, soweit sie nicht zuvor nach Maßgabe von § 6 durch den Wertpapierinhaber bzw. § 13 oder § 14 durch die Emittentin gekündigt worden sind, als am 06. September 2030 ausgeübt, ohne dass es der Abgabe einer Ausübungserklärung oder der Erfüllung sonstiger Voraussetzungen bedarf.

(3) Der "**Basiswert**" entspricht einem Anteil der Klasse A (Valorennummer 10413628) (auch der "**Referenz-Anteil**") an dem Teilvermögen CS ETF II (CH) on Gold – hedged CHF (das "**Referenz-Teilvermögen**") des CS ETF II (CH) Umbrella-Fonds (der "**Referenz-Umbrella-Fonds**"), einem vertraglichem Umbrella-Fonds schweizerischen Rechts der Art «Übrige Fonds für traditionelle Anlagen» gemäß Bundesgesetz über die kollektiven Kapitalanlagen vom 23. Juni 2006, welcher in verschiedene Teilvermögen unterteilt ist. Der Referenz-Umbrella-Fonds und das Referenz-Teilvermögen werden von der Credit Suisse Asset Management Funds AG, Zürich, als 100%iger Tochtergesellschaft der Credit Suisse AG, Zürich, in der Funktion als Fondsleitung geleitet (die "**Fondsleitung**"). Die Anlageentscheide des Referenz-Teilvermögens sind an die Credit Suisse AG, Zürich, delegiert (der "**Investment Manager**"). Die Credit Suisse AG, Zürich, eine 100%ige Tochtergesellschaft der Credit Suisse Group AG, Zürich, fungiert als Depotbank in Bezug auf die Vermögensgegenstände des Referenz-Umbrella-Fonds und des Referenz-Teilvermögens (die "**Depotbank**").

(4) Der "**Rückzahlungsbetrag**" je Wertpapier, der mindestens 0 (Null) beträgt, entspricht einem Betrag in CHF, der nach folgender Formel berechnet wird:

$$\text{Nennbetrag x } \max\left(0; \frac{\text{Schlußkurs des Basiswerts}}{\text{Anfangskurs des Basiswerts}} - \sum_{i=1}^{240} \text{Monatliche Gebühr}\right)$$

dabei gilt

Der "**Schlusskurs des Basiswerts**" entspricht, vorbehaltlich § 7, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Bewertungstag (§ 2 (2)) multipliziert mit 99,90 %.

Der "**Kurs des Basiswerts**" entspricht, vorbehaltlich § 7, dem Nettoinventarwert je Referenz-Anteil, wie er von der Fondsleitung in Übereinstimmung mit dem Prospekt mit integriertem Fondsvertrag vom Mai 2010 für das Referenz-Teilvermögen bzw. den Referenz-Umbrella-Fonds (der "**Referenz-Prospekt**") bestimmt und veröffentlicht wird.

Der "**Anfangskurs des Basiswerts**" entspricht, vorbehaltlich § 7, einem Betrag in CHF in Höhe des Kurses des Basiswerts am Festlegungstag (§ 2 (1)) multipliziert mit 100,10 %. Sollte der Nettoinventarwert je Referenz-Anteil nicht von der Fondsleitung bestimmt und veröffentlicht werden, ist die Emittentin berechtigt, als Anfangskurs einen auf der Basis der dann geltenden Marktusancen und unter Berücksichtigung der dann herrschenden Marktgegebenheiten nach billigem Ermessen (§ 315 BGB) ermittelten Anfangskurs des Basiswerts festzulegen.

Der "**Nettoinventarwert**" entspricht dem Nettoinventarwert des Referenz-Teilvermögens je Referenz-Anteil, zu dem tatsächlich Rücknahmeaufträge durch den Hypothetischen Investor ausgeführt würden, wenn diese bis zum Orderannahmeschluss an dem Tag abgegeben worden wären, an dem nach den Bestimmungen des Referenz-Prospekts letztmalig eine Order zum Bewertungstag erteilt werden kann. In Bezug auf Rücknahmen werden etwaige Kosten, Steuern und Gebühren im Zusammenhang mit den Rücknahmen abgezogen. Im Fall einer teilweisen Ausführung eines Rücknahmeauftrags wird die Berechnungsstelle in ihrer Berechnung den gewichteten Durchschnitt der Nettoinventarwerte aller teilweise ausgeführten Aufträge ansetzen, vorausgesetzt der erteilte Auftrag wird vollständig ausgeführt.

Der "**Wertpapier-Wert$_{(t)}$**" entspricht dem Marktwert eines Wertpapiers zu dem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$, wie er von der Emittentin nach billigem Ermessen (§ 315 BGB) und unter Berücksichtigung des dann aktuellen Kurses des Basiswerts festgelegt wird.

Der "**Monatliche Gebührenabzug-Beobachtungstag$_{(t)}$**" entspricht dem jeweils 01. Tag eines Kalendermonats bzw., falls dieser Tag kein Bankgeschäftstag ist, dem nächstfolgende Bankgeschäftstag (§ 2 (5)).

Die "**Monatliche Gebühr**" entspricht einer Gebühr in Höhe von 1,3 % pro Jahr, die zu jedem Monatlichen Gebührenabzug-Beobachtungstag$_{(t)}$ von dem dann aktuellen Wertpapier-Wert$_{(t)}$ in Abzug gebracht wird und dementsprechend auf monatlicher ´Basis in Übereinstimmung mit folgender Formel berechnet wird:

$$\text{Wertpapier - Wert}_{(\text{Monatlicher Gebührenabzug - Beobachtungstag t})} \times \frac{0{,}013}{12}$$

§ 2
Festlegungstag; Bewertungstag; Abrechnungstag; Bankgeschäftstag; Hypothetische Investor; Geschäftstag in Bezug auf das Referenz-Sondervermögen

(1) "**Festlegungstag**" ist, vorbehaltlich § 7, der 31. August 2010, bzw., falls dieser Tag kein Geschäftstag in Bezug auf das Referenz-Sondervermögen ist, der nächstfolgende Tag, der ein Geschäftstag in Bezug auf das Referenz-Sondervermögen (§ 2(6)) ist und an dem ein Kurs des Basiswerts festgestellt und veröffentlicht wird.

(2) "**Bewertungstag**" ist, vorbehaltlich § 7, der 30. August 2030 bzw., falls dieser Tag kein Geschäftstag in Bezug auf das Referenz-Sondervermögen ist, der nächstfolgende Tag, der ein Geschäftstag in Bezug auf das Referenz-Sondervermögen ist und an dem ein Kurs des Basiswerts festgestellt und veröffentlicht wird.

(3) "**Abrechnungstag**" ist der (i) 06. September 2030 bzw. (ii) der fünfte Bankgeschäftstag nach dem Tag, an dem ein Hypothetischer Investor im Zeitpunkt des maßgeblichen Bewertungstags den **vollständigen** Rückgabeerlös erhalten hätte, wenn der Hypothetische Investor durch Abgabe der erforderlichen Mitteilung die Rücknahme der Referenz-Anteile des Referenz-Teilvermögens an dem auf den Bewertungstag fallenden bzw. unmittelbar folgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen verlangt hätte.

(4) "**Bankgeschäftstag**" ist jeder Tag, an dem die Banken in Frankfurt am Main und in London für den Geschäftsverkehr geöffnet sind, die Clearingstelle (§ 4(2)) Zahlungen innerhalb und außerhalb Deutschlands abwickelt und das TARGET-System geöffnet ist. Gesetzliche Feiertage in Frankfurt am Main, an welchen die Banken teilweise für den Geschäftsverkehr geöffnet sind, gelten nicht als Bankgeschäftstage. "**TARGET-System**" bezeichnet das Trans-European Automated Real-time Gross Settlement Express Transfer-Zahlungssystem. Neben den gesetzlichen Feiertagen in Deutschland gelten auch der 24. Dezember und der 31. Dezember eines Jahres nicht als Bankgeschäftstage.

(5) "**Hypothetische Investor**" bezeichnet einen hypothetischen Investor in die Referenz-Anteile an dem Referenz-Sondervermögen, in der Rechtsform einer nach dem Recht von England und Wales gegründeten Gesellschaft mit Geschäftssitz in London, Vereinigtes Königreich.

(6) "**Geschäftstag in Bezug auf das Referenz-Sondervermögen**" bezeichnet jeden Tag, an dem das Referenz-Sondervermögen tatsächlich Rücknahmeaufträge in Bezug auf die Referenz-Anteile durchführt.

§ 3
Status

Die Wertpapiere begründen unmittelbare, unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen sonstigen gegenwärtigen und künftigen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, ausgenommen solche Verbindlichkeiten, denen aufgrund zwingender gesetzlicher Vorschriften Vorrang zukommt.

§ 4
Form der Wertpapiere; Girosammelverwahrung; Übertragbarkeit

(1) Die bis zu 1.000.000 von der Emittentin begebenen Wertpapiere sind durch eine Dauer-Inhaber-Sammel-Urkunde (das "**Inhaber-Sammelzertifikat**") verbrieft. Effektive Wertpapiere werden nicht ausgegeben. Der Anspruch der Wertpapierinhaber auf Lieferung effektiver Wertpapiere ist ausgeschlossen.

(2) Das Inhaber-Sammelzertifikat ist bei Clearstream Banking AG, Neue Börsenstraße 1, 60487 Frankfurt am Main (die "**Clearingstelle**") hinterlegt. Die Wertpapiere sind als Miteigentumsanteile gemäß den Bestimmungen der Clearingstelle und außerhalb der Bundesrepublik Deutschland gemäß den Bestimmungen der Clearstream Banking, société anonyme, Luxemburg, und der Euroclear Bank S.A./N.V., Brüssel, übertragbar.

(3) Im Effektengiroverkehr sind die Wertpapiere in Einheiten von einem Wertpapier oder einem ganzzahligen Vielfachen davon übertragbar.

§ 5
Berechnungen; Zahlung von Geldbeträgen

(1) Sämtliche nach Maßgabe dieser Wertpapierbedingungen gegebenenfalls zu zahlenden Beträge werden durch die Berechnungsstelle (§ 9 (3)) berechnet. Sämtliche Beträge nach Maßgabe dieser Wertpapierbedingungen werden auf die 2. Dezimalstelle gerundet, wobei 0,005 aufgerundet wird. Alle Berechnungen sind (sofern nicht ein offensichtlicher Fehler vorliegt) endgültig und für alle Beteiligten bindend.

(2) Die Emittentin wird, vorbehaltlich § 5(3), bis zum maßgeblichen Abrechnungstag die Überweisung des jeweiligen nach Maßgabe dieser Wertpapierbedingungen gegebe-

nenfalls zu zahlenden Betrags über die Zahlstelle (§ 9(1)) an die Clearingstelle zur Gutschrift auf die Konten der Hinterleger der Wertpapiere bei der Clearingstelle veranlassen.

(3) Alle im Zusammenhang mit der Zahlung von Geldbeträgen anfallenden Steuern, Gebühren oder anderen Abgaben sind von dem Wertpapierinhaber zu tragen und zu zahlen. Die Emittentin bzw. die Zahlstelle ist berechtigt, von Geldbeträgen etwaige Steuern, Gebühren oder Abgaben einzubehalten, die von dem Wertpapierinhaber gemäß vorstehendem Satz zu zahlen sind.

§ 6
Ordentliche Kündigung der Wertpapiere durch die Wertpapierinhaber

(1) Beginnend ab dem 14. September 2013 ist jeder Wertpapierinhaber vorbehaltlich der nachfolgenden Bestimmungen berechtigt, seinen Wertpapierbestand insgesamt oder teilweise unter Einhaltung der nachfolgenden Bestimmungen und mit einer Frist von drei (3) Kalendermonaten zu dem jeweils letzten Bankgeschäftstag eines Kalenderjahres (jeweils ein "**Kündigungstermin**"), zum Kündigungsbetrag (§ 6 (5)), zu kündigen.

(2) Zur wirksamen Geltendmachung des Kündigungsrechts zu einem bestimmten Kündigungstermin müssen spätestens am 90. Bankgeschäftstag vor dem betreffenden Kündigungstermin folgende Bedingungen erfüllt sein:

(a) Bei der Zahlstelle muss eine rechtsverbindlich unterzeichnete Erklärung (die "**Kündigungserklärung**") eingereicht sein, die folgende Angaben enthält: (i) den Namen des Wertpapierinhabers, (ii) die Bezeichnung (inklusive WKN oder ISIN) und die Anzahl der Wertpapiere, die gekündigt werden, (iii) das Konto des Wertpapierinhabers bei einem Kreditinstitut in der Bundesrepublik Deutschland, auf dem der Kündigungsbetrag gutgeschrieben werden soll, und (iv) den Namen des Kreditinstitutes, bei dem das Depot unterhalten wird, von dem die zu kündigenden Wertpapiere im Falle einer Übertragung gemäß § 6(2)(b)(ii) auf das Konto der Zahlstelle bei der Clearingstelle übertragen werden. Die Kündigungserklärung ist unwiderruflich und bindend.

(b) Die zu kündigenden Wertpapiere müssen bei der Zahlstelle eingegangen sein, und zwar entweder (i) durch eine unwiderrufliche Anweisung an die Zahlstelle, die Wertpapiere aus dem gegebenenfalls bei der Zahlstelle unterhaltenen Wertpapierdepot zu entnehmen oder (ii) durch Gutschrift der Wertpapiere auf das Konto der Zahlstelle bei der Clearingstelle.

(3) Weicht die in der Kündigungserklärung genannte Zahl von Wertpapieren, die gekündigt werden sollen, von der Zahl der an die Zahlstelle übertragenen Wertpapiere ab, so gilt die Kündigungserklärung nur für die kleinere der beiden Zahlen von Wertpapieren

als eingereicht. Etwaige überschüssige Wertpapiere werden auf Kosten und Gefahr des Wertpapierinhabers an diesen zurückübertragen.

(4) Nach einer Kündigung werden die Wertpapiere durch Zahlung des Kündigungsbetrags getilgt.

(5) Der "**Kündigungsbetrag**" entspricht einem Betrag in CHF, der von der Emittentin nach billigem Ermessen (§ 315 BGB) wird, in Höhe des Liquidationserlöses, den der Hypothetischer Investor im Zeitpunkt des maßgeblichen Kündigungstermins erhalten hätte, wenn der Hypothetische Investor durch Abgabe der erforderlichen Mitteilung die Rücknahme der Referenz-Anteile des Referenz-Teilvermögens an dem auf den Kündigungstermin fallenden bzw. unmittelbar folgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen (§ 2(7)) verlangt hätte. Im Fall einer **teilweisen Ausführung eines Rücknahmeauftrags des Hypothetischen Investors in die Referenz-Anteile an dem Referenz-Sondervermögen** wird der Kündigungsbetrag auf Grundlage des gewichteten Durchschnitts der Liquidationserlöse aller teilweise ausgeführten Aufträge ermittelt, vorausgesetzt der erteilte Auftrag wird vollständig ausgeführt.

(6) Die Emittentin wird die Überweisung des Kündigungsbetrages spätestens am fünften Bankgeschäftstag nach dem Tag, an dem ein Hypothetischer Investor im Zeitpunkt des maßgeblichen Kündigungstermins den **vollständigen** Rückgabeerlös erhalten hätte, wenn der Hypothetische Investor durch Abgabe der erforderlichen Mitteilung die Rücknahme der Referenz-Anteile des Referenz-Teilvermögens an dem auf den Kündigungstermin fallenden bzw. unmittelbar folgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen verlangt hätte, über die Zahlstelle an die Clearingstelle zur Gutschrift auf das in der Kündigungserklärung angegebene Konto veranlassen.

(7) Alle im Zusammenhang mit der Zahlung des Kündigungsbetrages anfallenden Steuern, Gebühren oder anderen Abgaben sind von den Wertpapierinhabern zu tragen und zu zahlen. Die Emittentin bzw. die Zahlstelle ist berechtigt, von dem Kündigungsbetrag etwaige Steuern, Gebühren oder Abgaben einzubehalten, die von den Wertpapierinhabern gemäß vorstehendem Satz zu zahlen sind.

§ 7
Marktstörungen

(1) Wenn nach Auffassung der Emittentin an einem für die Berechnung von Zahlungsbeträgen unter diesen Bedingungen maßgeblichen Tag eine Marktstörung vorliegt, dann wird der betroffene Tag auf den nächstfolgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen, an dem keine Marktstörung mehr vorliegt, verschoben. Die Emittentin wird sich bemühen, den Beteiligten unverzüglich gemäß § 10 mitzuteilen, dass eine Marktstörung eingetreten ist. Eine Pflicht zur Mitteilung besteht jedoch nicht. Wenn der Tag aufgrund der Bestimmungen dieses Absatzes um fünf hinterein-

ander liegende Geschäftstage in Bezug auf das Referenz-Sondervermögen verschoben worden ist und auch an diesem fünften Tag die Marktstörung fortbesteht, dann gilt dieser Tag als für die Berechnung von Zahlungsbeträgen unter diesen Bedingungen maßgeblicher Tag, wobei die Emittentin den Kurs des Basiswerts nach billigem Ermessen (§ 315 BGB) unter Berücksichtigung der zu diesem Zeitpunkt herrschenden Marktgegebenheiten und der Schätzungen der Fondsleitung oder Depotbank bestimmen wird.

(2) "**Marktstörung**" bezeichnet

(i) die Nichtberechnung und/oder –veröffentlichung des Kurses des Basiswerts in Folge einer Entscheidung der Fondsleitung an einem für die Berechnung des Abrechnungsbetrags, des Kündigungsbetrags bzw. des Außerordentlichen Kündigungsbetrags maßgeblichen Geschäftstag in Bezug auf das Referenz-Sondervermögen oder

(ii) eine Schließung, Fusion oder Insolvenz des Referenz-Sondervermögens oder des Referenz-Umbrella-Fonds oder der Eintritt anderer Umstände, welche eine Ermittlung des Kurses des Basiswerts unmöglich machen, oder

(iii) der Eintritt eines sonstigen Ereignisses, das nach Ansicht der Emittentin nach Ausübung billigen Ermessens (§ 315 BGB) die allgemeine Möglichkeit von Marktteilnehmern beeinträchtigt oder behindert, Transaktionen in dem Referenz-Sondervermögen bzw. dem Referenz-Umbrella-Fonds durchzuführen oder diesbezügliche Marktbewertungen zu erhalten.

falls nach Einschätzung der Emittentin eine solche Umstand wesentlich ist.

§ 8
Anpassungen; Nachfolge-Basiswert; Korrektur

(1) Falls während der Laufzeit der Wertpapiere bis zum Abrechnungstag (einschließlich) ein Anpassungsereignis nach Absatz 2 eintritt, wird die Emittentin, soweit sie der Ansicht ist, dass dieses Anpassungsereignis wesentlich ist und sich nachteilig auf den Kurs des Basiswerts auswirkt,

(i) Anpassungen des Wertpapierrechts nach billigem Ermessen (§ 315 BGB) und unter Berücksichtigung der berechtigten wirtschaftlichen Belange der Wertpapiergläubiger vornehmen, so dass die Wertpapiergläubiger wirtschaftlich soweit wie möglich so gestellt werden, wie sie vor Eintritt des Anpassungsereignisses standen; **und/oder**

(ii) für die Zwecke der Wertpapierbedingungen ein anderes Teilvermögen bzw. einen anderen Fonds, das bzw. der nach Ansicht der Emittentin bei Ausübung billigen Ermessens (§ 315 BGB) eine ähnliche Strategie und Liquidität wie das Teilvermögen aufweist, auswählen und den Referenz-Anteil als Basiswert durch einen Anteil an diesem anderen Teilvermögen bzw. Fond (der "**Nachfolge-Basiswert**") ersetzen. Jede in diesen Wertpapierbedingungen enthaltene Bezugnahme auf den Basiswert gilt dann, sofern es der Zusammenhang erlaubt, als Bezugnahme auf den Nachfolge-Basiswert.

Jede Anpassung bzw. der Nachfolge-Basiswert sowie der Zeitpunkt seiner erstmaligen Anwendung werden unverzüglich gemäß § 10 bekannt gemacht.

(2) Jedes der folgenden Ereignisse bzw. jeder der folgenden Umstände stellt ein "**Anpassungsereignis**", wie von der Emittentin nach billigem Ermessen (§ 315 BGB) bestimmt:

(a) Die endgültige Einstellung der Notierung oder des Handels der Referenz-Anteile an dem Referenz-Teilvermögen an der SIS Swiss Exchange AG.

(b) Die Rechtsform des Referenz-Teilvermögens wird geändert.

(c) Der Eintritt eines wesentlichen Wechsels in der Leitung des Referenz-Teilvermögens bzw. des Referenz-Umbrella-Fonds.

(d) Die Anlagestrategie oder das Anlageziel des Referenz-Teilvermögens bzw. des Referenz-Umbrella-Fonds (einschließlich der Anlagebeschränkungen, Ausschüttungen oder anderen maßgeblicher Spezifika; die "**Anlageziele und Anlagestrategie**") weicht wesentlich von dem Anlageziel und der Anlagestrategie am Festlegungstag oder von dem Anlageziel und der Anlagestrategie, die in dem Referenz-Prospekt beschrieben wird, ab.

(e) Die Währung, in der der Nettoinventarwert des Referenz-Teilvermögens veröffentlicht wird, (die "**Währungseinheit**") wird geändert und weicht nun von der Währung am Festlegungstag oder von der Währungseinheit, die in dem Referenz-Prospekt des Referenz-Teilvermögens bzw. des Referenz-Umbrella-Fonds beschrieben wird, ab.

(f) Die Frequenz der Veröffentlichung oder der Zeitraum zwischen Berechnung und Veröffentlichung oder die Berechnungsmethode, jeweils in Bezug auf den Nettoinventarwert (oder einen vorläufigen oder geschätzten Nettoinventarwert in Bezug auf das Referenz-Teilvermögen) (die "**NAV-Frequenz**") wird geändert und weicht nun von der NAV-Frequenz am Festlegungstag bzw. von der NAV-Frequenz, die in dem Referenz-Prospekt beschrieben wird, ab.

(g) Der Eintritt einer Auf- oder Abspaltung, einer Neuklassifizierung oder einer Konsolidierung, wie z. B. dem Wechsel der Anlageklasse des Referenz-Teilvermögens oder der Verschmelzung eines Referenz-Teilvermögens auf oder mit einem anderen Teil- oder Sondervermögen.

(h) Der Fondsleitung führt Gebühren oder Kosten, die dem Vermögen des Referenz-Teilvermögens belastet werden, ein oder erhöht diese.

(i) Der Betrieb oder die Organisation des Referenz-Teilvermögens bzw. des Referenz-Umbrella-Fonds (insbesondere Struktur, Verfahren oder Richtlinien) oder die Anwendung solcher Verfahren oder Richtlinien hat sich gegenüber dem Festlegungstag geändert.

(j) Die aufsichtsrechtliche oder steuerliche Behandlung in Bezug auf die Referenz-Teilvermögens bzw. des Referenz-Umbrella-Fonds ändert sich.

(k) Die Vornahme von Ausschüttungen, die der üblichen Ausschüttungspolitik des Referenz-Umbrella-Fonds in Bezug auf das Referenz-Teilvermögen widersprechen.

(l) Die Anzahl von Referenz-Anteilen an dem Referenz-Teilvermögen des Referenz-Umbrella-Fonds, die ein Investor halten darf, wird aufgrund Gesetzes oder behördlicher Maßnahmen beschränkt.

(m) Jede Aussetzung, Verschiebung, Beschränkung oder Einschränkung des Handels in bzw. der Rückgabe und Zeichnung von Referenz-Anteilen (wegen Liquiditätsbeschränkungen oder aus anderen Gründen, insbesondere einschließlich der Einführung einer Ausgabe- bzw. Rücknahmegebühr oder einer sonstigen damit im Zusammenhang stehenden Gebühr bzw. entsprechender Kosten oder Auslagen, der Einführung oder dem Gebrauchmachen von sog. Gates oder Side Pockets oder jeder Umstrukturierung, Neuorganisation oder sonstigen Maßnahme, die eine mit einem sog. Gate oder Side Pocket vergleichbare Wirkung hat), die Auswirkungen auf die Absicherungsgeschäfte der Emittentin (wie nachstehend in lit. w definiert) hat, soweit diese nicht bereits zuvor an dem Festlegungstag bzw. zu dem Tag, zu dem der Basiswert nach diesen Bestimmungen angepasst wurde, bestanden.

(n) Es wird erwartet, dass ein Investor bei einer Rückgabe der Referenz-Anteile an dem Referenz-Teilvermögen nicht den vollen Erlös (Rückkaufwert) innerhalb der üblichen, unter den in dem Referenz-Prospekt dargelegten normalen Marktbedingungen anwendbaren, Zahlungsfrist für Rücknahmen erhalten würde.

(o) Die Fondsleitung oder der Investment Manager unterliegt der Liquidation, Auflösung, Einstellung oder Zwangsvollstreckung, oder die Fondsleitung oder der Investment Manager deutet an, dass die Strategie nicht eingehalten werden wird oder beabsichtigt, empfiehlt oder initiiert die Liquidation, Auflösung oder Einstellung des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens.

(p) Das Vorliegen eines Verstoßes der Fondsleitung oder der Investment Manager gegen gesetzliche oder aufsichtsrechtliche Bestimmungen.

(q) Die Fondsleitung oder der Investment Manager bzw. deren Angestellte von diesen Unterfallen der Überwachung oder Untersuchung einer Aufsichts- oder sonstigen Behörde oder werden unter Anklage oder Strafverfolgung gestellt.

(r) Die Fondsleitung oder der Investment Manager wird Partei einer gerichtlichen oder außergerichtlichen Auseinandersetzung.

(s) Die Fondsleitung oder der Investment Manager verliert, aus welchem Grund auch immer, das Recht zur Leitung bzw. Verwaltung des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens.

(t) Die Depotbank des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens versäumt es, den Nettoinventarwert des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens wie vorgesehen zu berechnen oder zu veröffentlichen oder versäumt es, andere Informationen bezüglich des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens zu veröffentlichen, die nach dem Referenz-Prospekt zu veröffentlichen wären.

(u) Versäumnis des Investment Managers in einer angemessenen und zeitnahen Weise auf einen Verstoß gegen Verpflichtungen, Zusicherungen oder Vereinbarungen aus dem entsprechenden Vermögensverwaltungsvertrag zu reagieren.

(v) Rücktritt, Kündigung, Aufhebung der Registrierung oder eine sonstige Veränderung in Bezug auf die Fondsleitung bzw. den Investment Manager oder eine Veränderung im Personal der Fondsleitung bzw. des Investment Managers.

(w) Die Änderung der amtlichen Auslegung und Anwendung von steuerlichen Gesetzen und Vorschriften betreffend den Referenz-Umbrella-Fonds bzw. das Referenz-Teilvermögen, die Emittentin oder die Berechnungsstelle oder die Änderung der steuerlichen Behandlung des Referenz-Umbrella-Fonds bzw. des Referenz-Teilvermögens.

(x) Der Eintritt eines sonstigen Ereignisses, das nach Auffassung der Berechnungsstelle nach billigem Ermessen (gemäß § 317 BGB) die Möglichkeit der Emittentin verhindert, behindert oder wesentlich beeinträchtigt, Absicherungsgeschäfte in Bezug auf die Verpflichtungen aus den Wertpapieren durchzuführen (die "**Absicherungsgeschäfte der Emittentin**").

(y) Jedes Treffen einer Maßnahme durch die Fondsleitung, den Investment Manager oder eine dritte Partei in Bezug auf den Referenz-Anteil, das Referenz-Teilvermögen bzw. den Referenz-Umbrella-Fonds, die auf Grund einer Änderung der rechtlichen und wirtschaftlichen Situation, und nach billigem Ermessen (§ 315 BGB) der Emittentin den Wert des Referenz-Anteils an dem Referenz-Teilvermögen beeinträchtigt (z.B. Ausschüttung von Sonderdividenden, Anteilsplits, Fusion, Liquidation, Verstaatlichung).

(3) Wenn der durch die Fondsleitung festgelegte und veröffentlichte Kurs des Basiswerts im Nachhinein berichtigt wird, und die Berichtigung (der "**Berichtigte Kurs**") von der Fondsleitung nach der ursprünglichen Veröffentlichung, jedoch bis zum Rückzahlungstag (ausschließlich) bekanntgegeben und veröffentlicht wird, sind die Emittentin und die Berechnungsstelle berechtigt, nach billigem Ermessen (§ 315 BGB bzw. § 317 BGB), unter Berücksichtigung des Berichtigten Kurses Anpassungen dieser Bedingungen vorzunehmen, um der Berichtigung Rechnung zu tragen. Die Anpassung sowie der Zeitpunkt ihrer erstmaligen Anwendung werden unverzüglich gemäß § 10 bekannt gemacht.

(4) Anpassungen nach den vorstehenden Absätzen werden durch die Emittentin vorgenommen und sind abschließend und verbindlich, es sei denn, es liegt ein offensichtlicher Irrtum vor.

§ 9
Zahlstelle; Berechnungsstelle

(1) Die Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt am Main, Junghofstraße 16, 60311 Frankfurt am Main, Bundesrepublik Deutschland, ist die Zahlstelle (die "**Zahlstelle**"). Die Emittentin ist berechtigt, jederzeit die Zahlstelle durch ein anderes Kreditinstitut oder Finanzdienstleistungsinstitut (das "**Institut**"), das seine Hauptniederlassung oder eine Zweigniederlassung in der Bundesrepublik Deutschland unterhält, zu ersetzen, eine oder mehrere zusätzliche Zahlstellen zu bestellen und deren Bestellung zu widerrufen. Ersetzung, Bestellung und Widerruf werden unverzüglich gemäß § 10 bekannt gemacht.

(2) Die Zahlstelle ist berechtigt, jederzeit ihr Amt als Zahlstelle niederzulegen. Die Niederlegung wird nur wirksam mit der Bestellung eines anderen Instituts, das seine Hauptniederlassung oder eine Zweigniederlassung in der Bundesrepublik Deutschland unterhält, zur Zahlstelle durch die Emittentin. Niederlegung und Bestellung werden unverzüglich gemäß § 10 bekannt gemacht.

(3) Die Credit Suisse International als Emittentin ist die Berechnungsstelle (die "**Berechnungsstelle**"). Die Emittentin ist berechtigt, jederzeit ein anderes Institut als Berechnungsstelle einzusetzen. Die Ersetzung wird unverzüglich gemäß § 10 bekannt gemacht.

(4) Die Zahlstelle ist berechtigt, jederzeit ihr Amt als Zahlstelle niederzulegen. Die Niederlegung wird nur wirksam mit der Bestellung eines anderen Instituts, das seine Hauptniederlassung oder eine Zweigniederlassung in der Bundesrepublik Deutschland unterhält, zur Zahlstelle durch die Emittentin. Niederlegung und Bestellung werden unverzüglich gemäß § 10 bekannt gemacht.

(5) Die Zahlstelle und die Berechnungsstelle handeln ausschließlich als Erfüllungsgehilfe der Emittentin und hat keinerlei Pflichten gegenüber den Wertpapierinhabern. Die Zahlstelle ist von den Beschränkungen des § 181 BGB befreit.

(6) Weder die Emittentin, die Zahlstelle noch die Berechnungsstelle sind verpflichtet, die Berechtigung der Einreicher von Wertpapieren zu prüfen.

§ 10
Bekanntmachungen

(1) Bekanntmachungen, welche die Wertpapiere betreffen, werden in einer allgemeinen Zeitung oder in einer Finanzzeitung mit landesweiter oder supraregionaler Auflage bzw. entsprechend den jeweiligen nationalen Anforderungen im jeweiligen Angebotsland veröffentlicht. Sofern rechtlich zulässig, können Mitteilungen an die Wertpapierinhaber ausschließlich auf der Website der Emittentin: www.credit-suisse-zertifikate.com bzw. über die Clearingstelle zur Benachrichtigung der Wertpapierinhaber erfolgen.

(2) Mitteilungen werden, falls sie der Clearingstelle zugehen, am dritten Tag nach Zugang bei der Clearingstelle, wirksam oder, falls sie veröffentlicht werden (unabhängig davon, ob dies zusätzlich geschieht), am Tag der Veröffentlichung oder, falls sie mehr als einmal veröffentlicht werden, am Tag der ersten Veröffentlichung wirksam.

§ 11
Aufstockung; Rückkauf

(1) Die Emittentin ist berechtigt, jederzeit weitere Wertpapiere mit gleicher Ausstattung zu begeben, so dass sie mit diesen Wertpapieren zusammengefasst werden und ihre Anzahl erhöhen. Der Begriff "**Wertpapiere**" umfasst im Fall einer solchen Aufstockung auch solche zusätzlich begebenen Wertpapiere.

(2) Die Emittentin, jede Tochtergesellschaft der Emittentin und/oder sonstige mit der Emittentin verbundenen Unternehmen (§ 11(3)) (jeweils der "**Rückerwerber**") sind berechtigt, jederzeit Wertpapiere über die Börse oder durch außerbörsliche Geschäfte zu einem beliebigen Preis zurückzuerwerben. Der Rückerwerber ist nicht verpflichtet, die Wertpapierinhaber davon zu unterrichten. Die zurückerworbenen Wertpapiere können entwertet, gehalten, weiterveräußert oder von dem Rückerwerber in anderer Weise verwendet werden.

(3) Der Begriff "**verbundene Unternehmen**" umfasst solche Unternehmen, an denen die Emittentin direkt oder indirekt die Mehrheit der Stimmrechte hält oder die an der Emittentin direkt oder indirekt die Mehrheit der Stimmrechte halten.

§ 12
Ersetzung der Emittentin

(1) Die Emittentin ist jederzeit berechtigt, sich ohne Zustimmung der Wertpapierinhaber durch eine andere Gesellschaft als Schuldnerin (die "**Neue Emittentin**") hinsichtlich aller Verpflichtungen aus oder im Zusammenhang mit den Wertpapieren zu ersetzen, sofern

(a) die Neue Emittentin durch Vertrag mit der Emittentin alle Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Wertpapieren übernimmt,

(b) eine von der Emittentin speziell für diesen Fall zu bestellende Treuhänderin, die eine Bank oder Wirtschaftsprüfungsgesellschaft in der Bundesrepublik Deutschland mit internationalem Ansehen ist (die "**Treuhänderin**"), die Schuldübernahme gemäß § 12 (1)(a) nach billigem Ermessen (§ 317 BGB) als für die Wertpapierinhaber nicht wesentlich nachteilig beurteilt und für diese genehmigt,

(c) die Emittentin oder die Credit Suisse Securities (Europe) Limited diese Verpflichtungen der Neuen Emittentin durch Erklärung gegenüber der Treuhänderin zugunsten der Wertpapierinhaber garantiert, und

(d) die Neue Emittentin alle etwa notwendigen Genehmigungen der Behörden des Landes, in dem sie ihren Sitz hat, erhalten hat.

Mit Erfüllung aller vorgenannten Bedingungen tritt die Neue Emittentin in jeder Hinsicht an die Stelle der Emittentin und die Emittentin wird von allen mit der Funktion als Emittentin zusammenhängenden Verpflichtungen gegenüber den Wertpapierinhabern aus oder im Zusammenhang mit den Wertpapieren – mit Ausnahme der in § 12 (1)(c) genannten – befreit.

(2) Im Falle einer solchen Ersetzung der Emittentin gilt jede in diesen Wertpapierbedingungen enthaltene Bezugnahme auf die Emittentin fortan als Bezugnahme auf die Neue Emittentin.

(3) Die Ersetzung der Emittentin wird unverzüglich gemäß § 10 bekannt gemacht.

§ 13
Ordentliche Kündigung der Wertpapiere durch die Emittentin

(1) Die Emittentin ist berechtigt, erstmals ab dem 14. September 2015 alle ausstehenden Wertpapiere unter Einhaltung einer Frist von sechs (6) Kalenderwochen zu einem Kündigungstermin (§ 6 (1)), ordentlich durch Bekanntmachung gemäß § 10 zu kündigen und durch Zahlung eines Geldbetrags in CHF zu tilgen.

(2) Auf die Berechnung und Zahlung dieses Geldbetrags finden die in diesen Wertpapierbedingungen enthaltenen Bestimmungen über den Kündigungsbetrages (§ 6 (5)) entsprechende Anwendung.

§ 14
Außerordentliche Kündigung der Wertpapiere durch die Emittentin

(1) Die Emittentin ist berechtigt, alle ausstehenden Wertpapiere außerordentlich durch Bekanntmachung gemäß § 10 unter Angabe des Tages, zu dem die außerordentliche Kündigung wirksam wird (dieser Tag wird als der "**Außerordentliche Kündigungstag**" bezeichnet) zu kündigen und gegen Zahlung des Außerordentlichen Kündigungsbetrages (§ 14 (3)) zu tilgen, sofern

(a) nach billigem Ermessen (§ 315 BGB) der Emittentin eine Anpassung des Wertpapierrechts, aus welchen Gründen auch immer, nicht möglich oder nicht wirtschaftlich angemessen ist; oder

(b) die Emittentin nach Treu und Glauben feststellt, dass die Erfüllung ihrer Verpflichtungen aus den Wertpapieren oder ein zum Zwecke der Risikobegrenzung im Hinblick auf diese Verpflichtungen geschlossenes Deckungsgeschäft gemäß anwendbaren gegenwärtigen oder künftigen Rechtsbestimmungen, Regeln, Urteilen, Anordnungen oder Richtlinien einer staatlichen, Verwaltungs- oder gesetzgebenden Behörde oder Gewalt bzw. eines Gerichts, oder einer Änderung der Auslegung derselben vollständig oder teilweise, ungesetzlich, rechtswidrig oder aus sonstigen Gründen untersagt ist oder werden wird.

(2) Die außerordentliche Kündigung hat innerhalb von einem Monat nach

(a) Eintritt des Ereignisses, das dazu führt, dass nach Maßgabe von § 8 das Wertpapierrecht angepasst werden müsste (im Falle der außerordentlichen Kündigung gemäß § 14(1)(a)) bzw.

(b) Feststellung der Ungesetzlichkeit, Rechtswidrigkeit oder des Verbots der Erfüllung der Verpflichtungen der Emittentin aus den Wertpapieren oder eines zum Zwecke der Risikobegrenzung im Hinblick auf diese Verpflichtung geschlossenen Deckungsgeschäfts (im Falle der außerordentlichen Kündigung gemäß § 14(1)(b))

zu erfolgen.

(3) Der "**Außerordentliche Kündigungsbetrag**" entspricht einem Betrag in CHF, der von der Emittentin nach billigem Ermessen (§ 315 BGB) wird, in Höhe des Liquidationserlöses, den der Hypothetischer Investor im Zeitpunkt des Außerordentlichen Kündigungstags erhalten hätte, wenn der Hypothetische Investor durch Abgabe der erforderlichen Mitteilung die Rücknahme der Referenz-Anteile des Referenz-Teilvermögens an dem auf den Außerordentlichen Kündigungstag fallenden bzw. unmittelbar folgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen (§ 2(7)) verlangt hätte. Im Fall einer **teilweisen Ausführung eines Rücknahmeauftrags des Hypothetischen Investors in die Referenz-Anteile an dem Referenz-Sondervermögen** wird der Außerordentliche Kündigungsbetrag auf Grundlage des gewichteten Durchschnitts der Liquidationserlöse aller teilweise ausgeführten Aufträge ermittelt, vorausgesetzt der erteilte Auftrag wird vollständig ausgeführt.

(4) Die Emittentin wird die Überweisung des Außerordentlichen Kündigungsbetrages spätestens am fünften Bankgeschäftstag nach dem Tag, an dem ein Hypothetischer Investor im Zeitpunkt des Außerordentlichen Kündigungstags den **vollständigen** Rückgabeerlös erhalten hätte, wenn der Hypothetische Investor durch Abgabe der erforderlichen Mitteilung die Rücknahme der Referenz-Anteile des Referenz-Teilvermögens an dem auf den Außerordentlichen Kündigungstag fallenden bzw. unmittelbar folgenden Geschäftstag in Bezug auf das Referenz-Sondervermögen verlangt hätte, über die Zahlstelle an die Clearingstelle zur Gutschrift auf die Konten der Hinterleger der Wertpapiere bei der Clearingstelle veranlassen.

(5) Alle im Zusammenhang mit der Zahlung des Außerordentlichen Kündigungsbetrages anfallenden Steuern, Gebühren oder anderen Abgaben sind von den Wertpapierinhabern zu tragen und zu zahlen. Die Emittentin bzw. die Zahlstelle ist berechtigt, von dem Außerordentlichen Kündigungsbetrag etwaige Steuern, Gebühren oder Abgaben einzubehalten, die von den Wertpapierinhabern gemäß vorstehendem Satz zu zahlen sind.

§ 15
<u>Vorzeitige Kündigung der Wertpapiere durch die Emittentin</u>

(1) Die Emittentin ist berechtigt, aber nicht verpflichtet, alle ausstehenden Wertpapiere vorzeitig mit einer Frist von 6 Monaten durch Bekanntmachung gem. § 10 vorzeitig zum Vorzeitigen Kündigungsbetrag (§15(2)) zu kündigen, sofern am Ende (letzter Bankgeschäftstag) von zwei aufeinander folgenden Quartalen, beginnend ab dem Ende des 3. Quartals 2011, das im Markt befindliche Volumen der Wertpapiere unter 10 Millionen CHF Nominal (entspricht 100.000 Zertifikaten) liegt.

(2) Der **„Vorzeitige Kündigungsbetrag“** entspricht dem Betrag, der von der Emittentin nach billigem Ermessen (§ 315 BGB) als angemessener Marktpreis des Wertpapiers am Tag des Endes der 6-monatigen Kündigungsfrist festgestellt wird. Sollte dieser Tag kein Bankgeschäftstag sein, ist der nächstfolgende Tag, der ein Bankgeschäftstag ist und an dem ein Kurs des Basiswerts festgestellt und veröffentlicht wird, der Tag, an dem der Vorzeitige Kündigungsbetrag festgestellt wird.

(3) Die Emittentin wird die Überweisung des Vorzeitigen Kündigungsbetrages spätestens am fünften Bankgeschäftstag nach Feststellung des Vorzeitigen Kündigungsbetrages über die Zahlstelle an die Clearingstelle zur Gutschrift auf die Konten der Hinterleger der Wertpapiere bei der Clearingstelle veranlassen.

(4) Alle im Zusammenhang mit der Zahlung des Außerordentlichen Kündigungsbetrages anfallenden Steuern, Gebühren oder anderen Abgaben sind von den Wertpapierinhabern zu tragen und zu zahlen. Die Emittentin bzw. die Zahlstelle ist berechtigt, von dem Außerordentlichen Kündigungsbetrag etwaige Steuern, Gebühren oder Abgaben einzubehalten, die von den Wertpapierinhabern gemäß vorstehendem Satz zu zahlen sind.

§ 16
<u>Verschiedenes</u>

(1) Form und Inhalt der Wertpapiere sowie alle Rechte und Pflichten aus den in diesen Wertpapierbedingungen geregelten Angelegenheiten bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.

(2) Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

(3) Gerichtsstand für alle Klagen oder sonstigen Verfahren aus oder im Zusammenhang mit den Wertpapieren ist Frankfurt am Main, Bundesrepublik Deutschland.

(4) Die Emittentin ist in Übereinstimmung mit den nachfolgenden Bestimmungen berechtigt, in diesen Wertpapierbedingungen ohne Zustimmung der Wertpapierinhaber

a) Bezeichnungsfehler, offensichtliche Schreib- oder Rechenfehler oder ähnliche Unrichtigkeiten im Zusammenhang mit

   (i) der unzutreffenden Angabe von bzw. der unzutreffenden Bestimmung von kalendermäßig zu bestimmenden Terminen, Zeiträumen und Zeitpunkten,

   (ii) der unzutreffenden Bezeichnung bzw. Angabe von geschützten, eingetragenen oder auf sonstige Weise vom Rechtsverkehr anerkannten Begriffen, oder

   (iii) einer in diesen Wertpapierbedingungen offengelegten unzutreffenden Berechnung,

   zu berichtigen bzw. klarzustellen, sowie

b) Bezeichnungsfehler, offensichtliche Schreib- oder Rechenfehler oder ähnliche Unrichtigkeiten in Bezug auf die in diesen Zertifikatsbedingungen verbrieften Nebenleistungspflichten der Emittentin zu berichtigen bzw. klarzustellen.

Berichtigungen und Klarstellungen dieser Wertpapierbedingungen sind nur zulässig, soweit diese unter Berücksichtigung der Interessen der Emittentin und der Wertpapierinhaber für beide zumutbar sind (insbesondere unter Annahme der Gleichwertigkeit von Leistung des Wertpapierinhabers als Erwerber der Wertpapiere und Gegenleistung der Emittentin unter diesen Wertpapierbedingungen). Berichtigungen und Klarstellungen dieser Wertpapierbedingungen werden unverzüglich gemäß § 10 bekannt gemacht.

(5) Die Emittentin ist berechtigt, in diesen Wertpapierbedingungen widersprüchliche oder lückenhafte Bestimmungen zu ändern bzw. zu ergänzen, wobei nur solche Änderungen bzw. Ergänzungen zulässig sind, die unter Berücksichtigung der Interessen der Emittentin für die Wertpapierinhaber zumutbar sind, d.h. die die finanzielle Situation der Wertpapierinhaber nicht wesentlich verschlechtern. Änderungen bzw. Ergänzungen dieser Wertpapierbedingungen werden unverzüglich gemäß § 10 bekannt gemacht.

(6) Für etwaige Rechtsstreitigkeiten oder sonstige Verfahren vor deutschen Gerichten bestellt die Emittentin die Credit Suisse Securities (Europe) Limited, Niederlassung Frankfurt am Main, Junghofplaza, Junghofstraße 16, 60311 Frankfurt am Main, Bundesrepublik Deutschland, zur Zustellungsbevollmächtigten.

(7) Sollte eine Bestimmung dieser Wertpapierbedingungen ganz oder teilweise unwirksam sein oder werden, so bleiben die übrigen Bestimmungen wirksam. Die unwirksame

Bestimmung ist durch eine wirksame Bestimmung zu ersetzen, die den wirtschaftlichen Zwecken der unwirksamen Bestimmung soweit wie rechtlich möglich Rechnung trägt.

CREDIT SUISSE INTERNATIONAL
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

FINAL

COMPANY REGISTRATION NUMBER: 2500199

CREDIT SUISSE INTERNATIONAL

BOARD OF DIRECTORS

Eric Varvel (Chairman and CEO)

James Amine

Gael de Boissard

Renato Fassbind (Non Executive)

Tobias Guldimann (Non Executive)

Costas P Michaelides

Simon D Yates

COMPANY SECRETARY

Paul E Hare

The directors present their Report and the Financial Statements for the year ended 31 December 2008.

International Financial Reporting Standards

Credit Suisse International's 2008 Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union ('EU').

The Financial Statements were authorised for issue by the Directors on 16 April 2009.

Transparency Directive

During the year Credit Suisse International has adopted the Financial Services Authority's new rules implementing the provisions of the EU Transparency Directive, as applicable. The objective of the Transparency Directive is to achieve greater harmonisation within the member states relating to the provision of periodic and ongoing information requirements for securities issuers.

Business Review

Profile

Credit Suisse Group ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking, Private Banking and Asset Management. Credit Suisse International ('CSi' or the 'Bank') is an unlimited liability company and an indirect wholly owned subsidiary of CSG. CSi is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ('FSA').

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and a team of more than 47,800 employees from approximately 100 different nations.

CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

CSi is a bank domiciled in the United Kingdom. It is a global market leader in over-the-counter ('OTC') derivative products from the standpoints of counterparty service, innovation, product range and geographic scope of operations. CSi offers a range of interest rate, currency, equity, commodity and credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for the Group's risk management needs, including mitigation of interest rate, foreign currency and credit risk. The Financial Statements for the year ended 31 December 2008 comprise CSi and its subsidiaries (together referred to as the 'Group'). CSi has two principal business divisions: Fixed Income and Equities. These are managed as a part of the Investment Banking Division of CS group.

Principal Product Areas

The Fixed Income Division ('FID') provides a full range of derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. FID also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real estate related assets.

The Equity Division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options and futures and OTC derivatives.

Economic environment

Against the backdrop of the financial crisis, 2008 was characterised by declines in economic growth, which intensified towards the end of the year. Industrial production reached a peak near the end of 2007 and employment in the US then started falling. Housing prices in several countries began to slide and banks continued to tighten lending standards. The US government implemented a US$150bn fiscal stimulus package in the summer, which consisted mainly of tax rebates, but failed to stimulate private consumption. Funding and refinancing concerns became a major issue, with LIBOR rates at very high levels, clear dislocations in the financial system, debt markets largely closed and investors' risk aversion mounting. Bond spreads and interbank interest rates spiked in October following the bankruptcy of Lehman Brothers, increasing financing costs not only for banks, but also for highly-rated non-financial borrowers. This situation improved at the end of the year following unprecedented market interventions of central banks and governments. Equity markets sold off sharply and volatility increased dramatically. Despite clear signs of an economic slowdown, commodity prices continued to rise until July, stoking inflation fears. Some commodity markets showed signs of overheating, reflecting increased demand as investors rebalanced their portfolios. Agricultural products and precious metals recorded strong price increases, as those markets were supported by tightening supply and continued strong fundamental demand. As a result, inflation rose sharply across the globe. In the Euro-zone, inflation climbed to 4.0% – double the ECB target. Several central banks reacted with interest rate hikes, while others delayed rate cuts. Higher inflation squeezed consumers' purchasing power and retail sales weakened markedly. Trade unions responded with higher wage demands and wages in the Euro-zone rose at their strongest pace in years. After reaching the mid-year peak, commodity prices subsequently fell sharply, due to deleveraging, risk reduction and the sharp slowdown in economic activity, all of which eased inflationary pressures. This gave central banks scope to use monetary policy to cushion the emerging economic weakness, with monetary authorities cutting rates aggressively. The BoE lowered rates 300 basis points, the ECB 175 basis points and the SNB 225 basis points. In the fourth quarter, the softening global economy turned into an abrupt deceleration and an unusually synchronized and severe global downturn set in. Industrial production plummeted and was down 8% year-on-year in the US, Euro-zone and Japan by November. Exports fell sharply, with Japanese exports dropping 35% year-on-year in December, the largest decline on record. During the fourth quarter, US gross domestic product contracted 4%, the sharpest drop since the early 1980s. Emerging markets also felt the blow of weaker external demand, but domestic demand largely held up.

With interest rates approaching zero in the US, the Federal Reserve ('Fed') switched to what is referred to as a "credit easing" strategy, where it provides credit directly to the private sector via the purchase of CP and mortgage-backed securities and support for the ABS market. This resulted in the doubling of the Fed's balance sheet. Many governments responded with fiscal packages and measures to shore up the banking sector, including debt guarantees and capital injections. During the most severe bouts of selling in equity and commodities markets, yields on government bonds reached the lowest levels in decades due to very high risk aversion and fears of deflation. After having traded for years at similar yields to German government bonds, non-core Euro-zone governments saw a sharp sell-off in their bonds as concerns about their budgetary situations developed and yield differentials widened to around 300 basis points.

The US dollar depreciated during the first half of 2008, especially against the Euro, as yield differentials widened due to the Fed's easing strategy. As a result, export growth in the US surged. The US dollar rebounded in the second half through mid-November, reflecting deleveraging, flight to quality, aggressive monetary easing outside the US and the forced buying of US dollars by European banks, due to currency mismatches (a consequence of write-downs of US dollar assets). The Swiss franc strongly outperformed in Europe, reflecting Switzerland's relative strength as a net creditor, the unwinding of carry trades and rate differentials with other currencies narrowing sharply. The Euro fell to an all-time low of 1.43 against the Swiss franc.

Sector environment

2008 was the most challenging year for the financial sector and capital markets in decades. Sharply lower appetite for risk constrained the willingness or ability of some market participants to maintain their existing positions. As leveraged investment strategies unwound, forced selling by hedge funds led to distressed prices in some asset classes, triggering substantial fair value reductions by banks.

Against this backdrop, banks and regulators increased their focus on capital requirements, more transparent disclosure and the effects of fair value accounting. Credit spreads on a wide range of financial instruments and markets continued to widen, especially in the second half of 2008. The stand-alone investment banking business model in the US was a casualty of severe balance sheet problems. As the US Treasury intervened to prevent systemic failures, several major banks, investment banking firms and brokerages were forced to merge.

The dysfunction in credit and financial markets resulted in significant events in the financial services industry. Bear Stearns Companies Inc. required emergency financing from the Fed to avoid insolvency and was subsequently acquired by JP Morgan Chase & Co., with additional financial support from the Fed. The US government took conservatorship of Fannie Mae and Freddie Mac, Lehman Brothers went bankrupt, Bank of America agreed to acquire Merrill Lynch and the Fed granted emergency loans to American International Group. The financial crisis spread unabated to Europe where events included the takeover of Halifax Bank of Scotland by Lloyds TSB and government interventions in Germany and Switzerland, in Belgium, the Netherlands and Luxemburg, the UK and Iceland. Additionally, the US Department of the Treasury responded to significant redemption pressure in money market funds by establishing a temporary guarantee for certain US funds. Central banks took further steps to stabilize their markets by injecting liquidity and easing collateral requirements for their lending facilities. To increase confidence, many European countries issued guarantees of bank deposits. The US Treasury announced a plan to invest up to US$250bn of Troubled Asset Relief Program funds directly into banks, and the US Federal Deposit Insurance Corporation announced an unlimited guarantee on certain bank deposits and bank debt. Other governments issued guarantees of debt securities and certain assets of eligible financial institutions and issued or increased the amount of guarantees on bank deposits. In Switzerland, bank deposit guarantees increased from CHF 30,000 to CHF 100,000.

Discussions about potential regulatory changes for the banking sector gained urgency, focusing on capital, balance sheet leverage ratios and ways to encourage increased transparency of risk positions and off-balance sheet exposures. Investor focus moved from short-term systemic credit risk to concern about the longer-term effects of the credit turmoil and the commodities price shock. After oil prices surged above US$140 per barrel at mid-year, volatility increased in the bond and equity markets and has remained elevated. Continued falling housing prices and rising non-performing loans aggravated the economic slowdown in the US, and equity markets fell sharply. The banking sector continued to raise high levels of capital, which put additional pressure on the sector's share valuations.

Both equity and fixed income trading volumes were supported by the high volatility levels. However, the emergence of new trading platforms caused major stock exchanges to lose market share. Fixed income volumes were higher in 2008 than in 2007, globally and in Europe. Equity underwriting activity slowed significantly in 2008, as investors stayed away from capital markets amid the economic and financial crisis. Announced mergers and acquisitions volumes were down 29% for the year both globally and in Europe, and completed mergers and acquisitions volumes decreased 28% globally and 24% in Europe. Global debt underwriting was down 38%, reflecting the turmoil in credit markets and more conservative credit standards applied by banks and other financial institutions.

Performance

The Group's current year consolidated net operating loss was US$4,905m (2007: profit US$2,819m). The loss attributable to shareholders for the year was US$5,272m (2007: profit US$527m). The directors are disappointed with this performance which has resulted primarily from the extreme market dislocation that has occurred in the Bank's primary trading markets. CS group and the Bank continue to actively reduce risks as part of the repositioning of investment banking, as detailed below.

Throughout the year the Bank has accessed injections of capital and funding from CS group to ensure ongoing stability and support of its business activities. The Bank continues to closely monitor its capital and funding requirements on a daily basis. CS group has confirmed that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

An analysis of net operating (loss)/income by business segment is as follows:

	2008 US$M	2007 US$M
Net operating (loss)/income		
Fixed Income Division	(3,581)	2,248
Equity Division	(1,604)	629
Other	280	(58)
Total net operating (loss)/income	**(4,905)**	**2,819**

The negative net revenues in both Fixed Income and Equities in 2008 reflect the widespread market disruption, which persisted throughout the year and intensified in the second half. Results in 2008 were negatively impacted by the dislocation in the structured products and credit markets, which led to significantly lower fixed income results compared to 2007. Severe widening of credit spreads resulted in sharp declines in fair value levels of credit instruments across most markets, and an increase in the divergence between the cash and synthetic markets. In addition, extreme volatility and the restrictions on short selling in the second half of the year adversely affected many of the fixed income and equity trading businesses.

Fixed income trading losses in 2008 primarily reflected net valuation reductions in leveraged finance and structured products businesses and losses in structured fixed income derivatives, leveraged finance trading and emerging markets trading. Solid results were reported in flow based rate products, and high grade credit trading generated considerable revenues benefiting from the dislocations in the credit markets as corporate credit spreads widened across the board.

Equity trading losses in 2008 primarily were caused by significant losses in long/short and event and risk arbitrage equity trading strategies, equity derivatives and convertibles compared to significant gains in 2007.

The Group's current year total operating expenses were US$2,259m (2007: US$2,041m). While compensation costs were significantly reduced due to lower variable compensation in 2008, this was partially offset by increased impairment charge on other loans and receivables, and the inclusion of a litigation charge of US$267m relating to an agreement with the Parmalat Group to settle all claims between the parties in Italy. Included in operating expenses in 2008 is a fine of US$11m to the FSA for systems and controls failings related to mismarks and pricing errors, detailed below.

As at 31 December 2008, the Group had total assets of US$975,713m (2007: US$491,834m) and total shareholders' equity of US$9,573m (31 December 2007: US$11,472m). The significant increase in total assets was principally driven by increased fair value of interest rate and credit derivatives as movements on yield and credit curves in the global markets led to widening of credit spreads.

Impact on results of the events in the mortgage and credit markets

In 2008, the continuing dislocation in the structured products and credit markets led to significantly lower revenues in the leveraged finance and structured products – comprising Commercial Mortgage Backed Securities ('CMBS'), Residential Mortgage Backed Securities ('RMBS') and subprime Collateralised Debt Obligation ('CDO') – businesses.

As part of the Group's overall risk management to reduce exposures from these businesses, the Group holds a portfolio of hedges, including single name hedges and index hedges in non-investment grade, cross-over credit and mortgage indices. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designed to hedge.

The Group does not rely on monoline insurers in its subprime hedging. The risk in any inventory of monoline-wrapped paper is fully hedged with credit derivatives and other forms of protection.

The exposure of the leveraged finance and structured products businesses as follows reflect a risk management rather than a financial reporting perspective.

Leveraged Finance business

The Group's leveraged finance business provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and mezzanine and high-yield debt to corporate and financial sponsor-backed companies. Leveraged finance is commonly employed to achieve a specific objective, for example to make an acquisition, to complete a buy-out or to repurchase shares.

Leveraged finance risk exposure takes the form of both funded and unfunded commitments. An unfunded commitment exists from the time a commitment is made to a client to extend a leveraged loan, to the time the loan is closed and funded. The Group typically endeavours to distribute the loan prior to the closing and funding of the loan. Once a loan has closed, whatever portion the Group continues to hold is a funded commitment. The Group's total funded and unfunded exposure was US$1bn as at the end of 2008 (2007: US$3bn).

CMBS business

CMBS are bonds backed by a pool of mortgage loans on commercial real estate properties. Cash flows generated by the underlying pool of commercial mortgages are the primary source of repayment for the principal and interest on the bonds. Various types of income-producing properties serve as collateral for the commercial mortgages. The collateral is typically sold to a special purpose entity which then issues CMBS. A typical deal will include the issuance of multiple classes of bonds. Principal payments are generally made to the bond classes on a sequential basis, beginning with the class with the highest priority and ending with the class with the lowest priority. The credit ratings on the bond classes will vary based on payment priority and can range from AAA to unrated. Most CMBS are issued by private entities and, as a result, the credit quality of the underlying commercial mortgages will have a direct bearing on the performance of the bonds. The Group has risk exposure to the underlying commercial loans from the time the loans are made until they are packaged as CMBS and distributed.

The fair value of the CMBS loan inventory at 31 December 2008 was US$2.8bn (2007: approximately US$6bn), of which 68% was investment grade.

RMBS business

The Group's exposure to RMBS inventory is de minimis.

CDO Trading business

The Group purchases interests in CDOs and enters into derivative contracts with ABS CDOs and other counterparties. CDOs provide credit risk exposure to a portfolio of Asset Backed Securities ('ABS') (cash CDOs) or a reference portfolio of securities (synthetic CDOs) through, for example, credit default swaps.

The Group's cash CDO business includes warehouse financing of a portfolio of assets selected by clients for packaging and distribution as CDOs, where the Group sells the warehoused assets to the CDO vehicle for cash raised in the CDO issuance. The Group's primary CDO US subprime exposure is to bonds with ratings of AAA or AA. In synthetic CDOs, the Group may be required under credit default swaps to make payments in the event that securities in the reference portfolios default or experience other credit events such as rating agency downgrades.

In 2008 the Group completed the transfer of certain CDO positions and risks from CSi to US based CS group entities to facilitate closer oversight by Trading Management. The CDO trading business had net US subprime exposure in CSi of only US$130m as of the end of 2008 (2007: US$2.4bn).

The CDO business is managed as a trading book on a net basis, and the related gross long and short positions are monitored as part of CS group's risk management activities and price testing procedures. The Group is not currently originating significant levels of subprime CDOs.

Remediation of prior material weakness in internal control over financial reporting

As announced on 19 February 2008, in connection with ongoing internal control processes, CS group identified mismarks and pricing errors by a small number of traders in certain ABS positions in the CDO trading business in Investment Banking and immediately undertook an internal review of this business. CDO trading is part of the structured products business. These traders ran global portfolios of positions, some portions of which were entered into by CSi. Consequently findings from this review directly impact CSi.

As a result of this internal review CS group recorded total valuation reductions of CHF 2.86bn (US$2.65bn) of which CSi recorded a total valuation reduction of US$685m in 2007 and US$957m for the period 1 January 2008 to 19 February 2008, as a result of revaluing these positions.

CS group has been actively engaged in the implementation of remediation efforts to address the material weakness relating to the mismarks and pricing errors. These remediation efforts, outlined below, are specifically designed to address the material weakness identified by management. As a result of its assessment of the effectiveness of internal control over financial reporting, management determined that as of December 31, 2008, the material weakness no longer exists.

CS group's remediation efforts were governed by a Steering Committee, under the direction of the CS group's CRO and included other members of the Executive Board as well as senior management staff. The status of remediation was reviewed by the Audit Committee who was advised of issues encountered and key decisions reached by Group's management. During 2008, Group's management took the following actions to remediate this material weakness:

- Immediate internal review of this business, commissioned by the CS group Executive Board and assisted by outside counsel, commenced after the release of the CS group unaudited 2007 Condensed Consolidated Financial Statements
- Reassessed trading responsibility for the CDO trading business
- Improved the effectiveness of supervisory reviews, formalised escalation procedures, improved coordination among trading, product control and risk management

On 13 August 2008 CSi incurred a financial penalty of £5.6m (US$ 11m) levied by the FSA in connection with the mismarking and pricing errors.

Repositioning Investment Banking

During the fourth quarter of 2008, CS Group announced an acceleration of efforts to reposition Investment Banking in response to the challenging market environment. In particular, CS Group has focused on:

- reducing risk capital usage, including exiting certain proprietary and principal trading activities and aligning lending with customer franchises;
- reducing volatility and improving capital efficiency;
- increasing emphasis on client and flow-based businesses; and reducing risk limits for complex and structured products.

In addition, as part of the 2008 annual compensation process, senior employees of the Bank were awarded bonuses where a significant component references the performance of a specified pool of illiquid assets that originated in CS group's investment banking business, and/or had a portion of their variable compensation granted in the form of cash retention awards ('CRA'). These CRA payments are subject to vesting over a two year period and to other conditions. Any unvested CRA will be repaid if a clawback event such as voluntary termination of employment occurs.

CS group expects challenging market conditions to persist in the near to medium term. Accordingly, the business will continue to be managed conservatively. CS group is, however, in a strong position financially and competitively, therefore a disciplined risk management approach will enable opportunities to be seized and realised as they emerge. CS group continues to benefit from a conservative funding structure and a position as one of the world's best capitalised banks with a Tier 1 ratio of 13.3% as at 31 December 2008.

Involvement with Special Purpose Entities ('SPEs')

The Group enters into transactions with, and makes use of, SPEs in the normal course of business. Transactions with SPEs are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, CSi may hold interests in the SPEs. Securitisation-related transactions with SPEs involve selling or purchasing assets and entering into related derivatives with those SPEs, providing liquidity, credit or other support. Other transactions with SPEs include derivative transactions in CSi's capacity as the prime broker for entities qualifying as SPEs. CSi also enters into lending arrangements with SPEs for the purpose of financing client projects or the acquisition of assets. Further, CSi is involved with SPEs which were formed for the purpose of offering alternative investment solutions to clients. Such SPEs relate primarily to fund-linked vehicles or fund of funds, where CSi acts as structurer, manager, distributor, broker, market maker or liquidity provider. The economic risks associated with SPE exposures held by CSi, together with all relevant risk mitigation initiatives, are included in the CS group risk management framework.

Investing or financing needs, or those of the Group's clients, determine the structure of each transaction, which in turn determines whether sale accounting and subsequent derecognition of the transferred assets under IAS 39 applies. In addition, SPEs are entities which typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under IAS 27 and its associated interpretation, SIC-12. Application of the accounting requirements for consolidation of SPEs may require the exercise of significant management judgement.

Key information relating to SPE exposures as at the end of 2008 is as follows:

	31 December 2008 US$M
Consolidated SPEs	
CDO	440
Financial intermediation	16,996
Total assets of consolidated SPEs	**17,436**

	31 December 2008 US$M
Non-consolidated SPEs	
CDO	39,375
Financial intermediation	175,631
Total assets of non-consolidated SPEs	**215,006**
Total maximum exposure to loss of non-consolidated SPEs	
CDO	9,457
Financial intermediation	94,267

Structured Investment Vehicles ('SIVs')

SIVs are unconsolidated entities that issue various capital notes and debt instruments to fund the purchase of assets. CSi does not sponsor or serve as asset manager to any SIVs.

Fair Value Measurement

Fair Value is considered the most relevant measurement for many financial instruments as it provides more transparency than historic cost based valuations and aligns the accounting for these financial instruments with how the business is managed. Per IAS39, the Group determines Fair Value using the IFRS two level hierarchy of 'Active Market' and 'No Active Market'. The No Active Market level of the IFRS fair value hierarchy includes more complex OTC derivatives, illiquid loans and certain structured bonds, the so-called 'Level 3' Instruments.

Asset and liabilities measured at fair value on a recurring basis

As at 31 December 2008 Group	**Quoted Prices in active markets (level 1) US$M**	**Significant other observable inputs (level 2) US$M**	**Significant unobservable inputs (level 3) US$M**	**Impact of netting US$M**	**Total US$M**
Trading assets	14,146	1,012,396	43,427	(263,002)	806,967
Other financial assets designated at fair value through profit and loss	3,841	21,112	9,498	-	34,451
Total assets at fair value	**17,987**	**1,033,508**	**52,925**	**(263,002)**	**841,418**
Trading liabilities	(10,414)	(982,528)	(26,804)	263,002	(756,744)
Other financial assets designated at fair value through profit and loss	-	(20,359)	(20,339)	-	(40,698)
Other liabilities	-	-	(734)	-	(734)
Total liabilities at fair value	**(10,414)**	**(1,002,887)**	**(47,877)**	**263,002**	**(798,176)**

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

Group	**2008 US$M**
Gains and losses in net trading revenue	
Net realised/unrealised losses included in net revenues	1,832
Whereof:	
Unrealised losses relating to asset and liabilities still held as of reporting date	5,247

As the valuation models are based upon entity specific assumptions, changing the assumptions within a reasonable range amends the resultant estimate of fair value. The potential effect of using reasonably possible alternative assumptions in valuation models lies in a range of US$(1,298m) and US$1,298m as at the end of 2008.

For disclosure purposes, the Group has chosen to disclose fair value measurement in the tables above per the three level US GAAP hierarchy defined in SFAS 157:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include:
(i) quoted prices for similar assets or liabilities in active markets;
(ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available;
(iii) inputs other than quoted prices that are observable for the asset or liability; or
(iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Group's own data. The Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

The Group records net open positions at bid prices if long, or at ask prices if short, unless the Group is a market maker in such positions, in which case mid-pricing is utilised. A bid-offer adjustment is applied to the net position.

Fair value measurements are not adjusted for transaction costs. Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealised gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs. The Group employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realised and unrealised gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realised or unrealised gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

Capital Resources

Issues of medium and long term debt are set out in Note 22 to the Financial Statements.

In 2008, there was an increase in various classes of authorised and issued share capital. Preference share capital increased by the authorisation and issuance of 1,400,000,000 Class J Preference shares. Participating share capital increased by the authorisation of 2,000,000,000 Participating shares, of which 1,520,833,333 were issued at a premium of US$479m (refer to Note 23).

The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the Financial Services Authority ('FSA'). The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

Subsidiary Undertakings and Branches

Credit Suisse First Boston International Warrants Limited was put into members' voluntary liquidation during 2005 by the Bank, and remains in liquidation (refer to Note 15).

Dividends

No dividends have been paid for the year ended 31 December 2008 (2007: US$Nil).

Risk Management

The Group's financial risk management objectives and policies and the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk are outlined in Note 33 to the Financial Statements.

Directors

The names of the directors as at the date of this report are set out on page 2. Changes in the directorate since 31 December 2007 and up to the date of this report are as follows:

Appointment:	
Eric Varvel (Chairman and CEO)	20 February 2008
James Amine	10 March 2008
Christopher Horne (Alternate to James Amine)	10 March 2008
Eraj Shirvani (Alternate to Gael Boissard)	10 March 2008
Resignation:	
Michael G Philipp (Chairman and CEO)	20 February 2008
Osama S Abassi (Alternate to Gael de Boissard)	10 March 2008
Hamish Leslie-Melville (Alternate to Marco G Mazzucchelli)	10 March 2008
Marco G Mazzucchelli	10 March 2008
Fawzi S Kyriakos-Saad	11 June 2008
Stephen B Dainton	27 November 2008
Christopher Horne (Alternate to James Amine)	27 November 2008
Eraj Shirvani	27 November 2008

None of the directors who held office at the end of the financial year was directly beneficially interested, at any time during the year, in the shares of the Bank.

Directors of the Group benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Employee Involvement and Employment of Disabled Persons

The CS group gives full and fair consideration to disabled persons in employment applications, training and career development including those who become disabled during their period of employment.

The CS group has a Disability Interest Forum in place as a UK initiative. This forum:

- provides a support network;
- facilitates information sharing for those with a disability or those caring for a family member or friend with a disability; and
- invites all those who want to participate and who have an interest.

The forum raises awareness of issues related to disability and promotes an environment where disabled employees are supported and are given the opportunity to reach their full potential.

Donations

During the year the Group made US$41,182 (2007: US$32,308) of charitable donations. There were no political donations made by the Group during the year (2007: US$Nil).

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit PLC will therefore continue in office.

Subsequent events

On 20 Jan 2009, the total authorised share capital of the Bank increased from US$14,100,000,000 to US$15,800,000,000. Bank issued 757,575,758 Participating Shares of US$1 each in cash at a share premium of US$742,424,242 to IHAG.

Further to this, on the same day the Bank issued 200,000,000 Class K Preference Shares of US$1 each to CSI(UK).

On 27 Feb 2009, all 375,000,000 issued Class B Preference Shares were redeemed at par.

By Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
16 April 2009

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Bank and Group financial statements for each financial year. Under that law, the directors have elected to prepare both the Bank and Group financial statements in accordance with IFRS as adopted by the EU.

The Bank and Group Financial Statements are required by law and IFRS as adopted by the EU to present fairly the financial position of the Bank and Group and the performance for that period; the Companies Act 1985 provides in relation to such Financial Statements that references in the relevant part of that Act to Financial Statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Bank and Group Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Bank and Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its Financial Statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the CS group's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 16 April 2009 by:

Costas P. Michaelides
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDIT SUISSE INTERNATIONAL

We have audited the Group and Bank Financial Statements (the 'Financial Statements') of Credit Suisse International (the 'Bank') for the year ended 31 December 2008 which comprise the Group Income Statement, the Group and Bank Balance Sheets, the Group and Bank Cash Flow Statements, the Group and Bank Statements of Changes in Equity and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Bank's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 13.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements are properly prepared in accordance with the Companies Act 1985 and, as regards the Group Financial Statements, Article 4 of the IAS regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition we report to you if, in our opinion, the Bank has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDIT SUISSE INTERNATIONAL

Opinion

In our opinion:

• the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;

• the Bank financial statements give a true and fair view, in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the Bank's affairs as at 31 December 2008;

• the Financial Statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group Financial Statements, Article 4 of the IAS regulation; and

• the information given in the Directors' Report is consistent with the Financial Statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London
16 April 2009

CREDIT SUISSE INTERNATIONAL
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 US$M	2007 US$M (restated)[1]
Interest income	5	3,783	3,101
Interest expense	5	(4,971)	(5,034)
Net interest expense		**(1,188)**	**(1,933)**
Commissions and fees income	6	100	68
Commissions and fees expense	6	(94)	(137)
Net commission and fee income/(expense)	**6**	**6**	**(69)**
Net trading (loss)/revenues	7	(2,798)	5,384
Revenue sharing agreements expense	6	(925)	(563)
Total non interest revenues		**(3,717)**	**4,752**
Net operating (loss)/income		**(4,905)**	**2,819**
Compensation and benefits	6	(584)	(819)
Impairment charge on other loans and receivables	11	(159)	(36)
Other expenses	6	(1,516)	(1,186)
Total operating expenses		**(2,259)**	**(2,041)**
(Loss)/profit before tax		**(7,164)**	**778**
Income tax credit/(charge)	8	1,892	(251)
(Loss)/profit after tax		**(5,272)**	**527**
(Loss)/profit attributable to:			
Equity holders of the parent		**(5,272)**	527
		(5,272)	**527**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

All profit and loss for both 2008 and 2007 is from Continuing Operations.

The Bank's loss after tax was US$5,293 m for the year ended 31 December 2008 (2007: profit US$516m)

The notes on pages 23 to 101 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 US$M	2007 US$M (restated)[1]
Assets			
Cash and cash equivalents		63,201	26,713
Interest-bearing deposits with banks		349	148
Securities purchased under resale agreements and securities borrowing transactions	10	8,958	22,240
Trading assets	7	806,967	381,152
Other financial assets designated at fair value through profit and loss	7	34,451	22,628
Other loans and receivables	11	7,303	11,377
Repossessed collateral	12	34	55
Current tax assets		536	601
Deferred tax assets	9	1,825	213
Other assets	13	51,530	26,184
Intangible assets	16	184	136
Property, plant and equipment	17	375	387
Total assets		**975,713**	**491,834**
Liabilities			
Deposits	18	1,586	4,817
Securities sold under repurchase agreements and securities lending transactions	10	9,019	25,397
Trading liabilities	7	756,744	291,119
Other financial liabilities designated at fair value through profit and loss	7	40,698	45,885
Short term borrowings	19	79,278	46,578
Current tax liabilities		-	71
Other liabilities	20	68,165	54,249
Provisions	21	14	16
Long term debt	22	10,636	12,230
Total liabilities		**966,140**	**480,362**
Shareholders' equity			
Called-up share capital	23	8,542	5,621
Share premium account	23	4,126	3,647
Retained earnings		(3,286)	1,986
Share award obligations		191	218
Total shareholders' equity		**9,573**	**11,472**
Total liabilities and equity		**975,713**	**491,834**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

The notes on pages 23 to 101 form an integral part of the Financial Statements.

Approved by the Board of Directors on 16 April 2009 and signed on its behalf by:

Costas P. Michaelides

CREDIT SUISSE INTERNATIONAL
BANK BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 US$M	2007 US$M (restated)[1]
Assets			
Cash and cash equivalents		62,645	25,830
Interest-bearing deposits with banks		332	148
Securities purchased under resale agreements and securities borrowing transactions	10	8,148	21,686
Trading assets	7	818,787	378,381
Other financial assets designated at fair value through profit and loss	7	31,609	21,326
Other loans and receivables	11	7,313	11,382
Current tax assets		498	601
Deferred tax assets	9	1,796	213
Other assets	13	52,748	27,605
Investments in subsidiary undertakings	15	27	27
Intangible assets	16	184	136
Property, plant and equipment	17	375	387
Total assets		**984,462**	**487,722**
Liabilities			
Deposits	18	1,586	3,461
Securities sold under resale agreements and securities lending transactions	10	9,432	25,397
Trading liabilities	7	756,934	291,130
Other financial liabilities designated at fair value through profit and loss	7	37,152	42,074
Short term borrowings	19	90,167	46,431
Current tax liabilities		-	75
Other liabilities	20	69,083	55,530
Provisions	21	14	16
Long term debt	22	10,636	12,230
Total liabilities		**975,004**	**476,344**
Shareholders' equity			
Called-up share capital	23	8,542	5,621
Share premium account	23	4,126	3,647
Retained earnings		(3,401)	1,892
Share award obligations		191	218
Total shareholders' equity		**9,458**	**11,378**
Total liabilities and shareholders' equity		**984,462**	**487,722**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

The notes on pages 23 to 101 form an integral part of the Financial Statements.

Approved by the Board of Directors on 16 April 2009 and signed on its behalf by:

Costas P. Michaelides

CREDIT SUISSE INTERNATIONAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2008	**5,621**	**3,647**	**1,986**	**218**	**11,472**
Share-based compensation, pre-tax	-	-	-	10	10
Share-based compensation, tax	-	-	-	(37)	(37)
Net loss recognised directly in equity	**-**	**-**	**-**	**(27)**	**(27)**
Loss for the period and total recognised income and expense for the period	-	-	(5,272)	-	(5,272)
Issue of shares	2,921	479	-	-	3,400
Redemption of shares	-	-	-	-	-
Balance at 31 December 2008	**8,542**	**4,126**	**(3,286)**	**191**	**9,573**

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M (restated)[1]	US$M (restated)[1]	US$M (restated)[1]
Balance at 1 January 2007	**3,242**	**433**	**1,227**	**-**	**4,902**
Transition adjustment for IFRIC 11, pre-tax (Note 2 f)			297	131	428
Transition adjustment for IFRIC 11, tax	-	-	(65)	60	(5)
Balance at 1 January 2007, restated	**3,242**	**433**	**1,459**	**191**	**5,325**
Share-based compensation, pre-tax				39	39
Share-based compensation, tax	-	-	-	(12)	(12)
Net income recognised directly in equity	**-**	**-**	**-**	**27**	**27**
Profit for the period and total recognised income and expense for the period	-	-	527	-	527
Issue of shares	3,929	3,236	-	-	7,165
Redemption of shares	(1,550)	(22)	-	-	(1,572)
Balance at 31 December 2007	**5,621**	**3,647**	**1,986**	**218**	**11,472**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

There were no dividends paid during 2008 (2007: Nil).

The notes on pages 23 to 101 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
BANK STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2008	**5,621**	**3,647**	**1,892**	**218**	**11,378**
Share-based compensation, pre-tax	-	-	-	10	10
Share-based compensation, tax	-	-	-	(37)	(37)
Net income recognised directly in equity	**-**	**-**	**-**	**(27)**	**(27)**
Loss for the period and total recognised income and expense for the period	-	-	(5,293)	-	(5,293)
Issue of shares	2,921	479	-	-	3,400
Redemption of shares	-	-	-	-	-
Balance at 31 December 2008	**8,542**	**4,126**	**(3,401)**	**191**	**9,458**

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M (restated)[1]	US$M (restated)[1]	US$M (restated)[1]
Balance at 1 January 2007	**3,242**	**433**	**1,144**	**-**	**4,819**
Transition adjustment for IFRIC 11, pre-tax (Note 2 f)			297	131	428
Transition adjustment for IFRIC 11, tax	-	-	(65)	60	(5)
Balance at 1 January 2007, restated	**3,242**	**433**	**1,376**	**191**	**5,242**
Share-based compensation, pre-tax	-	-	-	39	39
Share-based compensation, tax	-	-	-	(12)	(12)
Net income recognised directly in equity	**-**	**-**	**-**	**27**	**27**
Profit for the period and total recognised income and expense for the period	-	-	516	-	516
Issue of shares	3,929	3,236	-	-	7,165
Redemption of shares	(1,550)	(22)	-	-	(1,572)
Balance at 31 December 2007	**5,621**	**3,647**	**1,892**	**218**	**11,378**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

There were no dividends paid during 2008 (2007: Nil).

The notes on pages 23 to 101 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

Cash flows from operating activities	Note	2008 US$M	2007 US$M (restated)[1]
(Loss)/profit before tax for the period		(7,164)	778
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities			
Non-cash items included in profit before tax and other adjustments:			
Depreciation on property, plant and equipment	17	86	78
Disposal of property, plant and equipment	17	3	-
Amortisation of intangible assets	16	39	59
Impairment of intangible assets	16	17	4
Disposal of intangible assets	16	7	-
Interest accrued on long-term debt		494	341
Impairment charge on other loans and receivables	11	159	36
(Reversal)/impairment on loan commitments	6	(2)	18
Foreign exchange gains		(94)	(12)
Impairment on repossessed collateral	12	21	-
Provisions	21	5	13
Cash generated before changes in operating assets and liabilities		735	537
Net (increase)/decrease in operating assets:			
Interest bearing deposits with banks		(201)	382
Securities purchased under resale agreements and securities borrowing transactions		13,282	(4,902)
Trading assets		(425,815)	(163,076)
Other financial assets designated at fair value through profit and loss		(11,823)	(15,669)
Repossessed collateral		-	(55)
Other loans and receivables		3,931	1,030
Other assets		(25,346)	(8,894)
Total net increase in operating assets		(445,972)	(191,184)
Net increase/(decrease) in operating liabilities:			
Deposits		21	(455)
Securities sold under resale agreements and securities lending transactions		(16,378)	5,039
Trading liabilities		465,625	135,386
Other financial liabilities designated at fair value through profit and loss		(5,187)	17,285
Short-term borrowings		32,700	7,945
Other liabilities and provision		13,851	28,490
Total net increase in operating liabilities		490,632	193,690
Cash generated/(used in) from operating activities		**38,231**	**3,821**
Income taxes refund		425	105
Income taxes paid		(143)	(319)
Net cash flow generated/(used in) from operating activities		**38,513**	**3,607**
Investing activities			
Capital expenditures for property, plant, equipment and intangible assets	16,17	(188)	(132)
Net cash flow used in investing activities		**(188)**	**(132)**
Financing activities			
Issue of long-term debt		3,030	8,538
Redemption of long-term debt		(4,531)	(809)
Interest paid on long-term debt		(494)	(253)
Issue of shares		3,400	7,165
Redemption of shares		-	(1,572)
Share-based compensation		10	170
Net cash flow from financing activities		**1,415**	**13,239**
Net increase/(decrease) in cash and cash equivalents		**39,740**	**16,714**
Cash and cash equivalents at beginning of period		21,977	5,263
Cash and cash equivalents at end of period		**61,717**	**21,977**
Cash and due from banks		63,201	26,713
Demand deposits	18	(1,484)	(4,736)
Cash and cash equivalents at end of period		**61,717**	**21,977**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

The notes on pages 23 to 101 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
BANK STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008

Cash flows from operating activities	Note	2008 US$M	2007 US$M (restated)[1]
(Loss)/profit before tax for the period		(7,183)	767
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities			
Non-cash items included in profit before tax and other adjustments:			
Depreciation on property, plant and equipment	17	86	78
Disposal of property, plant and equipment	17	3	
Amortisation of intangible assets	16	39	59
Impairment of intangible assets	16	17	4
Disposal of intangible assets	16	7	-
Interest accrued on long-term debt		494	341
Impairment charge on other loans and receivables	11	159	36
Impairment on loan commitments	6	(2)	18
Foreign exchange (gain)/losses		(94)	(13)
Provisions	21	5	13
Cash generated before changes in operating assets and liabilities		714	536
Net (increase)/decrease in operating assets:			
Interest bearing deposits with banks		(184)	382
Securities purchased under resale agreements and securities borrowing transactions		13,538	(4,348)
Trading assets		(440,406)	(161,690)
Other financial assets designated at fair value through profit and loss		(10,283)	(14,862)
Other loans and receivables		3,926	1,029
Other assets		(25,143)	(9,348)
Total net increase in operating assets		(458,552)	(188,837)
Net increase/(decrease) in operating liabilities:			
Deposits		21	(455)
Securities sold under resale agreements and securities lending transactions		(15,965)	5,039
Trading liabilities		465,804	135,408
Other financial liabilities designated at fair value through profit and loss		(4,922)	15,114
Short-term borrowings		43,736	8,120
Other liabilities and provision		13,549	28,800
Total net increase in operating liabilities		502,223	192,026
Cash generated/(used in) from operating activities		**37,202**	**4,492**
Income taxes refund		425	105
Income taxes paid		(143)	(319)
Net cash flow generated/(used in) from operating activities		**37,484**	**4,278**
Investing activities			
Capital expenditures for property, plant, equipment and intangible assets	16,17	(188)	(132)
Net cash flow used in investing activities		**(188)**	**(132)**
Financing activities			
Issue of long-term debt		3,030	8,538
Redemption of long-term debt		(4,531)	(809)
Interest paid on long-term debt		(494)	(253)
Issue of shares		3,400	7,165
Redemption of shares		-	(1,572)
Share-based compensation		10	170
Net cash flow from financing activities		**1,415**	**13,239**
Net increase/(decrease) in cash and cash equivalents		**38,711**	**17,385**
Cash and cash equivalents at beginning of period		22,450	5,065
Cash and cash equivalents at end of period		**61,161**	**22,450**
Cash and due from banks		62,645	25,830
Demand deposits	18	(1,484)	(3,380)
Cash and cash equivalents at end of period		**61,161**	**22,450**

[1] On 1 January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

The notes on pages 23 to 101 form an integral part of the Financial Statements.

1. General

Credit Suisse International ('CSi' or the 'Bank') is a bank domiciled in the United Kingdom. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2008 comprise CSi and its subsidiaries (together referred to as the 'Group').

2. Significant Accounting Policies

a) Statement of compliance

Both the parent company financial statements and the group financial statements have been prepared on a going concern basis and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and the International Financial Reporting Interpretations Committee ('IFRIC'). On publishing the parent company financial statements here together with the group financial statements, the Bank is taking advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes.

b) Basis of preparation

The Consolidated Financial Statements are presented in United States dollars (US$) rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments that are hedged as part of a designated hedging relationship and financial instruments designated by the Group as at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

During the year the Group and Bank have incurred significant losses largely as a result of the significant market volatility in the final quarter of 2008. During 2008 the Bank received additional capital from Credit Suisse Group as required to ensure it maintained sufficient capital to meet UK regulatory requirements. In addition, in respect of liquidity risk, as explained in note 33 (ii), the Group and Bank have unrestricted and direct access to funding sourced by Credit Suisse Group. After making enquiries of the Credit Suisse Group, the directors of the Bank have received confirmation that Credit Suisse Group will ensure that the Bank maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly, the directors have prepared these accounts on a going concern basis.

Standards and Interpretations effective in the current period

The Group has adopted the following amendments and interpretations in the current year:

- IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions'
- IFRIC 14 'The Limits on a Defined Benefit Asset Minimum Funding Requirements and their Interaction'
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' regarding reclassification of financial assets

As a result of the adoption of the above mentioned revised accounting standards and interpretations, certain

2. Significant Accounting Policies (continued)

reclassifications have been made to the prior year Consolidated Financial Statements of the Group to conform to the current year's presentation.

Standards and Interpretations in issue but not yet effective

The Group is not required to adopt the following standards and interpretations which are issued but not yet effective.

- Improvements to IFRS (effective for annual periods beginning on or after 1 January 2009 except for amendments to IFRS 5, effective for annual periods on or after 1 July 2009)

- Amendments (revised presentation) to IAS 1 'Presentation of Financial Statements', - (effective for annual periods beginning on or after January 1, 2009 - expected adoption date January 1, 2009)

- Amendments to IAS 23 relating to borrowing costs (effective for annual periods on are after 1 January, 2009 - expected adoption date January 1, 2009)

- Amendment to IAS 32 'Financial Instruments: Presentation' and IAS 1 'Presentation of Financial Statement' regarding Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009 - expected adoption date January 1, 2009).

- Amendment to IFRS 2 'Share-based Payment' relating to vesting conditions (effective for annual periods on are after 1 January, 2009 - expected adoption date January 1, 2009)

- IFRS 8 'Operating Segments', which replaces IAS 14 'Segment Reporting', (effective for annual periods beginning on or after 1 January 2009 - expected adoption date January 1, 2009).

- IFRIC 13 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1July 2008 - expected adoption date 1 January 2009).

The expected impact of the standards and interpretations issued but not yet effective is still being assessed, however, the Group does not anticipate that the above interpretations will have a material impact on the reported numbers in the Consolidated Financial Statements in the period of initial application. The accounting policies have been applied consistently by Group entities.

c) Basis of consolidation

The Consolidated Financial Statements include the results and positions of the Bank and its subsidiaries (including special purpose entities). The Consolidated Financial Statements include the Income Statement, Balance Sheets, Cash Flow Statements, Statements of Changes in Equity and the related notes of the Group.

A subsidiary is an entity in which the Bank holds, directly or indirectly, more than 50% of the outstanding voting rights, or which it otherwise has the power to control. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Bank also consolidates entities when the substance of the relationship between the Bank and the entity indicates that it is controlled by the Bank in accordance with SIC 12 'Consolidation – Special Purpose Entities'. The results of subsidiaries acquired are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Investments in subsidiary undertakings are accounted for at cost, in accordance with IAS27 'Consolidated and Separate Financial Statements', in the Bank's stand alone accounts.

The effects of intercompany transactions and balances have been eliminated in preparing the Consolidated Financial Statements.

2. Significant Accounting Policies (continued)

d) Foreign currency

The Bank's functional currency is United States Dollars. Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to US$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies at the balance sheet date are not revalued for movements in foreign exchange rates.

Assets and liabilities of Group companies with functional currencies other than US$ are translated to US$ at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of these Group companies are translated to US$ at the average foreign exchange rates for the year. The resulting translation differences are recognised directly in a separate component of equity. On disposal, these translation differences are reclassified to the income statement as part of the gain or loss on disposal.

e) Segmental reporting

The Group reports the results of its operations through three business segments. They are Fixed Income Division, Equity Division and Other.

FID provides a full range of derivatives products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. FID also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real estate related assets.

Equity Division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options, futures and OTC equity derivatives.

Other reflects Investment Banking Division ('IBD') activities which include financial advisory services regarding mergers and acquisitions and other matters, origination and distribution of equity and fixed income securities, leveraged finance and private equity investments. Other also includes operating income that is not specifically allocated to any business divisions.

Where possible, common costs have been allocated to the business segments on an actual usage basis. Where this is not possible, an allocation methodology has been applied.

f) Cash and cash equivalents

For the purpose of preparation and presentation of the cash flow statement, cash and cash equivalents are defined as short term, highly liquid instruments with original maturities of three months or less and that are held or utilised for the purpose of cash management. These relate to balances included as part of 'Cash and cash equivalents' and 'Deposits'.

Where cash is received or deposited as collateral, the obligation to repay or the right to receive that collateral is recorded in Other assets or Other liabilities.

g) Securities purchased or sold under resale agreements

Securities purchased under resale agreements ('reverse repurchase agreements') and securities sold under resale agreements ('repurchase agreements') are generally treated as collateralised financing transactions. In reverse

2. Significant Accounting Policies (continued)

repurchase agreements, the cash advanced, including accrued interest, is recognised on the balance sheet as an asset. In repurchase agreements, the cash received, including accrued interest, is recognised on the balance sheet as a liability.

Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not transferred unless all or substantially all the risks and rewards are obtained or relinquished. The Group monitors the market value of the securities received or delivered on a daily basis and provides or requests additional collateral in accordance with the underlying agreements.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised on an effective yield basis and recorded as interest income or interest expense for agreements that are not classified as other financial assets or other financial liabilities designated at fair value through profit and loss.

h) Securities borrowing and lending transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis. The transfer of the securities themselves is not reflected on the balance sheet unless the risks and rewards of ownership are also transferred. If cash collateral is advanced or received, securities borrowing and lending activities are recorded at the amount of cash collateral advanced (cash collateral on securities borrowed) or received (cash collateral on securities lent).

The Group monitors the market value of the securities borrowed and lent on a daily basis and provides or requests additional collateral in accordance with the underlying agreements. Fees are recognised on an accrual basis and interest received or paid is recognised on an effective yield basis and recorded as interest income or interest expense.

i) Trading assets and liabilities

Trading assets and liabilities include mainly debt and equity securities, derivative instruments and loans. These assets and liabilities are included as part of the trading portfolio based on management's intention to sell the assets or repurchase the liabilities in the near term, and are carried at fair value. Transactions with a normal settlement period are recorded on a trade date basis.

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction other than an involuntary liquidation or distressed sale. Quoted market prices are used when available to measure fair value. In cases where quoted market prices are not available, fair value is estimated using valuation models consistent with those used in the financial markets. Where the input parameters cannot be validated using observable market data, reserves are established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves are amortised to income over the life of the instrument or released into income when observable market data becomes available.

Unrealised and realised gains and losses on trading positions, including amortisation of the premium/discount arising at acquisition of debt securities, are recorded in Trading Revenues.

j) Derivative financial instruments and hedging

All freestanding derivative contracts are carried at fair value in the balance sheet regardless of whether these instruments are held for trading or risk management purposes. When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host instrument, the embedded feature will be accounted for separately at fair value, with changes in fair value recorded in the income statement unless, consistent with the provisions of IAS 39, the fair value option is elected (as described in note k below), in which case the entire instrument is recorded at fair value with changes in fair value recorded in the income statement. Once separated, the derivative is recorded in the same line in the consolidated balance sheet as the host instrument.

2. Significant Accounting Policies (continued)

Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity, with changes in fair value included in 'Net Trading Revenues'. Derivative contracts, which are both designated and qualify for hedge accounting, are reported in the balance sheet as 'Other Assets' or 'Other Liabilities' and hedge accounting is applied.

The fair value recorded for derivative instruments does not indicate future gains or losses, but rather the unrealised gains and losses from valuing all derivatives at a particular point in time. The fair value of exchange-traded derivatives is typically derived from observable market prices and/or observable market parameters. Fair values for OTC derivatives are determined on the basis of internally developed proprietary models using various input parameters. Where the input parameters cannot be validated using observable market data, reserves are established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves are amortised to income over the life of the instrument or released into income when observable market data becomes available.

Where hedge accounting is applied, the Group formally documents all relationships between hedging instruments and hedged items, including the risk management objectives and strategy for undertaking hedge transactions. At inception of a hedge and on an ongoing basis, the hedge relationship is formally assessed to determine whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk on both a retrospective and prospective basis. The Group discontinues hedge accounting prospectively in circumstances where:

- it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including forecasted transactions);
- the derivative expires or is sold, terminated, or exercised;
- the derivative is no longer designated as a hedging instrument because it is unlikely that the forecasted transaction will occur; or
- the Group otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

Fair value hedge accounting

For derivatives that are designated and qualify as fair value hedges, the carrying value of the underlying hedged items is adjusted by the change in the fair value attributable to the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the consolidated income statement as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. Hedge ineffectiveness is separately recorded in 'Net Trading Revenues'.

When the Group discontinues fair value hedge accounting the derivative will continue to be carried on the balance sheet at its fair value and the hedged asset or liability will no longer be adjusted for changes in fair value attributable to the hedged risk. Fair value adjustments previously recorded on the underlying hedged items, where these hedged items are interest-bearing instruments, will be amortised to the statement of income over the remaining life of the hedged item according to the effective interest method. Any unamortised fair value adjustment on an interest-bearing instrument is to be reclassified to the statement of income upon sale or extinguishment of the hedged asset or liability, respectively. Fair value hedge adjustments previously made to the carrying value of the underlying hedged item, where the hedged item is not an interest-bearing instrument, are recognised in the income statement when the hedged item affects net income, which is usually when the instrument is disposed of.

2. Significant Accounting Policies (continued)

k) Financial instruments designated as held at fair value through profit and loss

IAS 39 allows an entity to designate financial assets and liabilities and be held at fair value through profit and loss at the inception of the trade and from that date forward. Financial assets and liabilities are only designated as held at fair value through profit and loss if the instruments contain a substantive embedded derivative, or when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces an inconsistency in measurement or recognition (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This election is used for instruments that would otherwise be accounted for under an accrual method of accounting where their economic risks are hedged with derivative instruments that require fair value accounting. This election eliminates or significantly reduces the measurement mismatch between accrual accounting and fair value accounting;

(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. This election is used for instruments purchased or issued by business units that manage their performance on a fair value basis. For all instruments elected under this criterion, the business maintains a documented strategy that states that these instruments are risk managed on a fair value basis.

The Fair Value Option has been applied to certain debt instruments, equity securities and loans and the related assets and liabilities are presented as 'other financial assets designated at fair value through profit and loss' or 'other financial liabilities designated at fair value through profit and loss' in the balance sheet. Once designated this election is irrevocable. All fair value changes related to these financial instruments held at fair value through profit and loss are recognised in 'net trading revenues'.

l) Derecognition

The Group enters into transactions where it transfers assets recognised on its balance sheet, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. In transactions where the Group neither retains nor transfers substantially all risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises financial liabilities when they are extinguished. Where the Group has a financial liability and this instrument is exchanged for a new instrument with the same counterparty, which is substantially different, or when an existing instrument classified as a financial liability is substantially modified, the old instrument is deemed to be extinguished and a new financial liability is recognised. Any gain or loss due to derecognition of the extinguished instrument is recorded in the income statement. Where a modification and not an extinguishment is deemed to have occurred, the difference is adjusted to the carrying value of the new instrument and reclassified into income using the effective interest method.

m) Other loans and receivables

Other loans and receivables are recognised when cash is advanced to borrowers. They are initially recorded at fair value, plus any directly attributable transaction costs and subsequently are amortised on an effective yield basis, less impairment losses.

2. Significant Accounting Policies (continued)

n) Impairment (charge)/reversal on other loans and receivables

The Group assesses at each balance sheet date whether there is objective evidence that a significant loan position or a portfolio of loans is impaired. A significant individual loan position or portfolio of loans is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date (a 'loss event') and that the loss event or events have had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Many factors can affect the Group's estimate of the impairment losses on other loans and receivables, including volatility of default probabilities, rating migrations and loss severity. The estimation of this component of the impairment for the portfolio involves applying historical loss experience, adjusted to reflect current market conditions, to homogeneous loans based on risk rating and product type. To estimate this component of the impairment for loans, the Group segregates loans by risk, industry or country rating. Excluded from this estimation process are loans where a specifically identified loss has been included in the specific component of the allowance for loan losses.

The estimate of the component of the allowance for specifically identified credit losses on impaired loans is based on a regular and detailed analysis of each loan in the portfolio considering collateral and counterparty risk. The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts due according to the contractual terms of the loan agreement. For certain non-collateral dependent impaired loans, impairment charges are measured using the present value of estimated future cashflows discounted at the asset's original effective interest rate. For collateral dependant impaired loans future cash flows for determining impairment is measured taking into account the value of collateral.

The amounts of the impairment charge and any subsequent reversal are recognised in the income statement.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. An allowance for impairment is reversed only when the credit quality has improved such that there is reasonable assurance of timely collection of principal and interest in accordance with the original contractual terms of the claim agreement.

o) Netting

The Group only offsets financial assets and liabilities and presents the net amount in the balance sheet where it:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and liability simultaneously.

In many instances the Group's net position on multiple transactions with the same counterparty is legally protected by Master Netting Agreements. Such agreements ensure that the net position is settled in the event of default of either counterparty and effectively limits credit risk on gross exposures. However, if the transactions themselves are not intended to be settled net, nor will they settle simultaneously, it is not permissible under IAS 32 'Financial Instruments: Presentation' to offset transactions falling under Master Netting Agreements.

p) Income tax

Income tax on the profit and loss for the year comprises current and deferred taxes. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the income statement, the related income tax initially recognised in equity is also subsequently recognised in the income statement.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in

2. Significant Accounting Policies (continued)

respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the following: depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts and other employee compensation and benefits. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the balance sheet, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Information as to the calculation of income tax on the profit and loss for the periods presented is included in Note 8.

q) Repossessed collateral

The Group holds property as a consequence of enforcement of security over loans and advances. Property is measured at cost less impairment.

r) Intangible assets

Intangible assets consist primarily of internally developed software. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software.

Intangible assets are stated at cost less accumulated depreciation and impairment losses, and are depreciated over an estimated useful life of 3 years using the straight-line method upon completion or utilisation. The amortisation of the intangible assets is included in the ‘other expenses’ in the income statement.

The carrying amounts of the Group’s intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

s) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

2. Significant Accounting Policies (continued)

Long leasehold buildings	50 years
Leasehold improvements	10 years
Computer equipment	2-7 years
Office equipment	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

t) Preference share capital

The Group classifies preference shares in accordance with the substance of the contractual arrangement. Liabilities are defined as contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities is in substance part of equity.

Therefore, preference share capital issued by the Group is classified as equity if it is non-redeemable and all dividends are discretionary, or is redeemable but only at the Group's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

u) Retirement benefit costs

The Group has both defined contribution and defined benefit pension plans. The defined benefit plans are CS group schemes, in which the Bank is not the sponsoring entity.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

In accordance with the provisions of IAS 19 'Employee Benefits' for defined benefit plans that share risks between various entities under common control, no retirement benefit obligation is recognised in the balance sheet of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity. The Group's share of the retirement benefit obligation is instead recognised in the balance sheet of the sponsoring entity, Credit Suisse Securities (Europe) Limited ('CSS (Europe) Ltd'), which is external to the Group but is a related party due to both entities being owned by Credit Suisse Group. The Group has no contractual agreement or stated policy for incurring any charges by the sponsoring employer for the net defined benefit cost.

v) Long term debt

Debt issued by the Group is initially measured at cost, which is the fair value of the consideration received, net of directly attributable transaction costs incurred. Subsequent measurement is at amortised cost, using the effective interest rate method to amortise cost at inception to the redemption value over the life of the debt.

w) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by

2. Significant Accounting Policies (continued)

the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliablity. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote. A contingent liability, acquired under a business combination, is recognised at fair value.

x) Loan commitments

Where a loan arising from a lending commitment is expected to be held for trading, the commitment to lend is recorded as a trading derivative. Where it is not the Group's intention to trade the loan, a provision is only recorded where it is probable that the Group will incur a loss as a result of the loan commitment. This may occur, for example, where a loss of principal is probable or the interest rate charged on the loan is lower than the cost of funding. On inception of the loan, the hold portion is recorded at its fair value. Where this fair value is lower than the cash amount advanced (for example, due to the rate of interest charged on the loan being below the market rate of interest), the write down is charged to the income statement. The write down will be recovered over the life of the loan, through the recognition of interest income using the effective interest rate method, unless the loan is impaired.

y) Provisions

Provisions are recognised if they are present obligations which can be reliably measured, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

z) Share-based payments

IFRIC 11 'IFRS 2 - Group and Treasury Share Transactions' was adopted by the Bank from 1 January 2008. IFRIC 11 requires that when a parent entity grants rights to equity instruments of itself directly to the employees of its subsidiary, such subsidiary should classify the share-based arrangement as equity-settled. As CSG, i.e. the Bank's ultimate parent company, is the grantor of the awards, all share-based arrangements will be classified as equity-settled from 1 January 2008. Historically these arrangements have been classified as cash-settled and IFRIC 11 requires retrospective application, the prior year comparative financial statements have been restated to reflect the revised classification. Equity-settled arrangements are fair valued on grant date and subsequently amortised through income statements. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period. The revised accounting policy differs from the previous method as it doesn't require the awards to be fair valued through income statement every balance sheet. A transition adjustment has been recognised in retained earnings on 1 January 2007 for the amount of US$297m and profit before tax for the year-end 31 December 2007 has been decreased by US$5m.

aa) Interest income and expense

Interest income and expense includes interest income and expense on the Group's financial instruments owned and financial instruments sold not yet purchased, short term and long term borrowings, reverse repurchase and repurchase agreements and securities borrowed and securities lending transactions. Interest income and expense does not include interest flows on the Group's trading derivatives (except for hedging relationships), trading instruments and financial instruments classified as other financial assets or other financial liabilities designated at fair value through profit and loss. These are recorded in 'Net Trading Revenues'.

ab) Other liabilities

Guarantees

In cases where the Group acts as a guarantor, the Group recognises in Other liabilities, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing such a guarantee, including its ongoing obligation to

2. Significant Accounting Policies (continued)

perform over the term of the guarantee in the event that certain events or conditions occur. Subsequently, guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortisation, and the best estimate of the expenditure required to settle the obligation.

Financial Guarantees
Liabilities under financial guarantee contracts which are not classified as insurance contracts are recorded initially at the fair value, which is generally the fee received or receivable. Subsequently, financial guarantee liabilities are measured at the higher of the initial fair value, less cumulative amortisation, and the best estimate of expenditure required to settle the obligation.

ac) Commissions and fees

In accordance with IAS 18 'Revenue Recognition', when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) The amount of revenue can be measured reliably;

(b) It is probable that the economic benefits associated with the transaction will flow to the entity;

(c) The stage of completion of the transaction at the balance sheet date can be measured reliably; and

(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Performance linked fees or fee components are recognised when the recognition criteria are fulfilled.

Fee revenue is recognised from a diverse range of services provided to its customers. Fee income is accounted for as follows:

- income earned on the execution of a significant act (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as fees from mergers and acquisitions and other corporate finance advisory services) is recognised as revenue when the act is completed;
- income earned from the provision of services (for example, portfolio management, customer trading and custody services) is recognised as revenue as the services are provided and
- income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in 'Interest income'.

ad) Operating leases

The leases entered into by the Group are exclusively operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any early termination payment required to be made to the lessor is recognised as an expense in the period in which termination takes place.

ae) Sub leases

The sub leases entered into by the Group are exclusively operating leases. Sub-lease payments received are recognised through the income statement.

af) Dividends

Dividends are recognised when declared and are treated as a reduction of equity along with the corresponding liability that represents the amount payable.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value

As is the normal practice in the financial services industry, the carrying values the Group reports in the consolidated financial statements with respect to financial instruments owned and financial instruments sold but not yet purchased are in most cases based on fair value, with the related unrealised gains or losses included in the income statement. Fair value may be objective, as is the case for exchange-traded instruments, for which quoted prices in active and liquid markets generally exist, or as is the case where a financial instrument's fair value is derived from actively quoted prices or pricing parameters or alternative pricing sources with a reasonable level of price transparency. For financial instruments that trade infrequently and have little price transparency, fair value may be subjective and require varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. These instruments include certain high-yield debt securities, distressed debt securities, certain CDOs, certain OTC derivatives, certain asset-backed and mortgage-backed securities, non-traded equity securities and private equity and other long-term investments.

Uncertainty of pricing assumptions and liquidity are features of both derivative and non-derivative transactions. These features have been considered as part of the valuation process. Certain financial instrument classes have become increasingly inactive throughout 2008 resulting in reduced observability of either transactions in the instruments or inputs used to value instruments. As such, the level of judgement being applied has increased substantially, and fair values are reliant upon a greater range of assumptions, which can lie within a range.

The Group does not recognise a dealer profit or unrealised gain or loss at the inception of a derivative or non-derivative transaction unless the valuation underlying the unrealised gain or loss is evidenced by quoted market prices in an active market, observable prices of other current market transactions, or other observable data supporting a valuation technique in accordance with IAS 39 'Financial Instruments Recognition and Measurement' AG 76A.

Control processes are applied to ensure that the fair value of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis. These control processes include the review and approval of new instruments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

For more details to the fair value of financial instruments and the assumptions on valuation models, see note 31 'Fair Value of Financial Instruments'.

In early 2008, in connection with ongoing control processes, management identified mismarks and pricing errors by a small number of traders in certain ABS positions in the CDO trading business. For further information, refer to the Director's Report - Remediation of prior material weakness in internal control over financial reporting on page 7.

Litigation Contingencies

From time to time, the Group is involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of its businesses.

It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims.

In presenting the 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

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

probable and can be reasonably estimated. Charges, other than those taken periodically for costs of defence, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgement 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, the Group's defences and its experience in similar cases or proceedings.

According to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a provision shall be recognised when (a) an entity has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Allowances and Impairment Losses on other loans and receivables

As a normal part of its business, the Group is exposed to credit risks through its lending relationships, commitments and letters of credit and as a result of counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the risk that a borrower or counterparty is unable to meet its financial obligations. In the event of a default, the Group generally incurs a loss equal to the amount owed by the counterparty, less a recovery amount resulting from foreclosure, liquidation of collateral or restructuring of the counterparty's obligation. The Group maintains allowances for loan losses which are considered adequate to absorb credit losses existing at the balance sheet date. These allowances are for incurred credit losses inherent in existing exposures and credit exposures specifically identified as impaired. The inherent loss allowance is for all credit exposures not specifically identified as impaired which, on a portfolio basis, are considered to contain incurred inherent losses. The loan valuation allowance for inherent loss is established by analysing historical and current default probabilities, historical recovery assumptions and internal risk ratings. The methodology for calculating specific allowances involves judgements at many levels, such as early identification of deteriorating credits. Extensive judgement is required in order to properly evaluate the various indicators of financial condition of a counterparty and likelihood of repayment.

Special Purpose Entities

As part of normal business, CSi engages in various transactions that includes entities which are considered Special Purpose Entities (SPEs). An SPE is an entity that typically lacks sufficient equity to finance its activities without additional subordinated financial support or is structured such that the holders of the voting rights do not substantively participate in the risks and rewards of ownership of the entity. Such entities are required to be assessed for consolidation under IAS27 and its interpretation, SIC-12. An SPE is consolidated by CSi when the substance of the relationship between CSi and the SPE indicates that the SPE is controlled by CSi. SPEs may be sponsored by CSi, unrelated third parties or clients. Application of the accounting requirements for consolidation of SPEs initially and if certain events occur that require CSi to reassess whether consolidation is required, can require the exercise of significant management judgment.

When evaluating the consolidation of SPEs, CSi considers the following four indicators:

(a) In substance, the activities of the SPE are being conducted on behalf of CSi according to its specific business needs so that CSi obtains benefits from the SPEs operation;

(b) In substance, CSi has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an 'autopilot' mechanism, CSi has delegated these decision-making powers;

(c) In substance, CSi has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or In substance,

(d) In substance, CSi retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Retirement Benefit Costs

The following relates to the assumptions CSS (Europe) Ltd, the sponsor of the defined benefit plan, has made in arriving at the valuations of the various components of the defined benefit plan, of which the Group is a participant.

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

CSS (Europe) Ltd is required to estimate the expected return on plan assets, which is then used to compute the pension cost recorded in the consolidated statements of income. Estimating future returns on plan assets is particularly subjective since the estimate requires an assessment of possible future market returns based on the plan asset mix and observed historical returns. These estimates are determined together with the plan investment and actuarial advisors. The Group uses the calculated value of assets in calculating pension expense and in determining the expected rate of return.

The discount rate used in determining the benefit obligation is based upon either high quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, CSS (Europe) Ltd takes into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows on its benefit payments.

In July 2007, the International Financial Reporting Interpretations Committee ('IFRIC') issued interpretation IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' ('IFRIC 14'). IFRIC 14 provides general guidance on how to assess the limit in IAS 19, 'Employee Benefits' on the amount of a pension fund surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. No additional liability need be recognized by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. IFRIC 14 was endorsed by the EU in December 2008, hence CSS (Europe) Ltd adopted the new requirements on 1 January 2008. As CSS (Europe) Ltd is the settlor, it will have an unconditional right to any residual surplus once all the liabilities under the fund have been met, accordingly there is no impact on CSS (Europe) Ltd's IAS19 results in respect of the scheme.

Income Taxes

Deferred tax valuation

Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable or payable in future periods in respect of temporary differences and unused carry forward of tax losses and credits. For temporary differences, a deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax asset is recognised on unused carry forward tax losses and credits to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses and credits can be utilised.

Periodically, management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses and credits can be utilised. Within this evaluation process, management also considers tax planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the Group can utilise these benefits. This is based on management's assessment that it is probable that the Group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable , a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

Share-based payments

For share-based payment transactions, the Group may receive a tax deduction related to the compensation paid in shares. The amount deductible for tax purposes may differ from the cumulative compensation expense recorded. At any reporting date, the Group must estimate the expected future tax deduction based on the current share price. If the amount deductible, or expected to be deductible, for tax purposes exceeds the cumulative compensation expense, the excess tax benefit is recognised in equity. If the amount deductible, or expected to be deductible, for tax purposes is less than the cumulative compensation expense, the shortfall is recognised in the Group's income statement for the period.

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Group accrues for tax contingencies which may be adjusted due to changing facts and circumstances, such as case law, progress of tax authority audits or when an event occurs that requires a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately accrued for any contingent tax liabilities.

Transfer Pricing

Tax transfer pricing charges are determined based on arm’s length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assess these factors and make adjustments as required.

4. Segmental Analysis

The Group has defined the primary segment reporting format as business segments and the secondary segment reporting format as geographical segments.

Primary segmental reporting

For the year ended 31 December 2008	Note	Fixed Income Division US$M	Equity Division US$M	Other US$M	Group US$M
Net operating (loss)/income		(3,581)	(1,604)	280	(4,905)
(Loss) before tax		(5,055)	(2,315)	206	(7,164)
Income tax credit					1,892
(Loss) after tax					**(5,272)**
Amortisation	16	(37)	(2)	-	(39)
Depreciation	17	(82)	(4)	-	(86)
Capital expenditure	16,17	179	9	-	188
Disposals	16,17	(9)	(1)	-	(10)
Impairment charge on intangible assets	16	(16)	(1)	-	(17)
Impairment reversal on loan commitments	6	2	-	-	2
Impairment charge on loans and receivables	11	(137)	(16)	(6)	(159)
Total assets excluding tax assets		924,289	49,059	4	973,352
Tax assets					2,361
Total assets					**975,713**
Total liabilities excluding tax liabilities		917,358	48,444	338	966,140
Tax liabilities					-
Shareholders' equity					9,573
Total liabilities and shareholders' equity					**975,713**

4. Segmental Analysis (continued)

For the year ended 31 December 2007 (restated)	**Note**	**Fixed Income Division US$M**	**Equity Division US$M**	**Other US$M**	**Group US$M**
Net operating income/(loss)		2,248	629	(58)	2,819
Profit/(loss) before tax		802	28	(52)	778
Income tax charge					(251)
Profit after tax					**527**
Amortisation	16	(46)	(13)	-	(59)
Depreciation	17	(61)	(17)	-	(78)
Capital expenditure	16,17	104	28	-	132
Impairment charge on intangible assets	16	(3)	(1)	-	(4)
Impairment charge on loan commitments	6	(18)	-	-	(18)
Impairment charge on loans and receivables	11	(35)	(1)	-	(36)
Total assets excluding tax assets		385,373	105,244	403	491,020
Tax assets					814
Total assets					**491,834**
Total liabilities excluding tax liabilities		376,577	103,616	98	480,291
Tax liabilities					71
Shareholders' equity					11,472
Total liabilities and shareholders' equity					**491,834**

Secondary segmental reporting

The following table sets forth the total operating income and total assets by geographical area in which the income was earned and the assets are located.

For the year ended 31 December 2008	**Note**	**Americas US$M**	**Europe US$M**	**Asia Pacific US$M**	**Group US$M**
Net operating (loss)		(1,451)	(2,379)	(1,075)	(4,905)
Capital expenditure	16,17	83	96	9	188
Total assets excluding tax assets		430,688	495,866	46,798	973,352
Tax assets					2,361
Total assets					**975,713**

4. Segmental Analysis (continued)

For the year ended 31 December 2007 (restated)	**Note**	**Americas US$M**	**Europe US$M**	**Asia Pacific US$M**	**Group US$M**
Net operating income/(loss)		679	2,187	(47)	2,819
Capital expenditure	16,17	19	107	6	132
Total assets excluding tax assets		69,969	399,405	21,646	491,020
Tax assets					814
Total assets					**491,834**

5. Interest Income and Interest Expense

Group	**2008 US$M**	**2007 US$M**
Loans and receivables	727	655
Securities purchased under resale agreements and securities borrowing transactions	597	1,017
Cash collateral placed on OTC derivatives transactions	956	789
Interest income on cash and cash equivalents	1,503	640
Total interest income	**3,783**	**3,101**
Deposits	(118)	(266)
Short term borrowings	(2,473)	(2,591)
Securities sold under resale agreements and securities lending transactions	(502)	(533)
Long term debt	(494)	(341)
Cash collateral received on OTC derivatives transactions	(1,384)	(1,303)
Total interest expense	**(4,971)**	**(5,034)**
Net interest expense	**(1,188)**	**(1,933)**

Interest income accrued on impaired financial assets during the year was US$6.1m (2007: US$3.2m).

6. Non-Interest Revenues and Total Operating Expenses

The following table sets forth the details of commissions and fees:

Group	**2008 US$M**	**2007 US$M**
Commissions from lending business:		
Investment and portfolio management activities	100	68
Commission and fee income	**100**	**68**
Commissions from lending business:		
Investment and portfolio management activities	(29)	(75)
Fees for other customer services	(65)	(62)
Commission and fee expense	**(94)**	**(137)**
Net commission and fee income/(expense)	**6**	**(69)**

6. Non-Interest Revenues and Total Operating Expenses (continued)

Revenue sharing agreements expense of US$925m (2007: US$563m) principally relates to amounts allocated to CSi from other companies in the CS group.

The following table sets forth the details of compensation and benefits:

Group	2008 US$M	2007 US$M (restated)
Salaries and bonuses	528	710
Social security	17	52
Pensions	33	52
Other	6	5
Compensation and benefits	**584**	**819**

Included in the above table are amounts relating to directors' remuneration. Further details are disclosed in Note 26. Staff costs and staff numbers do not differ between Bank and Group.

In Q4 2008, CSG announced an acceleration of the efforts to reposition the Investment Banking in response to the challenging market environment. In particular, CSG is focused on; (a) reducing risk capital usage, including exiting certain proprietary and principal trading activities and aligning lending with customer franchises; (b) reducing volatility and improving capital efficiency, (c) increasing emphasis on client and flow-based businesses; and (d) reducing risk limits for complex and structured products. One of the key consequences of these measures was to recognise US$17m in redundancy costs in the year-end 2008 income statements.

The following table sets forth the details of other expenses:

Group	Note	2008 US$M	2007 US$M
Occupancy expenses		13	13
IT and machinery		78	71
Amortisation expenses	16	39	59
Depreciation expenses	17	86	78
Provisions	21	5	13
Litigation		278	-
Commission expenses		413	147
Travel and entertainment		14	14
Audit fees of the Group		3	4
Professional services		90	67
Impairment of intangible assets	16	17	4
Impairment (reversal)/charge on loan commitments		(2)	18
Net overheads allocated from other CS group entities		454	553
Other		28	145
Other expenses		**1,516**	**1,186**

The litigation charges above include a charge of US$267m relating to an agreement with the Parmalat Group to settle all claims between the parties in Italy and a fine of US$11m to the FSA for systems and controls failings related to the mismarks and pricing errors.

Expenses are incurred on behalf of the Group and these are recharged through 'Net overheads allocated from other CS group entities'.

7. Trading Activities

The following table sets forth the details of trading-related revenues:

Group	2008 US$M	2007 US$M
Interest rate products	(1,121)	4,087
Equity/indexed-related products	(292)	942
Foreign exchange products	274	173
Credit related products	(1,914)	150
Energy trading and marketing products	298	22
Other products	(43)	10
Net trading revenue	**(2,798)**	**5,384**

Net trading revenue includes revenues from trading assets and liabilities and financial assets and liabilities designated at fair value through profit and loss as detailed in accounting policy note 2(k). For the year ended 31 December 2008, the impact to the income statement relating to financial instruments designated as held at fair value through profit and loss was a gain of US$2.75bn (2007: loss US$1.9bn). Included in this total is US$100m gain (2007: US$40m loss) of fair value changes of financial liabilities due to changes in the Group's own creditworthiness. The cumulative effect thereon is a gain of US$177m (2007: gain US$77m).

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Trading assets				
Debt instruments	25,384	41,887	26,053	42,437
Equity instruments	19,482	43,827	19,780	40,704
Positive replacement values of derivative trading positions	756,315	279,387	756,561	279,857
Other loans and other receivables	5,786	16,051	16,393	15,383
Total trading assets	**806,967**	**381,152**	**818,787**	**378,381**

Debt instruments primarily consist of corporate bonds and also include government securities.

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Other financial assets designated at fair value through profit and loss				
Debt instruments	3,841	4,365	3,841	3,807
Equity instruments	-	233	-	233
Loans	18,414	17,089	15,572	16,345
Reverse repurchase agreements	12,196	941	12,196	941
Total other financial assets designated at fair value through profit and loss	**34,451**	**22,628**	**31,609**	**21,326**

Trading assets and other financial assets designated at fair value through profit and loss include US$23,319m (2007: US$31,719m) which are encumbered. The transactions in relation to the encumbered assets are conducted under terms that are usual and customary for securities lent, resale agreements or other collateralised borrowings.

Of the other financial assets designated at fair value through profit and loss, loans and reverse repurchase agreements were primarily elected to alleviate an accounting mismatch while debt and equity instruments were primarily elected because they are managed on a fair value basis.

7. Trading Activities (continued)

For loans designated at fair value through profit and loss, the maximum fair value exposure to credit risk as at 31 December 2008 was US$18.4bn (2007: US$17bn). To mitigate this credit risk, securities are held as collateral, and credit default swaps with a notional value of US$9.2bn (2007: US$7.5bn) have been transacted to transfer this risk into the capital markets.

The fair value movement attributable to counterparty credit on loans designated at fair value through profit and loss is calculated using credit spreads applicable to specific points in time. All other risk variables are held constant and the credit spreads are moved based on current market conditions. During the year ended 31 December 2008, this fair value movement was a decrease of US$2.6bn (2007: decrease US$186m). The cumulative effect thereon at the year end was a decrease of US$2.94bn (2007: decrease US$174m). The corresponding increase in fair value of the swaps and securities in place to mitigate this risk was US$2.1bn (2007: increase US$183m). The cumulative effect thereon at the year end was an increase of US$2.2bn (2007: increase US$177m).

For reverse repurchase agreements, the Bank's credit exposure to the counterparties of these trades is mitigated by posted collateral and through subsequent margin calls. Accordingly, the Bank does not enter into hedges to mitigate credit exposure to its counterparties. Also, given that the credit exposure is virtually eliminated, the mark to market changes attributable to credit risk is insignificant.

The debt instruments designated at fair value through profit and loss are mainly highly rated government securities and thus exposure to credit risk is minimal.

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Trading liabilities				
Short positions	10,284	14,712	10,284	14,678
Negative replacement values of derivative trading positions	746,460	276,407	746,650	276,452
Total trading liabilities	**756,744**	**291,119**	**756,934**	**291,130**
Other financial liabilities designated at fair value through profit and loss				
Subordinated debt	627	1,546	627	1,546
Structured notes	26,106	32,860	22,560	29,049
Bonds	-	144	-	144
Deposits	4,249	6,214	4,249	6,214
Repurchase agreements	9,716	5,121	9,716	5,121
Total other financial liabilities designated at fair value through profit and loss	**40,698**	**45,885**	**37,152**	**42,074**

The fair value of subordinated debt was calculated using a yield curve which reflected the Group's credit rating in the market. This was achieved by adjusting the relevant yield curve by the Group's credit spread, dependent on the tier of the debt, at each point in the curve to provide an own credit adjusted valuation. The other liabilities designated at fair value through profit and loss have an insignificant fair value impact arising from own credit.

Of the other financial liabilities designated at fair value through profit and loss, subordinated debt, bonds and repurchase agreements were primarily elected to alleviate an accounting mismatch, while structured notes and deposits were mainly elected because they are managed on a fair value basis. The carrying amount is US$4.2bn lower than the amount that the Group would be contractually required to pay to the holder of these financial liabilities at maturity (2007: US$941m higher).

Any initial gain or loss on financial instruments, where valuation is dependent on unobservable parameters, is deferred over the life of the contract or until the instrument is redeemed, transferred or sold, or the fair value becomes observable. The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of year with a reconciliation of the changes in the balance during the year for trading assets and liabilities:

7. Trading Activities (continued)

Group and Bank	2008 US$M	2007 US$M
Balance at 1 January	548	239
Increase due to new trades	360	418
Reduction due to passage of time	(48)	(35)
Reduction due to redemption, sales, transfers or improved observability	(263)	(74)
Total	**597**	**548**

8. Income Tax

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
Current tax				
Current (charge)/credit on profits/(losses) for the period	227	(232)	223	(232)
Adjustments in respect of previous periods	47	3	47	3
Total current tax credit/(charge)	**274**	**(229)**	**270**	**(229)**
Deferred tax				
Origination and reversal of temporary differences	(47)	(28)	(45)	(28)
Current year tax losses	1,728		1,728	
Adjustments in respect of previous periods	37	8	37	8
FX movement on losses carried forward	(246)		(246)	
Effect of changes in tax rate or the imposition of new taxes	102	(14)	102	(14)
Other	44	12	44	12
Total deferred tax credit/(charge)	**1,618**	**(22)**	**1,620**	**(22)**
Income tax credit/(charge)	**1,892**	**(251)**	**1,890**	**(251)**

Further information about deferred income tax is presented in Note 9. The income tax charge for the year can be reconciled to the profit per the income statement as follows:

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
(Loss)/profit before tax	(7,164)	778	(7,182)	778
(Loss)/profit before tax multiplied by the UK statutory rate of corporation tax at the rate of 28.5% (2007: 30%)	2,046	(234)	2,047	(234)
Other permanent differences	(120)	(10)	(121)	(10)
Effect of different tax rates of operations/subsidiaries operating in other jurisdictions	134	(14)	134	(14)
Adjustments to current tax in respect of previous periods	48	3	48	3
Adjustments to deferred tax in respect of previous periods	37	7	37	7
Effect on deferred tax resulting from changes to tax rates	(33)	(14)	(33)	(14)
FX movement on losses carried forward	(246)	-	(246)	-
Other	26	11	24	11
Income tax credit/(charge)	**1,892**	**(251)**	**1,890**	**(251)**

The UK corporation tax rate reduced from 30% to 28% with effect from 1 April 2008.

9. Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2007: 30%). The UK corporation tax rate reduced from 30% to 28% with effect from 1 April 2008. The deferred tax asset as at 31 December 2007 was adjusted to reflect this.

The Bank operates in a number of jurisdictions. Consequently, the overall rate of future taxes is expected to be a blended rate which is reviewed annually.

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
Deferred tax assets	1,825	213	1,796	213
Net position	**1,825**	**213**	**1,796**	**213**
Balance at 1 January	213	247	213	247
Transfers	33			
Credit/(debit) to income for the year	1,618	(21)	1,620	(21)
Movement in share-based payment reserve	(37)	(12)	(37)	(12)
Effect of change in tax rate expensed to income statement	-	(1)	-	(1)
Other	(2)	-	-	-
At end of the year	**1,825**	**213**	**1,796**	**213**

Deferred tax assets and liabilities are attributable to the following items:

Deferred tax assets

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
Derivative financial instruments	35	40	35	40
Share-based compensation	58	146	58	146
Decelerated tax depreciation	81	13	81	13
Other provisions	7	12	7	12
Other short term temporary differences	-	-	-	-
Pensions and other post-retirement benefits	-	-	-	-
Unpaid interest	29	-	29	-
Deferred tax impact on losses carried forward	1,615	2	1,586	2
At end of the year	**1,825**	**213**	**1,796**	**213**

9. Deferred Taxes (continued)

The deferred tax (charge)/credit in the income statement comprise the following temporary differences:

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
Derivative financial instruments	(5)	(8)	(5)	(8)
Share-based compensation	(51)	17	(51)	17
Decelerated tax depreciation	68	(16)	68	(16)
Other provisions	(5)	(4)	(5)	(4)
Other short term temporary differences	(2)	(10)	-	(10)
Unpaid interest	29	-	29	-
Pensions and other post-retirement benefits		(1)		(1)
Deferred tax impact on losses carried forward	1,584	-	1,584	-
Total deferred tax credit/(charge) in the income statement	**1,618**	**(22)**	**1,620**	**(22)**

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the Group can utilise these benefits. This is based on management's assessment that it is probable that the Group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable , a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

10. Securities Borrowed, Lent and Subject to Resale Agreements

The following table summarises the securities purchased under agreements to resell and securities borrowing transactions, at their respective carrying values:

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Securities purchased under resale agreements	7,177	16,586	6,367	16,032
Deposits paid for securities borrowed	1,781	5,654	1,781	5,654
Total	**8,958**	**22,240**	**8,148**	**21,686**

Securities borrowed, lent and subject to resale agreements are mainly due within one year.

The following table summarise the securities lent under agreements to repurchase and securities lending transactions, at their respective carrying values:

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Securities sold under resale agreements	5,522	16,571	5,935	16,571
Deposits received for securities lent	3,497	8,826	3,497	8,826
Total	**9,019**	**25,397**	**9,432**	**25,397**
Other liabilities (note 20)	2,969	1,130	2,953	1,144
Total	**11,988**	**26,527**	**12,385**	**26,541**

Purchase and repurchase agreements represent collateralised financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralised principally by government securities

10. Securities Borrowed, Lent and Subject to Resale Agreements (continued)

and money market instruments and generally have terms ranging from overnight up to 5 years or have unspecified period of maturity. The Group monitors the fair value of securities received or delivered. For securities purchased under resale agreements, the Group requests additional securities, or the return of a portion of the cash disbursed when appropriate, in response to a decline in the market value of the securities received. Similarly, the return of excess securities or additional cash is requested, when appropriate, in response to an increase in the market value of securities sold under repurchase agreements.

Deposits paid for securities borrowed and deposits received for securities lent are recorded at the amount of cash paid or received. These transactions are typically collateralised by cash or marketable securities. For securities lending transactions, the Group receives cash or securities as collateral in an amount generally in excess of the market value of securities lent. The Group monitors the market value of securities borrowed and securities on a daily basis and additional collateral is obtained as necessary.

Retained assets relate to securities lending agreements and repurchase agreements. The resulting credit exposures are controlled by daily monitoring and collateralisation of the positions. Other collateralised securities trading includes transactions in which the Group has transferred assets but continues to have involvement in the transferred assets, for example through providing a guarantee, writing put options, acquiring call options, or entering into a total return swap or other type of swap linked to the performance of the asset. If control is retained due to these types of associated transactions, the Group continues to recognise the transferred asset in its entirety or to the extent of its continuing involvement.

Included in Other liabilities above are amounts received in respect of transferred assets which do not meet the de-recognition criteria in accordance with IAS 39 'Financial Instruments Recognition and Measurement'. For transferred but not derecognised financial assets, CSi's only exposure is to the volatility of the SPEs underlying assets for the tranche/portion of the notes/assets which the bank owns.

11. Other loans and Receivables

The following table sets forth details of the domestic (United Kingdom) and foreign portfolios:

	Group 2008 US$M	**Group 2007 US$M**	**Bank 2008 US$M**	**Bank 2007 US$M**
Banks	1,151	197	1,151	197
Customer	64	157	74	162
Domestic	**1,215**	**354**	**1,225**	**359**
Banks	265	375	265	375
Customer	6,098	10,764	6,098	10,764
Foreign	**6,363**	**11,139**	**6,363**	**11,139**
Other loans and receivables, gross	**7,578**	**11,493**	**7,588**	**11,498**
Banks	(10)	(4)	(10)	(4)
Customer	(265)	(112)	(265)	(112)
Allowances for impairment losses	**(275)**	**(116)**	**(275)**	**(116)**
Other loans and receivables, net	**7,303**	**11,377**	**7,313**	**11,382**

Other loans and receivables due within one year for the Group, amounts to US$3,258m (2007: US$7,827m) and for the Bank amounts to US$3,268m (2007: US$7,827m).

11. Other loans and Receivables (continued)

The following table sets forth the movements in the allowances for impairment losses on other loans and receivables:

Group and Bank	Banks US$M	Customers US$M	Total US$M
Balance at 1 January 2008	**(4)**	**(112)**	**(116)**
Amounts recovered			
Additional allowances for impairment losses	(7)	(244)	(251)
Reversal of allowances for impairment losses	1	91	92
Net amount reversed/(charged) to income statement	(6)	(153)	(159)
Balance at 31 December 2008	**(10)**	**(265)**	**(275)**
Balance at 1 January 2007	**(5)**	**(75)**	**(80)**
Amounts recovered	-	16	16
Additional allowances for impairment losses	(2)	(94)	(96)
Reversal of allowances for impairment losses	3	41	44
Net amount reversed/(charged) to income statement	1	(37)	(36)
Balance at 31 December 2007	**(4)**	**(112)**	**(116)**

The following table analyses loans to and receivables from banks by geographical area:	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Asia Pacific	17	231	17	231
United Kingdom	1,152	197	1,152	197
Western Europe	42	55	42	55
Africa	67	42	67	42
Eastern Europe	91	38	91	38
America	47	9	47	9
Other loans and receivables to banks, gross	**1,416**	**572**	**1,416**	**572**

The following table analyses loans to and receivables from customers by geographical area:	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Eastern Europe	2,112	5,101	2,111	5,101
Western Europe	1,137	2,278	1,137	2,278
America	1,855	2,202	1,855	2,202
Asia Pacific	582	769	582	769
United Kingdom	63	157	74	162
Middle East	346	414	346	414
Africa	67	-	67	-
Other loans and receivables to customers, gross	**6,162**	**10,921**	**6,172**	**10,926**

11. Other loans and Receivables (continued)

The following table analyses other loans and receivables to customers by industry segment:	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Agriculture and mining	1,157	3,569	1,159	3,569
Financial services	1,285	3,280	1,288	3,285
Other services	1,091	1,381	1,092	1,381
Manufacturing	1,217	992	1,219	992
Communication	505	830	506	830
Transportation	188	350	188	350
Public authorities	142	231	142	231
Real estate	426	198	427	198
Health and social services	36	47	36	47
Wholesale and retail	3	41	3	41
Construction	112	2	112	2
Hotels and restaurants	-	-	-	-
Other loans and receivables to customers, gross	**6,162**	**10,921**	**6,172**	**10,926**

12. Repossessed Collateral

The Group holds property as a consequence of enforcement of security over loans and advances. The fair value of the property is US$34m (2007: US$55m).

During the year there was a US$21m (2007: NIL) impairment write-down on the property. The rental income earned is used to offset administrator costs and fees.

The property is to be sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

13. Other Assets

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Positive replacement values of derivative instruments (held for hedging purposes) (refer to Note 28)	126	14	126	14
Brokerage receivables (refer to Note 14)	5,927	10,852	5,927	10,852
Interest and fees receivable	231	325	1,502	1,752
Cash collateral receivable				
- Banks	19,678	6,419	19,678	6,419
- Customers	25,150	8,350	25,150	8,350
Prepaid expenses	2	1	1	0
Other	416	223	364	218
Total other assets	**51,530**	**26,184**	**52,748**	**27,605**

Other assets, except Positive replacement values of derivative instruments, are mainly due within one year.

14. Brokerage Receivables and Brokerage Payables

The Group recognises receivables and payables from transactions in financial instruments purchased from and sold to customers, banks, brokers and dealers. The Group is exposed to a risk of loss resulting from the inability of counterparties to pay for or deliver financial instruments sold or purchased, in which case the Group would have to sell or purchase, respectively, these financial instruments at prevailing market prices. To the extent that an exchange or clearing organisation acts as a counterparty to a transaction, credit risk is generally considered to be reduced. The Group requires customers to maintain margin collateral in compliance with applicable regulatory and internal guidelines.

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Due from customers	14	2,039	14	2,039
Due from banks, brokers and dealers	5,913	8,813	5,913	8,813
Total brokerage receivables	**5,927**	**10,852**	**5,927**	**10,852**

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Due to customers	211	707	211	707
Due to banks, brokers and dealers	1,884	12,494	1,884	12,494
Total brokerage payables	**2,095**	**13,201**	**2,095**	**13,201**

During the current reporting period there were no defaults or breaches in respect of third party loan payables.

15. Investments in Subsidiary Undertakings

Bank	2008 US$M	2007 US$M
Investments in Subsidiary Undertakings	27	27

The subsidiary undertakings, direct and indirect, of the Bank at 31 December 2008, all of which are consolidated in these financial statements, are as follows:

Subsidiary	Country of Incorporation	% Equity Held
Direct holdings:		
Credit Suisse First Boston International Warrants Limited (in liquidation)	Guernsey	100%
Credit Suisse First Boston International (USA), Inc.	United States	100%
CSFB International Trading, L.L.C.	United States	100%
Credit Suisse First Boston International (Holding) B.V.	Netherlands	100%
Indirect holdings:		
Credit Suisse First Boston International (Australia) Limited	Australia	100%

Credit Suisse First Boston International Warrants Limited commenced members' voluntary liquidation on 2 November 2005 and remains in liquidation.

15. Investments in Subsidiary Undertakings (continued)

The business of all of the subsidiaries is complementary to the business of the Bank.

16. Intangible Assets

Group and Bank

	Internally Developed Software 2008 US$M	Internally Developed Software 2007 US$M
Cost:		
Cost as at 1 January	336	279
Additions	111	61
Disposals	(11)	-
Impairment	(17)	(4)
Cost as at 31 December	419	336
Accumulated amortisation:		
Accumulated amortisation as at 1 January	(200)	(141)
Charge for the period	(39)	(59)
Disposals	4	-
Accumulated amortisation as at 31 December	(235)	(200)
Net book value as at 1 January	**136**	**138**
Net book value as at 31 December	**184**	**136**

17. Property, Plant and Equipment

Group and Bank
2008

	Leasehold Land and Buildings US$M	Leasehold Improvements US$M	Computer Equipment US$M	Office Equipment US$M	Total US$M
Cost:					
Cost as at 1 January 2008	78	518	504	85	1,185
Additions	-	20	46	11	77
Disposals	-	-	(14)	-	(14)
Cost as at 31 December 2008	78	538	536	96	1,248
Accumulated depreciation:					
Accumulated depreciation as at 1 January 2008	(14)	(292)	(421)	(71)	(798)
Charge for the period	(2)	(42)	(38)	(4)	(86)
Disposals	-	-	11	-	11
Accumulated depreciation as at 31 December 2008	(16)	(334)	(448)	(75)	(873)
Net book value as at 1 January 2008	**64**	**226**	**83**	**14**	**387**
Net book value as at 31 December 2008	**62**	**204**	**88**	**21**	**375**

17. Property, Plant and Equipment (continued)

Group and Bank
2007

	Leasehold Land and Buildings US$M	Leasehold Improvements US$M	Computer Equipment US$M	Office Equipment US$M	Total US$M
Cost:					
Cost as at 1 January 2007	78	493	467	76	1,114
Additions	-	25	37	9	71
Cost as at 31 December 2007	78	518	504	85	1,185
Accumulated depreciation:					
Accumulated depreciation as at 1 January 2007	(12)	(251)	(390)	(67)	(720)
Charge for the period	(2)	(41)	(31)	(4)	(78)
Accumulated depreciation as at 31 December 2007	(14)	(292)	(421)	(71)	(798)
Net book value as at 1 January 2007	**66**	**242**	**77**	**9**	**394**
Net book value as at 31 December 2007	**64**	**226**	**83**	**14**	**387**

Leasehold improvements relate to improvements to land and buildings occupied by the Bank and its fellow subsidiaries for their own activities.

No interest has been capitalised within property, plant and equipment (2007: US$Nil).

18. Deposits

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Non-interest bearing demand deposits	-	-	-	-
from banks	810	1,721	810	354
from customers	-	-	-	-
Interest-bearing demand deposits	-	-	-	-
from banks	665	3,015	665	3,026
from customers	9	-	9	-
Demand deposits	**1,484**	**4,736**	**1,484**	**3,380**
Time deposits				
from banks	-	75	-	75
from customers	102	6	102	6
Total deposits	**1,586**	**4,817**	**1,586**	**3,461**

19. Short Term Borrowings

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Short term borrowings				
from banks	79,278	45,804	79,278	45,794
from customers	-	774	10,889	637
Total short term borrowings	**79,278**	**46,578**	**90,167**	**46,431**

20. Other Liabilities

	Group 2008 US$M	Group 2007 US$M (restated)	Bank 2008 US$M	Bank 2007 US$M (restated)
Negative replacement values of derivative instruments (held for hedging purposes) (refer to Note 28)	19	31	19	31
Brokerage payables (refer to Note 14)	2,095	13,201	2,095	13,201
Interest and fees payable	1,306	664	2,322	1,991
Cash collateral payable to				
- Banks	44,299	23,658	44,299	23,658
- Customers	16,854	15,241	16,854	15,241
Other	3,592	1,454	3,494	1,408
Total other liabilities	**68,165**	**54,249**	**69,083**	**55,530**

Included in Other above are amounts of US$2,969m (2007: US$1,130m) for Group and US$2,953m (2007: US$1,144m) for Bank which are also reflected in Note 10 which relates to amounts received for transferred assets which do not meet the de-recognition criteria. For transferred but not derecognised financial assets, CSi's only exposure is to the volatility of the SPEs underlying assets for the tranche/portion of the notes/assets which the bank owns.

21. Provisions

Group and Bank

	Property US$M	Litigation US$M	Total 2008 US$M
Balance at 1 January 2008	9	7	16
Charges during the year	-	5	5
Utilised during the year	(4)	(3)	(7)
Balance at the end of the year	**5**	**9**	**14**

21.Provisions (continued)

Group and Bank	Property US$M	Litigation US$M	Total 2007 US$M
Balance at 1 January 2007	11	29	40
Charges during the year	-	13	13
Utilised during the year	(2)	(35)	(37)
Balance at the end of the year	**9**	**7**	**16**

The property provision mainly relates to property reinstatement obligations that will be incurred when the leases expire.

The litigation provision relates to legal fees for cases that the Bank is defending. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2008.

22. Long Term Debt

Group and Bank	2008 US$M	2007 US$M
Senior debt	453	5,160
Subordinated debt	10,183	7,070
Total long term debt	**10,636**	**12,230**

During 2008, US$3.03bn subordinated debt was issued to Credit Suisse Finance BV and the decrease of US$4.7bn in senior debt is mainly as a result of debt issued to Credit Suisse Singapore Branch remaining in short term borrowings and not being reclassified to Long term debt.

23. Called-up Share Capital and Share Premium

Group and Bank

Authorised:	2008 US$	2007 US$
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	5,724,999,375	3,724,999,375
Class A Participating non-voting shares of US$1 each	500	500
Preference Shares of US$25,000,000 each	275,000,000	275,000,000
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	600,000,000	600,000,000
Class C Preference Shares of US$1 each	800,000,000	800,000,000
Class D Preference Shares of US$1 each	600,000,000	600,000,000
Class E Preference Shares of US$1 each	700,000,000	700,000,000
Class F Preference Shares of US$1 each	750,000,000	750,000,000
Class G Preference Shares of US$1 each	800,000,000	800,000,000
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	-
	14,100,000,000	**10,700,000,000**

23.Called-up Share Capital and Share Premium (continued)

Group and Bank

	2008	2007
Allotted, called up and fully paid:	**US$**	**US$**
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	3,131,992,330	1,611,158,997
Class A Participating non-voting shares of US$1 each	200	200
Preference Shares of US$25,000,000 each	-	-
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	375,000,000	375,000,000
Class C Preference Shares of US$1 each	350,000,000	350,000,000
Class D Preference Shares of US$1 each	300,000,000	300,000,000
Class E Preference Shares of US$1 each	535,000,000	535,000,000
Class F Preference Shares of US$1 each	-	-
Class G Preference Shares of US$1 each	-	-
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	-
	8,541,992,655	**5,621,159,322**

Group and Bank

	2008	2007
Share premium:	**US$**	**US$**
Balance at 1 January	3,646,515,378	432,675,000
Issuance of Participating non-voting shares	479,166,667	3,235,582,378
Redemption of Class F and G Preference Shares	-	(21,742,000)
Balance at the end of the year	**4,125,682,045**	**3,646,515,378**

On 29 April 2008, the total authorised share capital of the Bank was increased from US$10,700,000,000 to US$12,100,000,000 by the creation of a new class of shares being 1,400,000,000 Class J Preference Shares of US$1 each, all of which were issued in cash at par to Credit Suisse (International) Holding AG ('IHAG').

On 6 November 2008, the total authorized share capital of the Bank was increased from US$12,100,000,000 to US$13,100,000,000 by the creation of a further 1,000,000,000 Participating Shares of US$1 each, of which 1,000,000,000 Participating Shares of US$1 each were allotted and issued in cash at par as follows

Credit Suisse Group	96,203,972
IHAG	711,388,115
Credit Suisse	192,407,913

On 2 December 2008, the total authorised share capital of the Bank was increased from US$13,100,000,000 to US$14,100,000,000 by the creation of a further 1,000,000,000 Participating Shares of US$1 each, of which 520,833,333 Participating Shares of US$1 each were issued in cash at a share premium of 479,166,667 to IHAG.

On 3 December 2008, 150,000,000 Class J Preference Shares were transferred from IHAG to CSi (UK).

The Ordinary Shares carry voting rights but do not carry the right to receive dividends.

The Participating Shares do not carry voting rights but carry the right to receive dividends. In all other respects the Participating Shares and the Ordinary Shares rank pari passu.

The Class A Participating Shares are cumulative shares. The holders of Class A Participating Shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of

23.Called-up Share Capital and Share Premium (continued)

resolutions modifying, varying or abrogating the rights or privileges of the holders of the Class A Participating Shares. Holders of the shares are entitled to dividends as recommended by the directors, but are not entitled to any right of participation on a return of capital in excess of the par value of the issue price of the shares plus any unpaid dividends.

The Bank has the right to redeem the issued Class A Participating Shares in whole but not part, by giving the holders of the shares not less that 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the nominal amount paid up on each such Class A Participating Share together with all arrears of the Class A participating dividend, calculated down to and including the redemption date.

The holders of Preference Shares have the right to receive notice of and to attend all general meetings of the company, but only have voting rights in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of the Preference Shares.

The Bank has the right to redeem the issued Class A Participating Shares in whole but not part, by giving the holders of the shares not less that 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the nominal amount paid up on each Preference Share, together with all arrears and accruals of the preferential dividend thereon, calculated down to and including the date of redemption, irrespective of whether such dividend has been declared or not.

The Class A Preference Shares are non-cumulative, non-redeemable shares. The holders of the shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of the Class A Preference Shares. Holders of the shares are entitled only to dividends as recommended by the directors and are not entitled to any right of participation on a return of capital in excess of the issue price of the shares. The Class A Preference shares have priority over all other classes of share, other than the Preference Shares, which retain absolute priority as to the right of participation on a return of capital.

The Class B, C, D, E, H, I and J Preference Shares are non–cumulative shares. The holders of each of these classes of shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of shares of that particular class. Holders of the shares receive a fixed preferential dividend, which may be nil at the directors' discretion, at the following annual rates:

Class B Preference shares	6.43%
Class C Preference shares	6.299%
Class D Preference shares	7%
Class E Preference shares	6.8195%
Class H Preference shares	7.625%
Class I Preference shares	7.85%
Class J Preference shares	7.53%

Dividends are paid annually on 30 April ('the fixed dividend date'). Holders of the shares are not entitled to any right of participation on a return of capital in excess of the issue price of the shares. These shares have priority over all other classes of shares (except for equal priority with each other, and other than the Preference Shares and Class A Preference Shares, which retain absolute priority), as to the right of participation on a return of capital.

The Bank has the right, subject to the Companies Act 1985, to redeem these issued shares in whole or any part, on any fixed dividend date as from the following dates:

Class B Preference shares	27 February 2009
Class C Preference shares	8 November 2009
Class D Preference shares	17 November 2010
Class E Preference shares	15 March 2011
Class H Preference shares	10 August 2012

23.Called-up Share Capital and Share Premium (continued)

Class I Preference shares	16 November 2012
Class J Preference shares	29 April 2013

The Bank has to give the holders of the shares not less than 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the amount paid up thereon together with a sum equal to all arrears and accruals (if any) of the preferential dividends, to be calculated up to and including the redemption date.

24. Retirement Benefit Obligations

The following disclosures contain the balances for the entire defined benefit plan sponsored by CSS (Europe) Ltd, of which the Bank is one of many participants, who are all related parties under common control. The Bank accounts for its share of the plan using defined contribution accounting. During 2008 the Bank expensed US$18m (2007: US$39m) in respect of its contributions to the UK defined benefit scheme.

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2008 and 2007, and the amounts included in the consolidated balance sheets for the Group's defined benefit pension and other post-retirement defined benefit plans as at 31 December 2008 and 2007 respectively:

	Defined benefit pension plans	
	2008	**2007**
	US$M	**US$M**
Defined benefit obligation – 1 January	1,381	1,374
Current service cost	8	4
Interest cost	76	75
Plan amendments	1	-
Curtailments	(2)	-
Actuarial gains – assumptions	(256)	(68)
Actuarial losses/(gains) – experience	40	(19)
Benefit payments	(18)	(9)
Exchange rate (gains)/losses	(344)	24
Defined benefit obligation – 31 December	**886**	**1,381**
Fair value of plan assets – 1 January	1,371	999
Actual return on plan assets	(97)	79
Contributions	145	305
Benefit payments	(18)	(9)
Exchange rate losses	(386)	(3)
Fair value of plan assets – 31 December	**1,015**	**1,371**

CSS (Europe) Ltd has agreed the valuation and funding of the UK defined benefit pension plan with the Pension Fund Trustees as at 31 December 2005. Lump sum contributions were paid by CSS (Europe) Ltd of £140m in March 2007 and £70m in January 2008. Additional annual tail contributions of £2m are expected in April of each year from 2009 until 2015, subject to the results of the next formal valuation, due as at 31 December 2008.

Assumptions

The weighted average assumptions used in the measurement of the benefit obligation and net periodic pension cost for the international defined pension plans as at 31 December were as follows:

24. Retirement Benefit Obligations (continued)

31 December	2008 %	2007 %
Benefit obligations		
Discount rate	6.25	5.80
Inflation	2.85	3.20
Pension increases *	2.85	3.20
Salary increases	4.10	4.95
Net periodic pension cost		
Discount rate	5.80	5.10
Salary increases	4.95	4.60
Expected long term rate of return on plan assets	7.75	7.35

* Pension earned before 6 April 1997 is subject to pension increases on a discretionary basis.

Mortality Assumptions

The assumptions for life expectancy in the 2008 benefit obligation calculations pursuant to IAS 19 are based on "00" series year of birth mortality tables with a scaling factor of 85% projected to date with allowance for the medium cohort and then projected forwards with allowance for the medium cohort but subject to an underpin to longevity improvement rates of 0.5% p.a. for females and 1% p.a. for males.

On this basis the post-retirement mortality assumptions are as follows:

	2008	2007
Life expectancy at age 60 for current pensioners aged 60 (years)		
Males	28	28
Females	30	30
Life expectancy at age 60 for future pensioners currently aged 40 (years)		
Males	31	30
Females	32	31

Sensitivity Analysis

Changes in the principal assumptions used to measure the benefit obligation and total periodic pension cost would have had the following effects:

	Increase		Decrease	
	US$M	%	US$M	%
Benefit obligation				
One-percentage point change				
- Discount rate	255	29	(194)	(22)
- Inflation	215	24	(170)	(19)
- Salary increases	14	2	(13)	(1)
1 year to life expectancy at 60	16	2	(16)	(2)
Net periodic pension cost				
One-percentage point change				
- Expected return on assets	14	57	(14)	(57)

24. Retirement Benefit Obligations (continued)

Plan assets and investment strategy

CSS (Europe) Ltd defined benefit pension plan employs a total return investment approach, whereby a diversified mix of equities, fixed income investments and alternative investments is used to maximise the long term return of plan assets while incurring a prudent level of risk. The intention of this strategy is to outperform plan liabilities over the long run in order to minimise plan expenses. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity investments are diversified across UK and non-UK stocks as well as between growth, value and small and large capitalisation stocks. Other assets such as hedge funds are used to enhance long term returns while improving portfolio diversification. Derivatives may be used to take market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies and quarterly investment portfolio reviews. To limit investment risk, CSS (Europe) Ltd pension plans follow defined strategic asset allocation guidelines. Depending on the market conditions, these guidelines are even more limited on a short-term basis.

CSS (Europe) Ltd employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the 31 December 2008.

	Fair value	**% of total fair value of scheme assets**	**Fair value**	**% of total fair value of scheme assets**
	2008	**2008**	**2007**	**2007**
	US$M	**%**	**US$M**	**%**
Equity securities	488	48.1	879	64.1
Debt securities	253	25.0	270	19.7
Alternative Investments (primarily Hedge funds)	272	26.7	220	16.0
Cash	2	0.2	2	0.2
Fair value of plan assets	**1,015**	**100**	**1,371**	**100**

Defined Contribution Pension Plans

The Bank also contributes to various defined contribution pensions primarily in the United Kingdom. The contributions in these plans during 2008 and 2007 were US$15m and US$13m respectively.

25. Employee share-based compensation and other compensation benefits

Payment of share-based compensation and other compensation benefits is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, share-based compensation and the other compensation benefits are paid solely at the discretion of the Bank and CSG.

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

Share-based compensation is an important part of the overall compensation package for selected employees and

25. Employee share-based compensation and other compensation benefits (continued)

senior executives. Share-based compensation is designed to promote employees' focus on long-term performance, align the interests of employees and shareholders and foster retention. The majority of share-based compensation is granted as part of the annual incentive performance bonus subsequent to the fiscal year to which the incentive performance bonus relates. Share-based compensation is generally subject to restrictive features such as vesting, forfeiture and blocking rules.

Total compensation expense for equity-settled share based plans recognised during 2008 and 2007 was US$157M and US$145M respectively. The average weighted fair value of awards granted in 2008 was CHF 65.59 (2007: CHF102.39).

Incentive Share Unit (ISU)
Since 2007, the CSG has granted ISUs as the main form of share-based deferred variable compensation. An ISU is a unit that is similar to shares, but offers additional upside depending on the development of the CSG share price. For each ISU granted, the employee will receive at least one CSG share (ISU Base Unit) and could receive additional CSG shares (ISU Leverage Unit) if the monthly average CSG share price increases during the three-year contractual term of the award as compared to the baseline CSG share price determined on the grant date. The number of ISU Leverage Units to be converted to CSG shares will be determined by multiplying the total number of ISU Base Units granted, less forfeitures, by the leverage payout ratio defined in the terms and conditions of the award. Each ISU Base Unit will vest at a rate of one-third of a share per year over three years, with the ISU Leverage Units vesting on the third anniversary of the grant date, depending on the development of the CSG share price. Settlement of ISUs is subject to continued employment with CSG and certain retirement arrangements.

Movements in the number of ISUs outstanding were as follows:

Group and Bank	**Base 2008 US$M**	**Leverage 2008 US$M**	**Base 2007 US$M**	**Leverage 2007 US$M**
ISU Awards				
As at 1 January	1.49	1.49	0.00	0.00
Granted	3.63	3.63	1.64	1.64
Share transferred out	(0.54)	(0.54)	0.00	0.00
Delivered	(0.51)	0.00	(0.01)	0.00
Forfeited	(0.27)	(0.46)	(0.14)	(0.15)
As at 31 December	**3.80**	**4.12**	**1.49**	**1.49**

Performance Incentive Plan units (PIPs)
As part of its annual incentive performance bonus process for 2004 and 2005, CSG granted PIP share units during 2005 and 2006, respectively. PIP units are long-term retention incentive awards requiring continued employment with CSG, subject to restrictive covenants and cancellation provisions, and vesting evenly over a five-year period. Each PIP unit will settle for a specified number of registered CSG shares subsequent to the fifth anniversary of the grant date based on the achievement of: (i) earnings performance as compared to predefined targets (performance conditions); and (ii) CSG share price performance compared to predefined targets and CSG share price performance relative to peers (market conditions). The performance conditions will determine the multiplier, ranging between zero and three, for the final number of PIP units. The market conditions will determine the number of CSG shares that each PIP unit will convert into at settlement.

25. Employee share-based compensation and other compensation benefits (continued)

Movements in the number of PIP units outstanding were as follows:

Group and Bank	2008 US$M	2007 US$M
PIP Units		
As at 1 January	0.80	0.82
Granted	0.00	0.00
Shares transferred out	(0.04)	0.00
Delivered	0.00	0.00
Forfeited	(0.07)	(0.02)
As at 31 December	**0.69**	**0.80**

Share Awards

CSG's share-based compensation as part of the yearly discretionary performance bonus in prior years included three different types of share awards: phantom shares, LPA and special awards. These share awards entitle the holder to receive one registered CSG share subject to continued employment with CSG, restrictive covenants and cancellation provisions, and generally vest between zero and three years. In 2007, CSG introduced the ISU share-based plan described above to replace the PIP, phantom share and LPA awards granted in prior years. Phantom shares vest in three equal instalments on each of the first, second and third anniversaries of the grant date and convert to registered CSG shares. LPAs vest in full on the third anniversary of the grant. Special awards are generally CSG shares, which may be granted to new employees. These special awards may contain vesting conditions, depending on the terms of employment.

Movements in the number of share awards and PIP units outstanding were as follows:

Group and Bank	2008 US$M	2007 US$M
Share awards		
As at 1 January	2.07	2.98
Granted	0.49	0.43
Shares transferred out	(0.29)	0.00
Delivered	(0.91)	(1.11)
Forfeited	(0.09)	(0.23)
As at 31 December	**1.27**	**2.07**

Partner Asset Facility (PAF)

As part of the 2008 annual compensation process, the Bank awarded certain employees with a corporate title of managing director or director the majority of the deferred portion of their variable compensation in the form of PAF awards, denominated in US dollars. The PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets ('Asset Pool') that originated in CSG Investment Banking division. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool on 31 December 2008, and those assets will remain static throughout the contractual term of the award or until liquidated. The PAF holders will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool. As a result, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the CSG's risk-weighted assets, resulting in a reduction in capital usage. The contractual term of the PAF award is eight years. 66.7% of the PAF awards were fully vested upon grant and attributed to services performed in 2008 and 33.3% of the PAF awards will vest over the first three months of 2009. All PAF awards remain subject to non-compete/non-solicit provisions that expire in respect of one-third of the awards on each of the three anniversaries of the grant date. Each PAF holder will

25. Employee share-based compensation and other compensation benefits (continued)

receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the date of grant, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market value of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less any related losses on the liquidation of the Asset Pool. Total compensation expense for PAF recognised during 2008 was US$49M. The estimated unrecognised compensation expense as of December 31, 2008 of US$16M million will be recognised during 2009.

Cash Retention Awards (CRA)

In connection with the 2008 compensation awards, a portion of the variable compensation was granted in the form of Cash Retention Awards. These CRA payments, which were made in the first quarter of 2009, are subject to vesting ratably over a two-year period and to other conditions and any unvested CRA will have to be repaid if a claw-back event, such as voluntary termination of employment, occurs. The recognition of compensation expense for the CRA granted in January 2009 began in 2009 and thus had no impact on the 2008 consolidated financial statements.

26. Related Party Transactions

The Group is controlled by Credit Suisse Group, its ultimate parent, which is incorporated in Switzerland. The Group's parent company, who holds a majority of the voting rights in the undertaking, is Credit Suisse, which is incorporated in Switzerland.

The Group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within the CS group, as well as funding trades via the use of loans or deposits, repurchase or resale agreements. In addition, the ordinary, preference and participating shares are issued to CSG and subsidiaries of CSG, as outlined in Note 23. The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with CS group entities that provide services in respect of the global derivatives business which is centrally booked in the Bank.

The Bank generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

26. Related Party Transactions (continued)

a) Related party assets and liabilities

Group	**31 December 2008**			**31 December 2007**		
Assets	**Parent**	**Other CS group companies**	**Total**	**Parent**	**Other CS group companies**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Cash and due from banks	106	59,275	59,381	67	18,691	18,758
Interest-bearing deposits with banks		52	52	-	-	-
Securities purchased under resale agreements and securities borrowing transactions		8,335	8,335	-	17,868	17,868
Trading assets	5,041	87,994	93,035	2,020	24,558	26,578
Other financial assets designated at fair value through profit and loss		4,876	4,876	-	3,079	3,079
Other loans and receivables		1,139	1,139	-	380	380
Other assets		7,568	7,568	167	5,047	5,214
Current Tax Asset		30	30			
Total assets	**5,147**	**169,269**	**174,416**	**2,254**	**69,623**	**71,877**
Liabilities						
Deposits	7	798	805	289	186	475
Securities sold under repurchase agreements and securities lending transactions		6,734	6,734	-	20,082	20,082
Trading liabilities	3,855	102,044	105,899	2,107	30,532	32,639
Other financial liabilities designated at fair value through profit and loss		244	244	-	9,384	9,384
Short term borrowings	4	78,860	78,864	-	45,865	45,865
Long term debt		10,198	10,198	-	11,602	11,602
Other liabilities	4	6,827	6,831	65	13,320	13,385
Total liabilities	**3,870**	**205,705**	**209,575**	**2,461**	**130,971**	**133,432**

26. Related Party Transactions (continued)

Bank	31 December 2008				31 December 2007			
Assets	**Parent**	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Cash and due from banks	104	59,271	-	59,375	66	18,665	-	18,731
Interest-bearing deposits with banks	-	35	-	35	-	-	-	-
Securities purchased under resale agreements and securities borrowing transactions	-	7,884	-	7,884	-	17,397	-	17,397
Trading assets	5,041	98,568	2,532	106,141	2,020	24,559	6,347	32,926
Other financial assets designated at fair value through profit and loss	-	2,033	-	2,033	-	3,079	-	3,079
Other loans and receivables	-	1,148	-	1,148	-	380	5	385
Other assets	-	7,496	1,273	8,769	167	5,044	1,436	6,647
Investments in subsidiary undertakings	-	-	725	725	-	-	27	27
Current Tax Assets	-	30	-	30	-	-	-	-
Total assets	**5,145**	**176,465**	**4,530**	**186,140**	**2,253**	**69,124**	**7,815**	**79,192**
Liabilities								
Deposits	7	798	-	805	289	186	-	475
Securities sold under repurchase agreements and securities lending transactions	-	6,734	-	6,734	-	20,082	-	20,082
Trading liabilities	3,855	102,045	206	106,106	2,107	30,536	75	32,718
Other financial liabilities designated at fair value through profit and loss	-	244	-	244	-	9,384	230	9,614
Short term borrowings	4	89,496	253	89,753	-	45,855	245	46,100
Long term debt		10,173	-	10,173	-	11,602	-	11,602
Other liabilities	3	6,821	1,188	8,012	65	13,314	1,346	14,725
Total liabilities	**3,869**	**216,311**	**1,647**	**221,827**	**2,461**	**130,959**	**1,896**	**135,316**

26. Related Party Transactions (continued)

b) Related party off balance sheet transactions

Group	**31 December 2008**				**31 December 2007**			
	Parent	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Guarantees	-	100,600	-	100,600	1,561	172,279	-	173,840
Derivatives notional amounts	126,532	1,779,450	-	1,905,982	81,358	1,544,660	-	1,626,018
Total	**126,532**	**1,880,050**	**-**	**2,006,582**	**82,919**	**1,716,939**	**-**	**1,799,858**

Bank	**31 December 2008**				**31 December 2007**			
	Parent	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Other CS group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Guarantees	-	100,600	-	100,600	1,561	172,279	783	174,623
Derivatives notional amounts	126,532	1,779,450	274	1,906,256	81,674	1,544,344	4,243	1,630,261
Total	**126,532**	**1,880,050**	**274**	**2,006,856**	**83,235**	**1,716,623**	**5,026**	**1,804,884**

26. Related Party Transactions (continued)

c) Related party revenues and expenses

Group	2008			2007		
	Parent	Other CS group companies	Total	Parent	Other CS group companies	Total
	US$M	US$M	US$M	US$M	US$M	US$M
Interest income	-	1,909	1,909	-	1,546	1,546
Interest expense	-	(3,277)	(3,277)	-	(3,964)	(3,964)
Net interest expense	**-**	**(1,368)**	**(1,368)**	**-**	**(2,418)**	**(2,418)**
Commissions and fees	-	(89)	(89)	(-)	(130)	(130)
Other charges	(5)	(922)	(927)	(17)	(546)	(563)
Total non interest revenues	**(5)**	**(1,011)**	**(1,016)**	**(17)**	**(676)**	**(693)**
Net operating income	**(5)**	**(2,379)**	**(2,384)**	**(17)**	**(3,094)**	**(3,111)**
Total operating expenses	**-**	**(592)**	**(592)**	**-**	**(592)**	**(592)**

26. Related Party Transactions (continued)

d) Related Party Averages

The table below provides the average balances during the year which are indicative of the volume of transactions that the Group has with related parties during the year.

	2008 Average US$M	2007 Average US$M
Assets		
Securities purchased under resale agreements and securities borrowing transactions	16,069	21,775
Trading assets	41,033	16,280
Other assets	7,158	5,046
Liabilities		
Securities sold under repurchase agreements and securities lending transactions	21,810	16,344
Trading liabilities	50,241	21,022
Short term borrowing	56,939	48,135
Other liabilities	11,479	10,055
Off balance sheet		
Derivative Notional	1,966,371	1,397,494
Guarantees	160,200	140,311

The averages above have been calculated using month end balances.

e) Remuneration

Remuneration of Directors

	2008 US$M	2007 US$M
Emoluments	1	9
Share-based payment compensation	7	26
Compensation for loss of office	1	-
Total	**9**	**35**
Company contributions to defined contribution plan	-	1
Total	**9**	**36**

Where directors and key management personnel perform services for a number of companies within the CS group, the total emoluments payable to each director have been apportioned to the respective entities. This allocation is done based on a revenue of respective entity basis.

The aggregate value of compensation provided in the accounts for 2008 for directors was US$6,958,836 (2007: US$15,956,226, as restated for the impact of IFRIC 11 (see note 2z))).

Included in the amounts receivable under share based payment schemes is US$1,191,772 (2007: US$939,366) relating to cash schemes.

The aggregate of emoluments and amounts receivable under long term incentive schemes provided in the accounts for the highest paid director was US$1,667,329 (2007: US$6,273,357). He was a member of a money purchase pension scheme and the contribution paid during the year into the money purchase pension scheme was US$12,030

26. Related Party Transactions (continued)

(2007: US$17,862). During the year the highest paid director received an entitlement to shares under a long term incentive scheme.

	Number of Directors 2008	Number of Directors 2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	11	7
Defined benefit schemes	-	-
Both money purchase and defined benefit	2	3
The number of directors who exercised share options	-	1
Directors in respect of whom services were received or receivable under long term incentive schemes	**13**	**10**

Remuneration of Key Management Personnel

	2008 US$M	2007 US$M (restated)[1]
Emoluments	3	18
Amounts receivable under long term incentive schemes	14	13
Total	**17**	**31**
Company contributions to money purchase pension schemes	-	1
Total	**17**	**32**

[1] On January 2008, the Group adopted IFRIC 11. Comparative information has been restated accordingly. See note 2z)

Key management personnel include Directors, the EMEA (Europe, Middle East and Africa) Investment Banking Committee of CSG and significant management responsible for Designated Investment Business.

f) Loans and Advances to Directors and Key Management Personnel

There were no loans outstanding to or due from directors or key management personnel of the Group at 31 December 2008 (2007: US$Nil).

27. Employees

The average number of persons employed during the year was as follows:

Group and Bank	2008 Number	2007 Number
Front office	525	452
Back office	789	650
Total	**1,314**	**1,102**

The Group receives a range of administrative services from related companies. The headcount related to these services cannot be accurately ascertained and is not therefore included in the above numbers.

Staff costs and staff numbers do not differ between Bank and Group.

28. Derivatives and Hedging Activities

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Bank's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, equity, cross currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts, and foreign currency and interest rate futures.

Furthermore, the Bank enters into contracts that are not considered derivatives in their entirety but include embedded derivatives features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index, or third-party credit risk or that have non-standard or foreign currency terms.

On the date the derivative contact is entered into, the Bank designates the derivative as belonging to one of the following categories:

- trading activities;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); or
- a hedge of the fair value of a recognised asset or liability.

Trading Activities

The Bank is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. Trading activities include market-making, positioning and arbitrage activities. The majority of the Banks derivatives held as at 31 December 2008 were used for trading activities.

Economic Hedges

The Bank uses these derivatives to manage risk on its trading portfolios. However, although these economic hedge relationships are used to manage risk, they do not qualify for hedge accounting treatment under IFRS.

Fair Value Hedges

The Bank maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimise fluctuations in earnings that are caused by interest rate volatility.

The Bank also uses cross currency swaps to convert foreign currency denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities.

The following table sets forth details of fair value hedges:

Group and Bank	**2008 US$M**	**2007 US$M**
Gains on the hedging instruments	133	30
Losses on the hedge item attributable to the hedged risk	(122)	(31)
Fair value of derivative transactions used as fair value hedges	107	(17)

28. Derivatives and Hedging Activities (continued)

The following table sets forth details of trading and hedging derivatives instruments:

31 December 2008	**Trading**			**Hedging**		
Group	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Forwards and forward rate agreements	4,930,611	10,692	11,525	-	-	-
Swaps	19,500,606	618,003	610,314	124	-	19
Options bought and sold (OTC)	3,198,012	56,297	59,470	-	-	-
Futures	1,607,186	-	-	-	-	-
Interest rate products	**29,236,415**	**684,992**	**681,309**	**124**	**-**	**19**
Forwards	189,664	8,127	8,189	-	-	-
Swaps	746,963	38,805	44,007	-	-	-
Options bought and sold (OTC)	480,754	15,478	16,274	-	-	-
Futures	74	-	-	-	-	-
Foreign exchange products	**1,417,455**	**62,410**	**68,470**	**-**	**-**	**-**
Forwards	50,965	2,504	3,016	-	-	-
Options bought and sold (OTC)	15,715	853	704	-	-	-
Precious metals products	**66,680**	**3,357**	**3,720**	**-**	**-**	**-**
Swaps	227,788	14,498	11,185	-	-	-
Options bought and sold (OTC)	723,207	27,785	27,987	-	-	-
Futures	16,597	-	-	-	-	-
Equity/indexed-related products	**967,592**	**42,283**	**39,172**	**-**	**-**	**-**
Swaps	3,159,898	213,896	205,294	632	126	-
Options bought and sold (OTC)	6,108	453	62	-	-	-
Credit products	**3,166,006**	**214,349**	**205,356**	**632**	**126**	**-**
Forwards	11,499	2,255	2,407	-	-	-
Swaps	25,614	6,496	6,384	-	-	-
Options bought and sold (OTC)	22,951	3,174	2,646	-	-	-
Other products	**60,064**	**11,925**	**11,437**	**-**	**-**	**-**
Total derivative instruments	**34,914,211**	**1,019,316**	**1,009,464**	**756**	**126**	**19**

28. Derivatives and Hedging Activities (continued)

31 December 2007 Group	Trading			Hedging		
	Notional amount US$M	Positive replacement value US$M	Negative replacement value US$M	Notional amount US$M	Positive replacement value US$M	Negative replacement value US$M
Forward rate agreements	2,989,467	1,111	1,077	-	-	-
Swaps	16,664,837	181,660	178,334	1,116	-	28
Options bought and sold (OTC)	4,487,991	24,657	26,731	-	-	-
Futures	1,133,735	-	-	-	-	-
Interest rate products	**25,276,030**	**207,428**	**206,142**	**1,116**	**-**	**28**
Forward rate agreements	105,958	1,461	1,765	-	-	-
Swaps	703,713	25,665	21,640	-	-	-
Options bought and sold (OTC)	311,466	6,607	7,472	-	-	-
Foreign exchange products	**1,121,137**	**33,733**	**30,877**	**-**	**-**	**-**
Forward rate agreements	4,163	1,010	2,460	-	-	-
Swaps	1,248	56	16	-	-	-
Options Bought & Sold	14,520	713	710	-	-	-
Precious metals products	**19,931**	**1,779**	**3,186**	**-**	**-**	**-**
Swaps	230,212	5,604	5,735	-	-	-
Options bought and sold (OTC)	859,185	27,888	29,545	-	-	-
Futures	21,206	-	-	-	-	-
Equity/indexed-related products	**1,110,603**	**33,492**	**35,280**	**-**	**-**	**-**
Swaps	3,064,561	68,814	67,067	997	14	3
Credit products	**3,064,561**	**68,814**	**67,067**	**997**	**14**	**3**
Forward rate agreements	3,367	153	147	-	-	-
Swaps	11,515	716	707	-	-	-
Options bought and sold (OTC)	4,093	434	163	-	-	-
Other products	**18,975**	**1,303**	**1,017**	**-**	**-**	**-**
Total derivative instruments	**30,611,237**	**346,549**	**343,569**	**2,113**	**14**	**31**

	2008		2007	
	Positive replacement value US$M	Negative replacement value US$M	Positive replacement value US$M	Negative replacement value US$M
Replacement values (trading and hedging) before netting	1,019,442	1,009,483	346,563	343,600
Replacement values (trading and hedging) after netting	756,397	746,438	279,401	276,438

28. Derivatives and Hedging Activities (continued)

31 December 2008	**Trading**			**Hedging**		
Bank	Notional amount **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**	Notional amount **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**
Forwards and forward rate agreements	4,930,611	10,936	11,728	-	-	-
Swaps	19,500,606	618,038	610,313	124	-	19
Options bought and sold (OTC)	3,198,012	56,297	59,470	-	-	-
Futures	1,607,186	-	-	-	-	-
Interest rate products	**29,236,415**	**685,271**	**681,511**	**124**	**-**	**19**
Forwards	189,669	8,127	8,189	-	-	-
Swaps	746,963	38,805	44,007	-	-	-
Options bought and sold (OTC)	480,754	15,478	16,274	-	-	-
Futures	74	-	-	-	-	-
Foreign exchange products	**1,417,460**	**62,410**	**68,470**	**-**	**-**	**-**
Forwards	50,965	2,504	3,016	-	-	-
Options bought and sold (OTC)	15,715	853	704	-	-	-
Precious metals products	**66,680**	**3,357**	**3,720**	**-**	**-**	**-**
Swaps	227,788	14,498	11,185	-	-	-
Options bought and sold (OTC)	723,207	27,785	27,987	-	-	-
Futures	16,597	-	-	-	-	-
Equity/indexed-related products	**967,592**	**42,283**	**39,172**	**-**	**-**	**-**
Swaps	3,159,969	213,896	205,281	632	126	0
Options bought and sold (OTC)	6,108	453	62	-	-	-
Credit products	**3,166,077**	**214,349**	**205,343**	**632**	**126**	**0**
Forwards	11,499	2,223	2,407	-	-	-
Swaps	25,614	6,496	6,384	-	-	-
Options bought and sold (OTC)	22,951	3,174	2,646	-	-	-
Other products	**60,064**	**11,893**	**11,437**	-	-	-
Total derivative instruments	**34,914,288**	**1,019,563**	**1,009,653**	**756**	**126**	**19**

28. Derivatives and Hedging Activities (continued)

31 December 2007	**Trading**			**Hedging**		
Bank	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Forward rate agreements	2,989,466	1,111	1,077	-	-	-
Swaps	16,665,207	181,758	178,330	1,116	-	28
Options bought and sold (OTC)	4,487,991	24,657	26,731	-	-	-
Futures	1,133,735	-	-	-	-	-
Interest rate products	**25,276,399**	**207,526**	**206,138**	**1,116**	**-**	**28**
Forward rate agreements	107,370	1,461	1,780	-	-	-
Swaps	703,713	25,664	21,640	-	-	-
Options bought and sold (OTC)	311,466	6,607	7,472	-	-	-
Foreign exchange products	**1,122,549**	**33,732**	**30,892**	**-**	**-**	**-**
Forward rate agreements	4,163	1,010	2,460	-	-	-
Swaps	1,248	56	16	-	-	-
Options Bought & Sold	14,520	712	710	-	-	-
Precious metals products	**19,931**	**1,778**	**3,186**	**-**	**-**	**-**
Swaps	230,727	5,604	5,769	-	-	-
Options bought and sold (OTC)	859,185	27,887	29,544	-	-	-
Futures	21,206	-	-	-	-	-
Equity/indexed-related products	**1,111,118**	**33,491**	**35,313**	**-**	**-**	**-**
Swaps	3,072,142	69,189	67,067	997	14	3
Credit products	**3,072,142**	**69,189**	**67,067**	**997**	**14**	**3**
Forward rate agreements	3,367	153	147	-	-	-
Swaps	11,515	716	707	-	-	-
Options bought and sold (OTC)	4,093	434	163	-	-	-
Other products	**18,975**	**1,303**	**1,017**	**-**	**-**	**-**
Total derivative instruments	**30,621,114**	**347,019**	**343,613**	**2,113**	**14**	**31**

	2008		**2007**	
	Positive replacement value	Negative replacement value	Positive replacement value	Negative replacement value
	US$M	**US$M**	**US$M**	**US$M**
Replacement values (trading and hedging) before netting	1,019,689	1,009,672	347,033	343,644
Replacement values (trading and hedging) after netting	756,644	746,627	279,871	276,483

29. Guarantees and Commitments

The following tables set forth details of contingent liabilities associated with guarantees and other commitments:

Group and Bank

31 December 2008	**Maturity <1 year**	**Maturity 1-3 years**	**Maturity 3-5 years**	**Maturity >5 years**	**Total gross amount**	**Collateral received**	**Net of collateral**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Credit guarantees and similar instruments	5	90	12	3	110	36	74
Performance guarantees and similar instruments	-	-	31	2	33	33	-
Derivatives	106,596	235,117	567,784	180,569	1,090,066	-	1,090,066
Total guarantees	**106,601**	**235,207**	**567,827**	**180,574**	**1,090,209**	**69**	**1,090,140**

31 December 2008	**Maturity <1 year**	**Maturity 1-3 years**	**Maturity 3-5 years**	**Maturity >5 years**	**Total gross amount**	**Collateral received**	**Net of collateral**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Irrevocable commitments under documentary credit	11	17	816	13	857	21	836
Loan commitments	3,043	3,632	2,283	721	9,679	4,670	5,009
Total other commitments	**3,054**	**3,649**	**3,099**	**734**	**10,536**	**4,691**	**5,845**

Group and Bank

31 December 2007	**Maturity <1 year**	**Maturity 1-3 years**	**Maturity 3-5 years**	**Maturity >5 years**	**Total gross amount**	**Collateral received**	**Net of collateral**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Credit guarantees and similar instruments	21	18	70	5	114	2	112
Performance guarantees and similar instruments	-	6	39	-	45	18	27
Derivatives	130,081	241,433	503,907	248,876	1,124,297	-	1,124,297
Total guarantees	**130,102**	**241,457**	**504,016**	**248,881**	**1,124,456**	**20**	**1,124,436**

31 December 2007	**Maturity <1 year**	**Maturity 1-3 years**	**Maturity 3-5 years**	**Maturity >5 years**	**Total gross amount**	**Collateral received**	**Net of collateral**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Irrevocable commitments under documentary credit	3	-	12	27	42	-	42
Loan commitments	3,419	2,736	3,273	1,092	10,520	6,598	3,922
Total other commitments	**3,422**	**2,736**	**3,285**	**1,119**	**10,562**	**6,598**	**3,964**

Credit guarantees are contracts that require the Group to make payments, should a third party fail to do so under a specified existing credit obligation. For example, in connection with its corporate lending business and other corporate activities, the Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparty fails to fulfil its obligation under a borrowing arrangement or other contractual obligation.

29. Guarantees and Commitments (continued)

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance-related guarantees are frequently executed as part of project finance transactions.

Derivatives disclosed as guarantees are issued in the ordinary course of business, generally in the form of written put options and credit default swaps. For derivative contracts executed with counterparties which generally act as financial intermediaries, such as investment banks, hedge funds and securities dealers, the Group has concluded that there is no basis on which to assume that these counterparties hold the underlying instruments related to the derivative contracts, and therefore does not report such contracts as guarantees.

The Group manages its exposure to these derivatives by engaging in various hedging strategies. For some contracts, such as written interest rate caps or foreign exchange options, the maximum payout is not determinable, as interest rates or exchange rates could theoretically rise without limit. For these contracts, notional amounts are disclosed in the table above in order to provide an indication of the underlying exposure. In addition, the Group carries all derivatives at fair value in the balance sheet.

Loan commitments include unused credit facilities that cannot be revoked at any time without prior notice.

Lease Commitments

The following table sets forth details of future minimum operating lease commitments under non-cancellable operating leases:

Group and Bank

	2008
Year ended 31 December	**US$M**
2009	71
2010	70
2011	70
2012	70
2013	70
Thereafter	655
Future operating lease commitments	**1,006**
Less minimum non-cancellable sublease rentals	(167)
Total net future minimum lease commitments	**839**

	2007
Year ended 31 December	**US$M**
2008	96
2009	93
2010	93
2011	93
2012	93
Thereafter	978
Future operating lease commitments	**1,446**
Less minimum non-cancellable sublease rentals	(257)
Total net future minimum lease commitments	**1,189**

The future operating lease commitments include service charges of US$5.9m (2007: US$8.0m).

29. Guarantees and Commitments (continued)

The following table sets forth details of rental expenses for all operating leases:

	2008 US$M	2007 US$M
Minimum rentals	71	97
Sublease rental income	(65)	(91)
Total net rental expenses	**6**	**6**

Contingent Liabilities and Other Commitments

The Group and Bank have contingent liabilities and commitments, entered into in the ordinary course of business, in respect of forward rate agreements, OTC futures, interest rate and currency swaps, options, spot and forward foreign exchange contracts and other OTC off-balance sheet instruments.

The Bank registered a charge to Dekabank Deutsche Girozentrale under a Securities and Cash Pledge Agreement dated 19 December 2008. Amounts secured by the charge are all present and future obligations and liabilities, in any capacity whatsoever, under or in connection with any of the Repurchase Transactions under the Repurchase Agreement.

The Bank registered a charge to Dekabank Deutsche Girozentrale under a Securities and Cash Pledge Agreement dated 12 December 2008. Amounts secured by the charge are all present and future obligations and liabilities under or in connection with any of the Repurchase Transactions under the Repurchase Agreement.

The Bank registered a charge to Fondazione Enasarco under a Euroclear Pledge Agreement entered into between Fondazione Enasarco and Credit Suisse London Branch, acting as the Pledgee's representative for all present and future liabilities and obligations (whether actual or contingent) pursuant to the Investment Certificate due 2023 linked to the Anthracite Rated Investments (Cayman) Limited Series 26 Principal Protected Notes due 2023.

The Bank registered a charge to Polychord S.A. under a security arrangement agreement date 28 November 2008. Amounts secured by the charge are all present and future moneys, debts and liabilities due, owing or incurred by CSi to Polychord S.A. as the principal under the €35,000,000 Delta 1 Notes due 2028, issued by CSi.

The Bank registered a charge to Commonwealth Bank of Australia in relation to a security assignment. The amounts secured by the charge are all obligations (present, future or contingent) to deliver the Shares in accordance with the terms of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) and any claims, awards and judgments against CSi as a result of a breach by CSi of any of those obligations.

The Bank registered a charge in relation to the 1992 ISDA Master Agreement (Multicurrency-Cross Border), the schedule and the 1994 Credit Support Annex dated as of 22 September 2008 between Credit Suisse and Highbridge Leveraged Loan Partners Master Fund, L.P. governed by the laws of the State of New York and as amended by an Amendment Agreement dated as of 25 September 2008. The amounts secured by the mortgage or charge are all present and future obligations of CSi under the agreement.

The Bank registered a charge to CTF Holdings Limited for obligations under a deed of charge in respect of Shares dated 29 July.

The Bank registered a charge to Credito Emiliano SpA in relation to a securities account. CSi is obligated to pay the Secured Party the forward sale price and any other payment to be made on the forward sale date in accordance with the terms of the forward sale agreement dated 29 July 2008.

29. Guarantees and Commitments (continued)

The Bank registered a Charge to Caledonian Trust (Cayman) Ltd acting solely in its capacity as trustee of Magnitude International, a sub trust of The Magnitude Master Series Trust for obligations under the Letter Agreement dated 31 July 2007 as continuing security for payment of secured obligations.

The Bank registered a fixed charge to Naganoken Shinyo Nogyo Kyodo Kumiai Rengokai for obligations arising under the Finance Documents and all direct legal and other costs associated with the amount secured by the mortgage.

The Bank registered a fixed charge to Etera Mutual Pension Insurance Company for obligations under the Deed of Fixed Charge associated with the 82,000 Class B Participating Certificates of Solon Capital Limited.

The Bank registered a charge to Credit Suisse Solutions (Lux) for obligations under the Credit Support Deed and the 1992 ISDA Master Agreement dated as of 18 March 2008 for a US$13.4m Swap due in 2023 linked to the performance of the Credit Suisse Tremont All Hedge Index.

The Bank registered a charge to Credit Suisse Solutions (Lux) under a Euroclear Pledge Agreement entered into between Credit Suisse Solutions (Lux) and CSS (Europe) Ltd, acting as the Pledgee's representative for all present and future moneys, debts, obligations and liabilities due, owing or incurred in connection with the Swap Arrangements.

The Bank registered a Deed of Amendment to Credit Suisse Fund Management S.A. for obligations under the charge registered on 3 October 2007 in terms of the Credit Support Deed and the 2002 ISDA Master Agreement for EUR400m funded swap due in 2022 that is linked to the performance of the MACS Total Return portfolio.

The Bank is party to various legal proceedings as apart of its normal course of business. The directors of the Bank believe that the aggregate liability, if any, resulting from these proceedings will not materially prejudice the financial position of the Bank and have been provided for where deemed necessary.

The Bank registered a charge to Credit Suisse Fund Management S.A. for obligations under the Credit Support Deed and the 2002 ISDA Master Agreement for a EUR400m funded swap due in 2022 that is linked to the performance of the MACS Total Return Portfolio.

The Bank registered a charge to Credit Suisse Fund Management S.A. under a Euroclear Pledge Agreement entered into between Credit Suisse Fund Management S.A. and CSS (Europe) Ltd, acting as the Pledgee's representative for all present and future debts, obligations, moneys and liabilities under transaction documents and under the Pledge Agreement.

The Bank registered a charge to Panama Street Finance over collateral, as continuing security for payment of secured obligations.

The Bank has granted a first priority pledge to Intesa Sanpaolo S.p.A. over the Sale Back price and any other payment in accordance with the terms of the Buy and Sell Back Agreement.

The Bank registered a charge to the Bank of New York over all principal, interest and other amounts that may be payable under the obligations of the trust deed associated with US$400m loan participation notes.

The Bank registered a further charge to BNY Corporate Trustee Services Limited over all principal, interest and other amounts payable by the Bank under the obligations of the supplemental trust deed between the Bank and BNY Corporate Trustee Services Limited associated with US$30m loan participation notes.

The Bank registered a charge to Deutsche Trustee Company Limited over all principal, interest and other amounts that may be payable under the obligations of the trust deed associated with the US$125m loan participation notes.

The Bank registered a charge to Caledonian Trust (Cayman) Limited for principal, interest and other amounts associated with its purchase of the Magnitude Master Fund linked Investments Notes of Sterling £20m.

29. Guarantees and Commitments (continued)

The Bank has granted to Morgan Guaranty Trust Company of New York, as operator of the Euroclear System, charges over cash and securities held in the account of the Bank at Euroclear.

The Bank has granted to the Bank of New York a charge over certain cash and securities against a failure of the Bank to meet certain obligations.

The Bank has granted a further charge to the Bank of New York over all principal, interest and other amounts payable by the Bank under the obligations of the trust deed between the Bank and the Bank of New York. The charge is secured to a limit of US$250m (2006: US$250m).

The Bank has granted a charge to HSBC Bank Plc as settlement bank over certain receivables in respect of the Bank's membership of CREST. This is a first floating charge over all eligible stock and other sums due to the Bank against the failure of the Bank to meet its obligations under the Settlement Bank Facility agreement.

The Bank has granted a charge to HSBC Bank Plc over certain receivables in respect of the Bank's membership of CREST. This is a first charge over all eligible stock and other sums due to the Bank against the failure of the Bank to meet its obligations under the Settlement Bank Facility agreement with HSBC Bank Plc.

The Bank has granted to the International Bank for Reconstruction and Development, International Finance Corporation and Ace Capital Re Overseas Limited charges over certain cash and securities due as collateral to the charges under the terms of the credit support annexes to their respective ISDA Master Agreements.

The Bank has granted to Credit Suisse a charge over certain shares, dividends, interest and related share rights against a failure of the Bank to meet certain intra-group obligations.

The Bank has granted various fixed charges to J.P. Morgan Corporate Trustee Services Limited over all principal, interest and other amounts payable by the Bank to J.P. Morgan Corporate Trustee Services Limited under the obligations of the trust deed between the Bank and J.P. Morgan Corporate Trustee Services Limited. The charge is secured to a limit of US$1,115m (2006: US$1,020m).

The Bank has granted charges over a revolving credit facility to Credit Suisse, London Branch, against a failure of the Bank to meet certain intra-group obligations.

The Bank has granted a charge to Deutsche Trustee Company Limited over certain interests and benefits on notes. This is a first fixed charge on interest and any other amounts payable by the Bank under the loan agreement. The charge is limited to US$500m (2006: US$250m).

The Bank has granted charges to the Apothekerversorgung Niedersachsen Einrichtung der Apothekerkammer Niedersachsen Korperschaft des Offentlichen Rechts over certain property. This is a first fixed charge over the property and a floating charge over derivatives of the asset. The charges are secured to a limit of EUR35m (2006: EUR35m).

The Bank has granted charges to the Arzteversorgung Niedersachsen Einrichtung der Arztekammer Niedersachsen Korperschaft des Offentlichen Rechts over certain property. This is a first fixed charge over the property and a floating charge over derivatives of the asset. The charges are secured to a limit of EUR65m (2006: EUR65m).

The Bank has granted a fixed charge to Credito Emiliano S.p.A. over a charge account with Clearstream Banking S.A. for the purpose of maintaining collateral in favour of Credito Emiliano S.p.A.

The Bank has granted a charge and assignment of shares to OM-IP Eclipse Trading Limited over a charge account with RMF Investment Strategies SPC.

The Bank is party to various legal proceedings as part of its normal course of business. The directors of the Bank believe that the aggregate liability, if any, resulting from these proceedings will not materially prejudice the financial position of the Bank and have been provided for where deemed necessary or in accordance with accounting policy.

30. Securitisations and Special Purpose Entities and other structured transactions

The Group is involved in the formation of Special Purpose Entities ('SPEs') primarily for the purpose of providing clients with structured investment opportunities, asset securitisation transactions and for buying or selling credit protection. The Group consolidates SPEs when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. Consideration is given to the Group's ability to control the activities of the SPE and the Group's exposure to the risks and benefits of the SPE.

The aggregate balance sheet value (including amounts held with the Bank) in relation to Consolidated SPEs is shown below.

Group	**2008 US$M**	**2007 US$M**
Assets		
Cash and due from banks	554	861
Repossessed Collateral	34	55
Securities purchased under resale agreements and securities borrowing transactions	1,224	555
Other financial assets designated at fair value through profit and loss	893	1,924
Trading assets	14,606	5,381
Current Tax Assets	35	-
Deferred Tax Assets	29	-
Other assets	61	31
Total assets	**17,436**	**8,807**
Liabilities		
Deposits	369	2,756
Trading liabilities	440	894
Short term borrowings	311	382
Other financial liabilities designated at fair value through profit and loss	15,430	4,698
Share Capital	633	-
Other liabilities	253	77
Total liabilities	**17,436**	**8,807**

31. Fair Value of Financial Instruments

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques; for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved, option-pricing models, matrix pricing, option-adjusted spread models, and fundamental analysis. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot always be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

31. Fair Value of Financial Instruments (continued)

For cash and other liquid assets and money market instruments maturing within three months, the fair value is generally based on observable inputs. For those items with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

For non-impaired loans where quoted market prices are available, fair value is based on such prices. For variable rate loans which are repriced within three months, the book value is used as a reasonable estimate of fair value. For other non-impaired loans, the fair value is estimated by discounting contractual cash flows using the market interest rates for loans with similar characteristics. For impaired loans, the book value, net of valuation adjustments, approximates to fair value.

The fair values of trading debt securities (including CMBS and other ABS and CDOs) and equity securities (including common equity shares, convertible bonds and separately managed funds), financial investments from the banking business, investments from the insurance business, and non-consolidated participations where available are based on quoted market prices.

For debt securities for which market prices are not available, valuations are based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modelling techniques, which may involve judgment.

Values of CMBS and other ABS for which there are no significant observable inputs are valued using benchmarks to similar transactions or indices and other valuation models. CDO, collateralized bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

Equity securities for which there are no significant observable values are determined by their yield and the subordination relative to the issuer's other credit obligations. For a small number of convertible bonds, no observable prices are available, and valuation is determined using internal and external models, for which the key inputs include stock price, dividend rates, credit spreads, foreign exchange rates, prepayment rates and equity market volatility.

Positions in derivatives held for trading purposes include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives are typically derived from observable exchange prices and/or observable inputs. The fair values of OTC derivatives are determined on the basis of internally developed proprietary models using various inputs. The inputs include those characteristics of the derivatives that have a bearing on the economics of the instruments. Certain more complex derivatives use unobservable inputs. Specific unobservable inputs include long-dated volatility assumptions, recovery rate assumptions for credit derivative transactions. Uncertainty of pricing inputs and liquidity are also considered as part of the valuation process.

For deposit instruments with no stated maturity and those with original maturities of less than three months, the book value is assumed to approximate to fair value due to the short term nature of these liabilities. For deposit instruments with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

Short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcatable and non-bifurcatable) and vanilla debt. The fair value of these debt instruments is based on quoted prices, where available. Where quoted prices are not available, fair values are calculated using yield curves for similar maturities, taking into consideration the impact of the Group's own credit spread on these instruments.

The following table details the fair value of financial instruments for which it is practicable to estimate that value, whether or not this is reported in the Group's financial statements. All non-financial instruments such as lease transactions, fixed assets, equity method investments and pension and benefit obligations are excluded.

31. Fair Value of Financial Instruments (continued)

31 December 2008

Group	**Fair value**	**Book value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and cash equivalents	63,201	-	-	63,201	63,201
Interest-bearing deposits with banks	349	-	-	349	349
Securities purchased under resale agreements and securities borrowing transactions	8,958	-	-	8,958	8,958
Trading assets	806,967	806,967	-	-	806,967
Other financial assets designated at fair value through profit and loss	34,451	-	34,451	-	34,451
Other loans and receivables	6,901	-	-	7,303	7,303
Other assets	51,530	-	-	51,530	51,530

	Fair value	**Book value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	1,586	-	-	1,586	1,586
Securities sold under repurchase agreements and securities lending transactions	9,016	-	-	9,019	9,019
Trading liabilities	756,744	756,744	-	-	756,744
Other financial liabilities designated at fair value through profit and loss	40,698	-	40,698	-	40,698
Short term borrowings	79,377	-	-	79,278	79,278
Other liabilities	68,165	-	-	68,165	68,165
Long term debt	8,629	-	-	10,636	10,636

31. Fair Value of Financial Instruments (continued)

31 December 2007

Group	**Fair value**	**Book value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and cash equivalents	26,713	-	-	26,713	26,713
Interest-bearing deposits with banks	148	-	-	148	148
Securities purchased under resale agreements and securities borrowing transactions	22,240	-	-	22,240	22,240
Trading assets	381,152	381,152	-	-	381,152
Other financial assets designated at fair value through profit and loss	22,628	-	22,628	-	22,628
Other loans and receivables	11,426	-	-	11,377	11,377
Other assets	25,946	-	-	25,946	25,946

Group	**Fair value**	**Book value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	4,817	-	-	4,817	4,817
Securities sold under repurchase agreements and securities lending transactions	24,856	-	-	25,397	25,397
Trading liabilities	291,119	291,119	-	-	291,119
Other financial liabilities designated at fair value through profit and loss	45,885	-	45,885	-	45,885
Short term borrowings	46,578	-	-	46,578	46,578
Other liabilities	52,764	-	-	52,764	52,764
Long term debt	12,258	-	-	12,230	12,230

31. Fair Value of Financial Instruments (continued)

31 December 2008

Bank	**Fair value**	**Book value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and cash equivalents	62,645	-	-	62,645	62,645
Interest-bearing deposits with banks	332	-	-	332	332
Securities purchased under resale agreements and securities borrowing transactions	8,148	-	-	8,148	8,148
Trading assets	818,787	818,787	-	-	818,787
Other financial assets designated at fair value through profit and loss	31,609	-	31,609	-	31,609
Other loans and receivables	6,911	-	-	7,313	7,313
Other assets	52,748	-	-	52,748	52,748

	Fair value	**Book value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	1,586	-	-	1,586	1,586
Securities sold under repurchase agreements and securities lending transactions	9,430	-	-	9,432	9,432
Trading liabilities	756,934	756,934	-	-	756,934
Other financial liabilities designated at fair value through profit and loss	37,152	-	37,152	-	37,152
Short term borrowings	90,265	-	-	90,167	90,167
Other liabilities	69,083	-	-	69,083	69,083
Long term debt	8,629	-	-	10,636	10,636

31. Fair Value of Financial Instruments (continued)

31 December 2007

Bank	**Fair value**	**Book value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and cash equivalents	25,830	-	-	25,830	25,830
Interest-bearing deposits with banks	148	-	-	148	148
Securities purchased under resale agreements and securities borrowing transactions	21,686	-	-	21,686	21,686
Trading assets	378,381	378,381	-	-	378,381
Other financial assets designated at fair value through profit and loss	21,326	-	21,326	-	21,326
Other loans and receivables	11,431	-	-	11,382	11,382
Other assets	27,373	-	-	27,373	27,373

	Fair value	**Book value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	3,461	-	-	3,461	3,461
Securities sold under repurchase agreements and securities lending transactions	24,856	-	-	25,397	25,397
Trading liabilities	291,130	291,130	-	-	291,130
Other financial liabilities designated at fair value through profit and loss	42,074	-	42,074	-	42,074
Short term borrowings	46,431	-	-	46,431	46,431
Other liabilities	54,091	-	-	54,091	54,091
Long term debt	12,258	-	-	12,230	12,230

Fair value of certain instruments recognised in the financial statements is determined in part using valuation techniques based on entity specific assumption that are not supported by prices from current market transactions or observable market data.

For the year ended 31 December 2008, the amount recognised in profit or loss during the period for financial instruments estimated using a valuation technique and specific entity inputs was a profit of US$1,832m (2007 profit of US$3,150m).

As the valuation models are based upon entity specific assumptions, changing the assumptions within a reasonable

31. Fair Value of Financial Instruments (continued)

range amends the resultant estimate of fair value. The potential effect of using reasonably possible alternative assumptions in valuations models lies between a range of (US$1,298m) and US$1,298m (2007: (US$1,299m) and US$1,299m).

Although the Group adopted the amendments to IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' regarding reclassification of financial assets, there were no reclassifications of financial assets done during the year.

32. Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

Group and Bank

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Fair value of collateral received where there exists a right to resell or repledge	27,996	32,060	26,951	33,560
Fair value of collateral received which has been resold or repledged where the right to resell or repledge existed	24,155	28,253	23,110	28,253

As at 31 December 2008 and 2007, collateral was received in connection with resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the Group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowed and lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

CSi is obliged to return the securities under conditions that are customary in the market place for such transactions.

Additional charges are included in note 29 Guarantees and Commitments.

33. Financial Instruments Risk Position

a) Risk management oversight

Overview

The Bank is part of CS group and its risks are managed as part of the global CS group of entities. The CS group risk management process is designed to ensure that there are sufficient independent controls to measure, monitor and control risks in accordance with CSG's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CSG's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk, settlement, country and reputational risk.

Risk governance

The prudent taking of risk in line with CS group's strategic priorities is fundamental to its business as a leading global bank. To meet the challenges in a fast changing industry with new market players and innovative and complex products, CS group established and continuously strengthens an independent risk function that closely interacts with the sales and trading functions to ensure the appropriate flow of information. CS group's risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased

33. Financial Instruments Risk Position (continued)

complexity of risks, CS group has defined its risk perspective broadly. Risk management plays an important role in CS group's business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect CS group's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although CS group has implemented comprehensive risk management processes and sophisticated control systems, it works to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

CS group's Investment Banking business has chosen a buy and sell business model to mitigate risks and limit its exposure, but the further dislocation in the structured and credit markets during 2008 affected its efficiency in reducing risk exposure. In light of this environment, CS group has further limited certain new business activities and has reduced risk exposures in its structured products and leveraged finance positions. Additional macro and single-position hedges have been purchased by CS group to further mitigate its risk exposure.

Risk organisation

Risks arise in all of CS group's business activities and cannot be completely eliminated, but they are managed through a comprehensive internal control environment. CS group's risk management organisation reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Boards of Directors, this includes the following responsibilities:

- CSG Board of Directors: Responsible to shareholders for the strategic direction, supervision and control of CS group and for defining its overall tolerance for risk.
- Boards of Directors of other CS group legal entities: Responsible for the strategic direction, supervision and control of the respective legal entity and for defining the legal entity's tolerance for risk.
- Risk Committees: Responsible for assisting the Boards of Directors of CSG and other CS group legal entities in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits.
- Audit Committees: Responsible for assisting the Boards of Directors of the CSG and other CS group legal entities in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting, and legal and regulatory compliance. Additionally, the Audit Committees are responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the CSG Board of Directors and its Risk Committee. On a monthly basis, the Capital Allocation and Risk Management Committee ('CARMC') of CSG's Executive Board reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing CS group's risk profile on a consolidated basis, recommending risk limits to the Board of Directors and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meetings focus on the following three areas on a rotating basis: Asset and Liability Management/Liquidity; Market and Credit Risk; and Operational Risk/Legal and Compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also Divisional Risk Management Committees ('RMC'), which are closer to the daily business and established to manage risk on a divisional basis.

The risk committees are further supported by Global Treasury, which is responsible for the management of CS group's balance sheet, capital management, liquidity and related hedging policies within parameters agreed by the

33. Financial Instruments Risk Position (continued)

CARMC; business divisions are authorised to take risks as part of their business strategies within limits set by CARMC.

The risk management function, which is independent of the business, includes:

- Strategic Risk Management (SRM)
- Risk Measurement and Management (RMM)
- Credit Risk Management (CRM)
- Bank Operational Risk Oversight (BORO)
- Business Continuity Management
- Reputational Risk Management

The CRO area is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through four primary risk functions: SRM assesses the overall risk profile on a Group-wide portfolio level and for individual businesses, and recommends corrective action, where necessary; RMM is responsible for the measurement and reporting of credit risk, market risk and economic capital, managing risk limits, and establishing policies on market risk and economic capital; CRM has a Chief Credit Officer ('CCO') for Private Banking and a Chief Credit Officer for Investment Banking and Asset Management, with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional Operational Risk functions. The CRO area also addresses critical risk areas such as Business Continuity and Reputational Risk Management.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define CS group's maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses. CS group uses an Economic Capital ('EC') limit structure to manage overall risk-taking. The level of risks incurred by the divisions is further restricted by a variety of specific limits. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money, and emerging market country exposures. Risk limits are allocated to lower organisational levels within the businesses, and numerous other limits are established for specific risks, including a system of individual counterparty credit limits that is used to control concentration risks.

Economic capital and position risk

Economic Capital is the core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across CS group, which increases risk transparency and improves knowledge-sharing. The development and usage of EC methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

Position Risk, which is a component of the EC framework, is used to assess, monitor and report risk exposures throughout CS group. Position Risk EC is the level of unexpected loss in economic value on CS group's portfolio of positions over a one-year horizon that is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to Treasury management – Economic capital in the Credit Suisse Group Annual Report.

CS group regularly reviews the EC methodology to ensure the model remains relevant as markets and business strategies evolve.

33. Financial Instruments Risk Position (continued)

b) Risks Detail

i) Market risk

Overview

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. CS group defines its market risk as potential changes in the fair values of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

CS group devotes considerable resources to ensuring that market risk is comprehensively captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at CS group level down to specific portfolios. CS group uses market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across CS group's many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are value-at-risk ('VaR') and scenario analysis. Additionally, CS Group's market risk exposures are reflected in its EC calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

Value-at-Risk

VaR measures the potential loss in terms of fair value changes due to adverse market movements over a given time interval at a given confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatility serve as a basis for the statistical VaR model underlying the potential loss estimation. CS group uses a ten-day holding period and a confidence level of 99% to model the risk in its trading portfolios. These assumptions are compliant with the standards published by the Basel Committee on Banking Supervision and other related international standards for market risk management. For some purposes, such as backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are scaled down or calculated to a one-day holding period level.

CS group uses a historical simulation model for the majority of risk types and businesses within its trading portfolios. Where insufficient data is available for such an approach, an 'extreme-move' methodology is used. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatility applied to evaluate the portfolio. This methodology also avoids any explicit assumptions on correlation between risk factors. CS group uses a three-year historical dataset to compute VaR. To ensure that VaR responds appropriately in times of market stress, CS group introduced a new scaling technique in the fourth quarter of 2008 that adjusts the level of VaR to reflect current market conditions more rapidly. This new technique, scaled VaR, adjusts VaR in cases where the short-term market volatility is higher than the long-term volatility from the full three year dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. CS group monitors VaR on both an unscaled and scaled basis for risk management purposes.

The Bank has approval from the Financial Services Authority to use its scaled VaR model in the calculation of trading book market risk capital requirements. The Bank continues to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

33. Financial Instruments Risk Position (continued)

The VaR model uses assumptions and estimates that CS group believes are reasonable, but changes to assumptions or estimates could result in a different VaR measure. As a risk measure, VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. VaR also assumes that price data from the recent past can be used to predict future events. If future market conditions differ substantially from past market conditions, the risk predicted by VaR may be overestimated or underestimated.

Scenario analysis

CS group regularly performs scenario analysis for all of its businesses exposed to market risk to estimate the potential economic loss that could arise from extreme, but plausible, stress events. The scenario analysis calculations performed are specifically tailored towards their respective risk profile. In addition, to identify areas of risk concentration and potential vulnerability to stress events across CS group, it has developed a set of scenarios which are consistently applied across all businesses. Key scenarios include significant movements in credit markets, interest rates, equity prices and exchange rates, as well as adverse changes in counterparty default and recovery rates. CS group also uses combination scenarios, which consider the impact of significant, simultaneous movements across a broad range of markets and asset classes, to analyze the impact of wider market turbulence. The scenario analysis framework also considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and economic capital ratios. The CSG Board of Directors and senior management are regularly provided with scenario analysis estimates, scenario analysis trend information and supporting explanations to create transparency on key risk exposures and support their risk management.

Scenario analysis estimates the impact that could arise from extreme, but plausible, stress events by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, but statistical analysis is also used to define the less severe scenarios in the framework.

Scenario analysis estimates the loss that could arise if specific events in the economy or in financial markets were to occur. Seldom do past events recur in exactly the same way. Therefore, it is necessary to use business experience to choose a set of meaningful scenarios and to assess the scenario results in light of current economic and market conditions.

The scenario analysis framework is periodically reviewed to help ensure that it remains relevant given changes in portfolio composition and market conditions. Each primary scenario is typically run at several different levels of severity to provide information on possible losses over a range of market circumstances. In response to the financial market turbulence experienced in 2008, the parameter shocks for most types of scenarios were updated to reflect more volatile market conditions, particularly for credit and mortgage-related positions. Several new scenarios were also introduced to focus on specific markets or risks, including underwriting, basis and regional risks. Finally, a new combination scenario was introduced that incorporated more severe market changes.

Trading portfolios

Risk measurement and management

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for the Bank's regulatory capital purposes. This classification of assets as trading is done for the purpose of analysing the Bank's market risk exposure, not for financial statement purposes.

Development of trading portfolio risks

Trading portfolio risk mainly resides in the Bank, consequently the table below shows the trading-related market risk exposure for the Bank, as measured by one-day, 99% VaR. The VaR in the table has been calculated using a three-

33. Financial Instruments Risk Position (continued)

year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

The Bank's one-day, 99% scaled VaR as of 31 December, 2008 was US$109m, compared to US$58m as of 31 December, 2007. The increase in VaR was primarily due to the inclusion of increased market volatility in the historical dataset used to calculate VaR and the introduction of the scaling approach referred to in the Value at Risk section.

Credit Suisse International Value-at-Risk

End of period	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Total (Non-Scaled)	Total (Scaled)
2008 US$M							
Average	35	14	14	29	(37)	55	78
Minimum	20	5	7	15	-	36	46
Maximum	68	54	23	91	-	119	178
End of period	59	40	10	21	(57)	73	109
2007 US$M							
Average	28	9	3	25	(22)	43	53
Minimum	18	2	0	14	-	31	31
Maximum	40	27	15	47	-	64	83
End of period	29	14	9	23	(32)	43	58

Note:

1) VaR estimates are calculated separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99% percentile loss

2) All figures above are 1 Day scaled VaR (from 10 Day VaR) for trading book only positions

3) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including backtesting. In line with industry practice, the Bank presents backtesting using actual daily trading revenues. Actual daily trading revenues are compared with VaR calculated using a one-day holding period. A backtesting exception occurs when the daily loss exceeds the daily VaR estimate. The Bank had 29 backtesting exceptions in 2008, compared with three backtesting exceptions in 2007. These exceptions were calculated using the scaled VaR model following its introduction in the fourth quarter 2008.

Non-trading portfolios

Risk measurement and management

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including EC, scenario analysis, sensitivity analysis and VaR. Non-trading portfolio risks mainly reside in the Bank. For the purpose of this disclosure, the aggregated market risks associated with the Bank's non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk and real estate risk are not

33. Financial Instruments Risk Position (continued)

included in this analysis. These risks are included in the CS group EC model. For more details of this model, please see the Risk Management section of the CSG Annual Report.

Development of non-trading portfolio risks

Interest rate risk on non-trading positions is shown below using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of US$1.3m as of December 31, 2008 compared to an increase of less than US$1m, as of December 31, 2007. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of December 31, 2008, the fair value impacts of an adverse 200-basis-point move in yield curves and of a statistical one-year, 99% adverse change in yield curves were a decrease of US$478m and a decrease of US$143m, respectively. These amounts are significantly below the 20% threshold used by regulators to identify firms that potentially run excessive levels of non-trading interest rate risk.

Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would have been a decrease of approximately US$24m in the value of the non-trading portfolio as of 31 December, 2008 compared to a decrease of approximately US$1m in the value of the non-trading portfolio as of 31 December, 2007.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would have been a decrease of approximately US$28m in the value of the non-trading portfolio as of December 31, 2008 compared to a decrease of less than US$1m as of December 31, 2007.

Foreign exchange risk related to accrued net income and net assets is centrally and systematically managed with a focus on risk reduction and diversification. Risk is monitored and managed at an entity level through the levelling of accrued profit and losses which are incurred in a currency other than the entity's functional currency. On a Parent level, risk management activities are designed to reduce foreign exchange volatility on reported CHF results and capital. These activities include hedging of foreign currency net assets and cash flow hedging of certain revenues and expenses to protect the Group's CHF shareholder's equity.

Additional overlay activities at the Group level are aimed at diversifying the Group's returns on invested capital into foreign currencies. These need explicit approval of the ALM CARMC and are made with various considerations in mind such as management of Tier I ratio foreign exchange induced changes.

Any non-functional currency denominated P/L of an entity (calculated on a US GAAP basis) is systematically leveled against the entity functional currency during or immediately after the month so that FX risks on accrued P&L are fully eliminated at month-end. The functional currency equivalent P/L of a legal entity not having CHF as its functional currency is then translated monthly into the Group's functional currency, the Swiss franc, using global month-end exchange rates. The process ensures that month–end P/L is effectively locked into CHF from an accounting perspective. The structural Net Asset positions in functional currency equivalents resulting from these activities (including net profits of earlier period) are centrally hedged by Global Treasury against the parent's functional currency on a monthly basis.

ii) Liquidity Risk

The operating environment was more challenging during 2008 and in particular 4Q08 than since the financial crisis began. In response, CS group further strengthened its conservative liquidity and funding management strategy and strong capital base while the financial and credit markets deteriorated.

33. Financial Instruments Risk Position (continued)

The Global Treasury department manages the liquidity position of CS group within parameters determined by the ALM-CARMC. The liquidity risk of the company is managed as an integral part of the overall CS group liquidity risk framework.

CS group manages its liquidity profile at a sufficient level such that, in the event CS group is unable to access unsecured funding, there is sufficient liquidity to sustain operations for an extended period of time.

Liquidity is managed centrally to ensure that sufficient funds are either on hand or readily available at short notice in the event that the firm experiences any impairment of its ability to borrow in the unsecured debt markets. This ensures that in the event of a liquidity dislocation CS group has sufficient funds to repay maturing liabilities, as they fall due, without requiring any balance sheet reduction. The group manages liquidity by raising funds directly by CS group and channelling these funds to business and subsidiaries, as required. As part of this central management, daily processes are undertaken to monitor and manage liquidity of the Bank and to ensure funds are sourced from CS group to meet ongoing obligations of the Bank's business. CSi has unrestricted and direct access to funding sourced by CS group.

As a global bank, CS group has access to multiple markets worldwide and has major funding operations in Zurich, New York, London, Singapore and Tokyo. A wide range of products and currencies are used to ensure that funding is efficient and well diversified across markets and investor types. Unsecured funding sources include private, corporate and retail banking client deposits (which have proven extremely stable even in stressed markets) long-term debt, certificates of deposit, bank deposits, fiduciary deposits, central bank deposits and other non-bank deposits.

Global Treasury is responsible for the development, execution and regular updating of the funding plan which reflects projected business activity, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market conditions. CS group centralized funding provided for a controlled and flexible response to the volatile market conditions in 2008.

Substantially all of CS group's unsecured senior debt is issued without financial covenants that would increase the cost of financing or accelerate the maturity, including adverse changes in CS group credit ratings, cash flows, results of operations or financial ratios.

CS group additionally maintains a portfolio of trading and liquid assets readily available for additional funding needs. These positions are eligible for repo transactions with various central banks including the Swiss National Bank, the Federal Reserve, the European Central Bank and the Bank of England.

In light of the continued deterioration in the credit markets, CS group also took measures to further widen its contingent funding sources by implementing enhanced credit facilities with central banks, such as the Primary Dealer Credit Facility with the Federal Reserve. These facilities have been tested and serve as a secondary source of liquidity if necessary.

The following table sets out details of the remaining contractual maturity of all financial liabilities.

33. Financial Instruments Risk Position (continued)

Group
31 December 2008

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	US$M	US$M	US$M	US$M	US$M	US$M
Deposits	1,484	102	-	-	-	1,586
Securities sold under repurchase agreements and securities lending transactions	3,497	3,783	374	-	1,406	9,060
Trading liabilities	756,744	-	-	-	-	756,744
Other financial liabilities designated at fair value through profit and loss	2,237	8,560	5,133	18,490	8,701	43,121
Short term borrowings	78,093	1,335	-	-	-	79,428
Long term debt	-	-	-	1	10,633	10,634
	842,055	**13,780**	**5,507**	**18,491**	**20,740**	**900,573**

Group
31 December 2007

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	US$M	US$M	US$M	US$M	US$M	US$M
Deposits	4,736	81	-	-	-	4,817
Securities sold under repurchase agreements and securities lending transactions	8,826	11,567	2,736	2,497	-	25,626
Trading liabilities	291,119	-	-	-	-	291,119
Other financial liabilities designated at fair value through profit and loss	-	8,564	5,683	24,438	9,119	47,804
Short term borrowings	10,132	36,651	-	-	-	46,783
Long term debt	-	1,058	3,719	727	10,735	16,239
	314,813	**57,921**	**12,138**	**27,662**	**19,854**	**432,388**

The balances in the above table will not agree directly to the balances in the group balance sheet as the table generally incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future coupon payments. Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. Trading liabilities have been classified as being 'on demand' at there fair value.

Projected coupon outflows on structured products designated at fair value through profit and loss have been excluded from the table above. The variability of the coupons leverages up or down based on the functionality of the embedded derivative and prevailing market conditions. The inclusion of coupons would be misleading to the users of the accounts due to the variability in the payouts of these structured products. For instruments with perpetual features, the projected coupons have also been excluded.

33. Financial Instruments Risk Position (continued)

Callable deposits, open ended positions and overnight funding will be recorded at their present value in an 'on demand' categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or CSi to put or call the positions at short notice.

iii) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Bank manages its currency risk with the Value at Risk (VaR) methodology, a discussion of which is contained in section a) of this note.

iv) Credit Risk

CRM is an independent function headed by the Chief Credit Officer with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area's credit portfolios and allowances. CRM reports to the Chief Risk Officer of CS group.

Definition of Counterparty Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company.

Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit Risk Management Approach

Effective credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires a careful consideration of proposed extensions of credit, the setting of specific limits, diligent ongoing monitoring during the life of the exposure, active use of credit risk mitigation tools and a disciplined approach to recognizing credit impairment.

CS group's credit risk management framework is regularly refined and covers all banking business areas that are exposed to credit risk.

The framework is designed to cover virtually all of the credit exposures in the banking business and comprises seven core components:

- Individual counterparty rating systems;
- Transaction rating systems;
- A counterparty credit limit system;
- Country concentration limits;
- Risk-based pricing methodologies;
- Active credit portfolio management; and
- A credit risk provisioning methodology.

Credit risk is evaluated through a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Experienced credit officers analyse credit requests and assign internal ratings based on their analysis and evaluation of the clients' creditworthiness and the type of credit transaction.

33. Financial Instruments Risk Position (continued)

Counterparty and transaction rating

For the purposes of internal ratings, CSi has developed a set of credit rating models tailored for different client segments (e.g. international corporates, financial institutions, asset finance, Small and Medium Enterprises ('SME'), commodity traders, residential mortgages, etc.) for the purpose of internally rating counterparties to whom it is exposed to credit risk as the contractual party to a loan, loan commitment or OTC derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Each credit rating model is validated independently prior to implementation and on a regular basis. At the time of initial credit approval and review, relevant quantitative data (e.g. financial statements, financial projections, etc.) as well as qualitative factors relating to the counterparty are used in the models and result in the assignment of a credit rating or probability of default (PD), which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, CSi has used an internal rating scale which is benchmarked to the external rating agencies, using the historical PD associated with external ratings. The relationship between the PD and external agency ratings is reviewed annually and adjustments are made to calibrate the internal rating classification to the assumed PD in the external ratings

Additionally, an estimate of expected loss in the event of a counterparty default is assigned based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default (LGD) assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. These credit risk estimations are used consistently for the purposes of business and credit portfolio steering, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic risk capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by the FINMA for application under the Basel II A-IRB approach. This approach also allows CSi to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit approval process and provisioning

Senior credit managers make credit decisions on a transaction-by-transaction basis, at authority levels reflecting the amount and complexity of the transactions and the overall exposures to counterparties and their related entities. These approval authority levels are set out within the governing principles of CSi.

A system of individual credit limits is used to manage individual counterparty credit risk. Other limits are also established to address concentration issues in the portfolio, including a comprehensive set of country and regional limits and limits for certain products. Credit exposures to individual counterparties, industry segments or product groupings and adherence to the related limits are monitored by credit officers, industry analysts and other relevant specialists. In addition, credit risk is regularly supervised by credit and risk management committees taking current market conditions and trend analysis into consideration. CSi regularly analyses its industry diversification and concentration in selected areas.

A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Other key factors considered in the review process include current and projected business and economic conditions, historical experience, regulatory requirements and concentrations of credit by industry, country, product and counterparty rating. Regularly updated watch-lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur due to events such as announced mergers, earnings weakness and lawsuits.

The review process culminates in a quarterly determination of the appropriateness of allowances for credit losses. A systematic provisioning methodology is used to identify potential credit risk-related losses. Impaired transactions are classified as potential problem exposure, non-performing exposure, or non-interest earning exposure and the exposures are generally managed within credit recovery units. The credit provisions review committee (CPRC)

33. Financial Instruments Risk Position (continued)

regularly determines the adequacy of allowances, taking into consideration whether the levels are sufficient for credit losses and whether allowances can be released or if they should be increased.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by a counterparty are subject to credit risk exposure measurement and management. The following table presents the credit risk of on balance sheet and off balance sheet financial instruments, before taking account of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the exposure to credit risk is the amount CSi would have to pay if the guarantees are called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk before collateral held or other credit enhancement

	Group 2008 US$M	Group 2007 US$M	Bank 2008 US$M	Bank 2007 US$M
Interest bearing deposits with banks	349	148	332	148
Securities purchased under resale agreements and Securities borrowing transactions	8,958	22,240	8,148	21,686
Trading assets				
- debt securities	25,384	41,887	26,053	42,437
- derivative trading positions	756,315	279,387	756,561	279,857
- other	5,786	16,051	16,393	15,383
Other financial assets designated at fair value through profit and loss				
- debt securities	3,841	4,365	3,841	3,807
- loans	18,414	17,089	15,572	16,345
- reverse repurchase agreements	12,196	941	12,196	941
Other loans and receivables				
- banks	1,416	572	1,416	572
- customers	6,162	10,921	6,172	10,926
Other assets	51,528	26,184	52,747	27,605
Off balance sheet items				
- financial guarantees	1,090,209	1,124,456	1,090,209	1,124,456
- loan commitments and other credit related commitments	10,536	10,562	10,536	10,562

Risk Mitigation

CSi actively manages its credit exposure utilizing credit hedges and monetiseable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut.

33. Financial Instruments Risk Position (continued)

Counterparty Exposure before Collateral by Rating

Bank	**31 December 2008**		**31 December 2007**	
	US$M	**%**	**US$M**	**%**
AAA	12,607	12	8,132	11
AA+ to AA-	36,581	32	20,302	29
A+ to A-	27,323	24	13,324	19
BBB+ to BBB-	17,199	15	13,509	19
BB+ to BB-	7,111	6	7,082	10
B+ and below	12,001	11	8,728	12
	112,822	**100**	**71,077**	**100**

Unsecured Exposure by Rating (including provisions)

Bank	**31 December 2008**		**31 December 2007**	
	US$M	**%**	**US$M**	**%**
AAA	7,510	15	7,117	20
AA+ to AA-	16,915	33	10,467	28
A+ to A-	11,036	22	7,138	20
BBB+ to BBB-	6,426	13	4,415	12
BB+ and below	8,559	17	7,168	20
	50,446	**100**	**36,305**	**100**

The above tables include all loans, commitments, derivatives, securities purchased and sold under resale and repurchase agreements, and short term cash trades on a net counterparty exposure basis for the Bank as most of the trading portfolio mainly resides in the Bank.

The first table represents mark to market exposures before offsetting any eligible collateral held; the second table represents mark to market exposures after offsetting collateral.

CSi has significant balances with counterparties located in the United Kingdom and United States of America.

v) Country Risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. CS group's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC, based on the recommendations of CRM, SRM and CS group's economists.

Country limits for emerging markets are approved annually by the Board of Directors of CSG, following recommendations from CARMC. The measurement of exposures against country limits is undertaken by RMM with bi-monthly reports to senior management and monthly reports to CARMC. For trading positions, country risk is a function of the mark-to-market exposure and currency of the position, while for loans and related facilities country risk is a function of the amount and currency that CS group has lent or committed to lend. The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations. RMM and CRM provide independent oversight to ensure that the core businesses operate within their limits. CRM is responsible for periodically adjusting these limits to reflect changing credit fundamentals and business volumes.

vi) Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the

33. Financial Instruments Risk Position (continued)

disbursement of cash or securities and the receipt of countervalue from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSi manages its risk through confirmation and affirmation of transaction details with counterparties. In addition, it also proactively seeks to manage the timing of settlement instructions to its agents and the reconciliation of incoming payments in order to reduce the window of exposure. CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

vii) Legal Risk

The CS group faces significant legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the CS group acts as principal; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the CS group participates; investment suitability concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the CS group does business; and disputes with its employees. Some of these transactions or disputes result in potential or actual litigation that the CS group must incur legal expenses to defend.

The CS group is subject to extensive regulation in the conduct of its investment business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the CS group's business activities or other sanctions. The CS group seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal counsel. In addition, the CS group is an active participant in ISDA and other professional derivative market forums, with specific focus on improving levels of derivative market and product standardisation, legal definition and protocol.

viii) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. CS Group's primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, CS Group transfers operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of CS Group's activities and comprises a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also intrinsically difficult to measure. CS Group, therefore, manages operational risk differently from market and credit risk. CS Group believes that effective management of operational risks requires a common group-wide framework with ownership residing with the management responsible for the relevant business process.

Additionally, CS Group has established a central Bank Operational Risk Oversight team within the Chief Risk Officer function that focuses on the coordination of consistent policy, tools and practices throughout CS Group for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations. Knowledge and experience are shared throughout CS Group to maintain a coordinated approach.

Within CS Group, each individual business and management level takes responsibility for its own operational risks and provides adequate resources and procedures for the management of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities. In addition to the quarterly firm-level CARMC meetings covering operational risk, operational risk exposures are discussed at divisional risk

33. Financial Instruments Risk Position (continued)

management committees, which have senior staff representatives from all the relevant functions. CS Group utilizes a number of group-wide tools for the management, measurement, monitoring and reporting of operational risk. These include: self-assessments; scenario analysis; the collection, reporting and analysis of internal and external loss data; and key risk indicator reporting.

CS Group has employed the same methodology to calculate EC for operational risk since 2000, and has approval from the Swiss Financial Market Supervisory Authority to use a similar methodology for the Advanced Measurement Approach (AMA) under the Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that CS Group faces. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors (for example, self-assessment results and key risk indicators) are considered as part of this process. Based on the output from these meetings, CS Group enters the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario, incorporating haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

For CSi's own operational risk capital requirement under FSA rules the Basic Indicator Approach (BIA) is used as detailed in note 34 below.

ix) Reputational Risk

CS group's policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.

34. Capital adequacy

CSi's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union directives. These directives are implemented in the UK by the FSA, the UK regulator, and incorporated within its prudential sourcebooks for banks and investment firms.

With effect from 1 January 2008, CSi was subject to the Basel 2 regime, which revised the original Basel 1 framework with the aim of making the measurement of capital adequacy more risk sensitive and representative of modern banks' risk management practices. Basel 2 was implemented in the European Union via the Capital Requirements Directive, and affected banks, building societies and certain types of investment firms.

The revised Basel framework is based upon three 'pillars':

- Pillar 1: minimum capital requirements for credit, market and operational risks. CSi has received approval from the FSA for the use of a number of models for calculating its market, counterparty and credit risk capital requirements.

- Pillar 2: supervisory review. This comprises an assessment of whether additional capital is needed over and above that determined under Pillar 1, based on a constructive dialogue between a firm and its regulator on the risks, risk management and capital requirements of the firm;

34. Capital Adequacy (continued)

- Pillar 3: market discipline. This comprises requirements relating to public disclosure, intended to give the market a stronger role in ensuring that firms hold an appropriate level of capital.

Regulatory capital resources comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity. This is supplemented by Tier 2 and Tier 3 capital, which consist mainly of subordinated debt instruments. Total capital equals the sum of these, less deductions for such items as investments in non-consolidated subsidiaries and holdings of capital instruments issued by other credit institutions and financial institutions in excess of trading book concessions.

The Group's overall capital needs are continuously reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses. The capital management framework at CSG ensures that capital resources are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

CSi received a number of regulatory capital injections during the course of 2008 in order to support the business as follows:

	2008 US$M	2007 US$M
Total regulatory capital less deductions at 1 January	**18,305**	**9,179**
Net capital injections during the year:		
Core Tier 1	2,000	4,142
Non Core Tier 1	1,400	1,450
Upper Tier 2	(560)	2,450
Lower Tier 2	3,025	1,089
	5,865	**9,131**
Other movements	**(7,397)**	**(5)**
Total regulatory capital less deductions at 31 December	**16,773**	**18,305**

Under the Basel Committee guidelines, an institution must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, although the FSA requires this ratio to exceed the Individual Capital Guidance ('ICG') determined for each institution. This ratio can also be expressed as a capital coverage ratio, being the ratio of total eligible capital to total capital resources requirements, which must be at least 100%. The capital resources requirements reflect the credit, market and other risks of the Bank calculated using methodologies set out by the FSA.

The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the FSA. The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

34. Capital Adequacy (continued)

The following table sets out details of CSi's regulatory capital resources at 31 December 2008 and 2007. Comparative information has not been restated for the adoption of IFRIC 11.

	2008 US$M	2007 US$M
Total shareholders' equity	**9,573**	**11,015**
Reconciliation to Tier 1 capital:		
Excess non-core Tier 1 capital	(1,857)	-
Regulatory deductions	(886)	(702)
Tier 1 capital less deductions	**6,830**	**10,313**
Tier 2 capital:		
Excess non-Core Tier 1 capital	1,857	-
Upper Tier 2	4,170	4,735
Lower Tier 2	6,152	3,284
Excess Tier 2 capital	(5,349)	-
Tier 2 capital	**6,830**	**8,019**
Tier 1 plus Tier 2 capital	**13,660**	**18,332**
Deductions	(896)	(27)
Tier 1 plus Tier 2 capital, less deductions	**12,764**	**18,305**
Excess Tier 2 capital	5,349	-
Deductions from total capital	(1,340)	-
Total regulatory capital less deductions	**16,773**	**18,305**

35. Revaluing of Certain Asset-Backed Securities Positions

CSi made valuation reductions in 2008 as a result of the internal review in relation to the mismarks and pricing errors. For further information, refer to the Director's report - Remediation of prior material weakness in internal control over financial reporting on page 7.

36. Subsequent events

On 20 Jan 2009, the total authorised share capital of the Bank increased from US$14,100,000,000 to US$15,800,000,000. Bank issued 757,575,758 Participating Shares of US$1 each in cash at a share premium of US$742,424,242 to IHAG.

Further to this, on the same day the Bank issued 200,000,000 Class K Preference Shares of US$1 each to CSI(UK).

On 27 Feb 2009, all 375,000,000 issued Class B Preference Shares were redeemed at par.

UNAUDITED SUPPLEMENT TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Capital adequacy: Basel 2 Pillar 3

Overview

CSi's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union directives. These directives are implemented in the UK by the FSA, the UK regulator, and incorporated within its prudential sourcebooks for banks and investment firms.

With effect from 1 January 2008, CSi was subject to the Basel 2 regime, which revised the original Basel 1 framework with the aim of making the measurement of capital adequacy more risk sensitive and representative of modern banks' risk management practices. Basel 2 was implemented in the European Union via the Capital Requirements Directive, and affected banks, building societies and certain types of investment firms.

The revised Basel framework is based upon three 'pillars':

- Pillar 1: minimum capital requirements for credit, market and operational risks. CSi has received approval from the FSA for the use of a number of models for calculating its market, counterparty and credit risk capital requirements.

- Pillar 2: supervisory review. This comprises an assessment of whether additional capital is needed over and above that determined under Pillar 1, based on a constructive dialogue between a firm and its regulator on the risks, risk management and capital requirements of the firm;

- Pillar 3: market discipline. This comprises requirements relating to public disclosure, intended to give the market a stronger role in ensuring that firms hold an appropriate level of capital. Pillar 3 information is divided into qualitative information about a bank's risk governance, risk methodologies and the management of risk and capital, and quantitative information about the components of the calculation of risk and capital resources as required under Pillar 1.

Under a waiver agreed with the FSA, certain of the Pillar 3 disclosures need not be made by CSi as a stand-alone entity on the basis that they are included in the comparable disclosures provided on a consolidated basis by CS group (these can be found at www.credit-suisse.com). This Supplement to CSi's financial statements therefore contains those quantative disclosures that are not covered by the CS group disclosures, along with more general information on the Bank's capital adequacy that is included for completeness and to provide context.

Capital resources

Regulatory capital resources comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity. This is supplemented by Tier 2 and Tier 3 capital, which consist mainly of subordinated debt instruments. Total capital equals the sum of these, less deductions for such items as investments in non-consolidated subsidiaries and holdings of capital instruments issued by other credit institutions and financial institutions in excess of trading book concessions.

The Group's overall capital needs are continuously reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses. The capital management framework at CSG ensures that capital resources are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

CSi received a number of regulatory capital injections during the course of 2008 in order to support the business as follows:

	2008 US$M	2007 US$M
Total regulatory capital less deductions at 1 January	**18,305**	**9,179**
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Total regulatory capital less deductions at 31 December	**16,773**	**18,305**

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The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the FSA. The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

The following table sets out details of CSi's regulatory capital resources at 31 December 2008 and 2007. Comparative information has not been restated for the adoption of IFRIC 11.

	2008 US$M	2007 US$M
Total shareholders' equity	**9,573**	**11,015**
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Excess Tier 2 capital	(5,349)	-
Tier 2 capital	**6,830**	**8,019**
Tier 1 plus Tier 2 capital	**13,660**	**18,332**
Deductions	(896)	(27)
Tier 1 plus Tier 2 capital, less deductions	**12,764**	**18,305**
Excess Tier 2 capital	5,349	-
Deductions from total capital	(1,340)	-
Total regulatory capital less deductions	**16,773**	**18,305**

Capital requirements

CSi's minimum Pillar 1 capital requirements under the Basel 2 framework as implemented by the FSA are as follows (comparative figures are calculated under the Basel 1 regime):

	2008	**2007**
	Basel 2	Basel 1
	US$M	**US$M**
Trading book market risk under VaR	2,758	644
Trading book market risk under standard rules:		
interest rate risk	83	219
foreign currency risk	35	31
Counterparty risk – trading book	3,235	3,256
Counterparty risk – banking book	3,457	4,502
Concentration risk	1,132	0
Operational Risk (Basic Indicator Approach)	283	0
Total minimum capital requirements under Pillar 1	**10,983**	**8,652**

Analysis of historical credit outcomes versus estimates

The following table shows expected or average values and actual or realised values, for credit default loss and key credit quality parameters during the year. The parameters are probability of default ('PD'), loss given default ('LGD') and credit conversion factor ('CCF').

Losses as at 31 December 2008	**Bank Actuals**	**Bank Estimated**
Sovereigns (US$M)	**0.0**	**12.4**
Probability of default (PD) (in %)	0.0%	0.3%
Loss given default (LGD) (in %)	-	-
Credit conversion factor (CCF) (in %)	-	-
Banks (US$M)	**2,135.8**	**55.9**
PD (in %)	0.6%	0.5%
LGD (in %)	89.8%	55.0%
CCF (in %)	66.8%	65.0%
Corporate and other institutions (US$M)	**929.9**	**337.7**
PD (in %)	1.1%	2.1%
LGD (in %)	70.3%	49.5%
CCF (in %)	-	-

In the table, estimated loss is an average of the different levels of loss that the Bank could experience in a range of future economic outcomes, taking into account the possibilities of good and bad outcomes. Similarly, estimated values of PD, LGD and CCF reflect probable long run average values, allowing for possible good and bad outcomes in different years.

Because they represent long run averages, the estimated loss, PD, LGD and CCF shown are not intended to predict the outcome in any particular year, and cannot be regarded as predictions of the actual loss, PD, LGD and CCF figures shown in the table. The table shows that actual PD and actual CCF for 2008 were similar to the estimated long term averages for these parameters. LGD and actual loss were materially higher than their long - term average expectations. This is due to large losses arising on default of a small number of counterparties to which the bank had high value exposures.

Figures in the table exclude Specialised Lending exposures where the Slotting Class approach is used. For this portfolio, estimated loss was USD 18.5 million and actual loss was USD 129.7 million.

Anlage 2: Credit Suisse International Annual Report 2009

COMPANY REGISTRATION NUMBER: 2500199

CREDIT SUISSE INTERNATIONAL

BOARD OF DIRECTORS

Eric Varvel (Chairman and CEO)

Eraj Shirvani

Renato Fassbind (Non Executive)

Tobias Guldimann (Non Executive)

Costas P Michaelides

Stephen B Dainton

Luigi de Vecchi

COMPANY SECRETARY

Paul E Hare

The Directors present their Report and the Financial Statements for the year ended 31 December 2009.

International Financial Reporting Standards

Credit Suisse International's 2009 Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union ('EU').

The Financial Statements were authorised for issue by the Directors on 21 April 2010.

Business Review

Profile

Credit Suisse Group ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking, Private Banking and Asset Management. Credit Suisse International ('CSi' or the 'Bank') is an unlimited liability company and an indirect wholly owned subsidiary of CSG. CSi is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ('FSA').

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and a team of more than 47,600 employees from approximately 100 different nations.

CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

CSi is a bank domiciled in the United Kingdom. It is a global market leader in over-the-counter ('OTC') derivative products from the standpoints of counterparty service, innovation, product range and geographic scope of operations. CSi offers a range of interest rate, currency, equity, commodity and credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for CS group's risk management needs, including mitigation of interest rate, foreign currency and credit risk. The Financial Statements for the year ended 31 December 2009 comprise CSi and its subsidiaries (together referred to as the 'Group'). CSi has three principal business divisions: Fixed Income, Equities and Investment Banking, which are managed as a part of the Investment Banking Division of CS group.

Principal Product Areas

- The Fixed Income Division ('FID') provides a full range of derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. FID also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real estate related assets.

- The Equity Division engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options and futures and OTC derivatives.

- The Investment Banking Division ('IBD') includes financial advisory services regarding mergers and acquisitions and other matters, origination and distribution of equity and fixed income securities, leveraged finance and private equity investments, and the provision of capital raising services in conjunction with FID and Equities.

Economic environment

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

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

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

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

Sector environment

For the financial services industry, regulatory focus on compensation practices, the level and quality of capital, liquidity, increased transparency, leverage and systemic risk dominated the agenda throughout the year.

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

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

Equity markets ended the year significantly higher after initially declining in the first quarter of 2009 and the Dow Jones Industrial Average posted its biggest annual percentage gain in six years. During the year, equity market volatility continued to decline from the record levels reached in November 2008. Equity trading volumes were up in the USA but down in Europe and fixed income volumes were down in the USA although slightly up in Europe. Credit spreads narrowed throughout the year, with significant tightening in the first quarter of 2009 from dramatically high levels in the fourth quarter of 2008. Further, cash and synthetic markets returned to a more normalised relationship following substantial dislocation in the prior year.

Until the beginning of March, commodity prices continued their downward trend, as most commodity markets suffered from oversupply and rising inventories. However, towards mid-2009 the first signs of stabilisation in commodity demand emerged, and prices began to rebound in the second quarter. Moreover, commodity prices reflected buying activity in the derivatives markets as market participants started to cover short positions. Precious metals prices benefited from the depreciation in the US dollar and falling real interest rates that spurred strong investment demand and central bank purchases. Overall, major commodity price indices were able to record solid gains over the course of 2009.

Global M&A activity declined significantly during the year. The decline in volume would have been more severe had it not been for extraordinary government investments in financial institutions around the world which partially offset the decline in strategic deals. However, in the fourth quarter of 2009, M&A activity rebounded significantly as the availability of financing increased. Debt and equity issuance increased, driven by financial institutions seeking to raise capital to restore their balance sheets and exit government ownership. The volume of high yield debt offerings in 2009 more than doubled from 2008 levels, driven by particularly strong issuance volumes in the second half of 2009. As 2009 came to a close, market conditions for underwriting and advisory continued to remain favourable as equity market valuations continued to rise and credit spreads continued to tighten.

Repositioning Investment Banking at Credit Suisse

The business environment has changed fundamentally over the past two years. Credit Suisse has responded responsibly to these changes with the implementation of a client focused, capital efficient strategy and a business model that enables the CS group to generate less volatile earnings.

During the fourth quarter of 2008, CS group announced an acceleration of efforts to reposition Investment Banking in response to the challenging market environment. In particular, CS group has focused on:

- reducing risk capital usage, including exiting certain proprietary and principal trading activities and aligning lending with customer franchises;
- reducing volatility and improving capital efficiency;
- increasing emphasis on client and flow-based businesses
- reducing risk limits for complex and structured products.

CSi continues to show progress on this strategy, and remains committed to reducing exposures in businesses most impacted by the recent dislocation in the credit markets. The current exposures attributable to these businesses are as follows:

- Leveraged Finance business: the Group's leveraged finance business provides capital raising and advisory services, and core leveraged credit products such as bank loans, bridge loans and mezzanine and high-yield debt to corporate and financial sponsor-backed companies. The Group's total funded net exposure as at 31 December 2009 was US$0.3BN (31 December 2008: US$1BN).
- Commercial Mortgage Backed Securities ('CMBS') business: CMBS are bonds backed by a pool of mortgage loans on commercial real estate properties. The Group has risk exposure to the underlying commercial loans from the time the loans are made until they are packaged as CMBS and distributed. The

fair value of the CMBS inventory as at 31 December 2009 was US$1.5BN of which 51% was of investment grade quality (31 December 2008: US$2.8BN).

- Collateralised debt obligations ('CDOs') trading business: the Group purchases interests and enters into derivative contracts with Asset Backed Securities ('ABS') CDOs and other counterparties. CDOs provide credit risk exposure to a portfolio of ABS (cash CDOs) or a reference portfolio of securities (synthetic CDOs) through, for example, credit default swaps. The CDO trading business in CSi had de minimis net US subprime exposure in CSi as at 31 December 2009 (31 December 2008: US$0.1BN).

Performance

The Group reported a net profit for the year ended 31 December 2009 of US$182M (31 December 2008: loss US$5,272M). Net revenues increased to a profit of US$1,344M compared with a loss of US$5,064M in 2008, however after net revenue operating expenses the Group reported a loss before tax of US$132M (31 December 2008: loss US$7,164M)

The Directors are of the opinion that, although they show a strong positive trend year on year, the revenues are not fully reflective of the inherent strength of the strategic businesses due to the inclusion of a number of non-recurring items which have had a negative impact on the 2009 reported revenues as follows:

- US$579M trading losses recognised during the year in businesses undergoing restructure, with the majority of this being valuation reductions in the mortgage backed securities business as the Group realigned its positions with the revised CS strategy. This realignment was substantially complete as at 31 December 2009 and therefore the Group does not any expect material negative impact arising from these businesses going forward.

- US$692M impact of an increase in market credit risk provisions on OTC derivatives, as a result of the expansion of the credit provisions across investment grade counterparties where previously market conditions had not indicated the need to consider the credit quality of these counterparties. As CSi is the global hedging entity for CS group's derivative exposure, the impact of the increased CS group credit risk adjustment on OTC derivatives has been almost entirely recognised in CSi. Offsetting this, valuation gains of US$125M on issued structured notes have been recognised resulting from changes in own credit spreads previously not considered observable. Valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments or 'CVA') are considered when measuring the fair value of assets and the impact of changes in the Group's own credit spreads (known as debit valuation adjustments or 'DVA') is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the Group's and the counterparty's credit standing is considered when measuring their fair value, based on current credit default swap prices.

Excluding the impact of the above, the Group would have reported net income before tax of US$1,014M. This reflects the strong performance in client and flow based businesses as market share was gained across many products and regions, and as a consequence of the action taken at the end of 2008 to reposition the business in a changed financial services sector.

In particular, the Fixed Income and Equity businesses had strong results, compared with the significant losses in 2008 which were driven by the dislocation across all asset classes:

- Fixed Income revenues were significantly higher in Global Rates and Structured Credit businesses, as well in Emerging Markets. Interest rate products across all regions enjoyed a favourable trading environment due to improved spreads across tenors and markets as a result of increased liquidity. Credit related product revenues were driven by a strong rebound in credit markets and a narrowing of corporate credit spreads that had widened dramatically in late 2008.

- The increase in Equity revenues was primarily attributable to the Equity Derivatives business. This compared with losses of US$1,551M which were recognised in the fourth quarter of 2008 stemming from the structured derivatives businesses, and corporate and flow derivatives, as a result of highly volatile market conditions and counterparty-related defaults. In addition, the Group recognised stronger revenues from the Fund-Linked Products and Prime Services businesses. The strong performance in 2009 across these businesses was driven by improved market conditions as higher investor confidence resulted in increased risk appetite for asset classes such as Equities.

The Group's operating expenses were US$1,476M (2008: US$2,100M). This decrease is a result of a reduction in general and administrative expenses partially offset by an increase in compensation accruals and the recognition in 2009 of the gain on a sale and leaseback transaction on the land and building comprising 20 Columbus Courtyard, London to M1 Group (refer to Note 32-Guarantees and Commitments). The lower general and administrative expenses were a result of decreased litigation charges and a reduction in the allocation of CS group overheads to CSi.

An income tax credit of US$314M (2008: US$1,892M) was reported for the year. The high effective tax rate for the current period is due primarily to the benefit of foreign exchange movements on tax losses carried forward. New legislation was enacted in July 2009 such that losses are now able to be carried forward in the functional currency of the entity. The impact of the enactment of this new legislation for the year is a tax credit of US$246M which is the reversal of a charge taken in 2008.

In response to the UK bank payroll tax on certain compensation exceeding GBP 25,000 for 2009, the aggregate amount of variable compensation awarded by CS group in 2009 was reduced by 5%, and the amount of variable compensation awarded to managing directors in the UK was significantly reduced. No expense has been recognised in 2009.

As at 31 December 2009, the Group had total assets of US$578,945M (31 December 2008: US$975,713M) and total shareholders' equity of US$11,035M (31 December 2008: US$9,573M). The significant decrease in total assets was predominantly driven by decreased fair values of interest rate and credit derivatives due to movements on yield curves in the global markets and tightening of corporate credit spreads, narrowing of bid offer spreads and a rebalancing of risk positions as part of the overall CS group Investment Bank strategy.

The Group has made a positive start to 2010 and the Directors remain confident about the prospects for 2010 given the strength of the business model and competitive position.

Fair Value Measurement

Fair Value is considered the most relevant measurement for many financial instruments as it provides more transparency than historic cost based valuations and aligns the accounting for these financial instruments with the way in which the business is managed.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets for identical assets or liabilities ('Level 1') or inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) ('Level 2'). These instruments include government and agency securities, certain commercial paper, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities. In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs ('Level 3'). For these instruments, the determination of fair value requires subjective assessment and varying degrees of judgement depending on liquidity, concentration, pricing assumptions and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain high yield debt securities, distressed debt securities, certain OTC derivatives, certain CDOs, certain asset-backed and mortgage-backed securities, non-traded equity securities, private equity and other long term investments.

Total Level 3 assets were US$23.3BN as at 31 December 2009 (31 December 2008: US$52.9BN), which was equivalent to 4% of total assets.

Total Level 3 liabilities were US$25BN as at 31December 2009 (31 December 2008: US$47.9BN), which was equivalent to 4.4% of total liabilities.

The reduction in Level 3 assets and liabilities is primarily a result of the disposal of complex instruments in accordance with the Bank's strategy to de-risk the balance sheet. Additionally the increase in transparency and liquidity in financial markets resulted in some complex financial positions recognised on a fair value basis being reclassified from Level 3 to Level 2, reversing some of the movements experienced in 2008.

Involvement with Special Purpose Entities ('SPEs')

The Group enters into transactions with, and makes use of, SPEs in the normal course of business. Transactions with SPEs are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, CSi may hold interests in the SPEs. Securitisation-related transactions with SPEs involve selling or purchasing assets and entering into related derivatives with those SPEs, providing liquidity, credit or other support. Other transactions with SPEs include derivative transactions in CSi's capacity as the prime broker for entities qualifying as SPEs. CSi also enters into lending arrangements with SPEs for the purpose of financing client projects or the acquisition of assets. Further, CSi is involved with SPEs which were formed for the purpose of offering alternative investment solutions to clients. Such SPEs relate primarily to fund-linked vehicles or fund of funds, where CSi acts as structurer, manager, distributor, broker, market maker or liquidity provider. The economic risks associated with SPE exposures held by CSi, together with all relevant risk mitigation initiatives, are included in the CS group risk management framework.

Investing or financing needs, or those of the Group's clients, determine the structure of each transaction, which in turn determines whether sale accounting and subsequent derecognition of the transferred assets under IAS 39 applies. In addition, SPEs are entities which typically either lack sufficient equity to finance their activities without additional subordinated financial support, or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under IAS 27 and its associated interpretation, SIC-12. Application of the accounting requirements for consolidation of SPEs may require the exercise of significant management judgement.

Key information relating to SPE exposures as at the end of 2009 is as follows:

	31 December 2009 US$M
Consolidated SPEs	
CDOs	107
Financial intermediation	1,676
Total assets of consolidated SPEs (excluding those held with the bank)	**1,783**

	31 December 2009 US$M
Non-consolidated SPEs	
CDOs	8,167
Financial intermediation	48,186
Total assets of non-consolidated SPEs	**56,353**
Total maximum exposure to loss of non-consolidated SPEs	
CDOs	923
Financial intermediation	7,997

Structured Investment Vehicles ('SIVs')

SIVs are unconsolidated entities that issue various capital notes and debt instruments to fund the purchase of assets. CSi does not sponsor or serve as asset manager to any SIVs.

Capital Resources

Throughout the year the Bank has accessed injections of capital and funding from CS group to ensure ongoing stability and support of its business activities. The Bank continues to closely monitor its capital and funding requirements on a daily basis. CS group has confirmed that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

Issues of long term debt are set out in Note 25- Long Term Debt.

In 2009, there were changes in various classes of authorised and issued share capital. Preference share capital increased by the authorisation and issuance of 200,000,000 Class K Preference shares. Participating share capital increased by the authorisation of 1,500,000,000 Participating shares, of which 757,575,758 were issued at a premium of US$742M. Class B Preference Shares were redeemed at par in full for US$375M (refer to Note 26-Called-up Share Capital and Share Premium).

The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the Financial Services Authority ('FSA'). The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

Subsidiary Undertakings and Branches

Credit Suisse First Boston International Warrants Limited was put into members' voluntary liquidation during 2005 by the Bank, and remains in liquidation (refer to Note 19-Investment in Subsidiary Undertakings).

Dividends

No dividends have been paid for the year ended 31 December 2009 (2008: US$Nil).

Risk Management

The Group's financial risk management objectives and policies and the exposure of the Group to price risk, credit risk, liquidity risk and cash flow risk are outlined in Note 37-Financial Instruments Risk Positions.

Directors

The names of the Directors as at the date of this report are set out on page 2. Changes in the directorate since 31 December 2008 and up to the date of this report are as follows:

Appointment:	
Eraj Shirvani	12 April 2010
Luigi de Vecchi	16 December 2009
Stephen Dainton	30 October 2009
Resignation:	
Gael de Boissard	12 April 2010
James Amine	16 December 2009
Simon Yates	30 October 2009

None of the Directors who held office at the end of the financial year was directly beneficially interested, at any time during the year, in the shares of the Bank. Directors of the Group benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Employee Involvement and Employment of Disabled Persons

The CS group gives full and fair consideration to disabled persons in employment applications, training and career development including those who become disabled during their period of employment.
The CS group has a Disability Interest Forum in place as a UK initiative. This forum:

- provides a support network;
- facilitates information sharing for those with a disability or those caring for a family member or friend with a disability; and

- invites all those who want to participate and who have an interest.

The forum raises awareness of issues related to disability and promotes an environment where disabled employees are supported and are given the opportunity to reach their full potential.

Donations

During the year the Group made US$10,638 (2008: US$41,182) of charitable donations. There were no political donations made by the Group during the year (2008: US$Nil).

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Subsequent Events

The UK bank payroll tax on certain compensation exceeding GBP 25,000 for 2009 was enacted on 9 April 2010 and will result in additional compensation expense of approximately US$110M in 2010 (being a preliminary estimate). No expense has been recognised in 2009.

By Order of the Board

Paul E Hare
Company Secretary

One Cabot Square
London E14 4QJ
21 April 2010

COMPANY REGISTRATION NUMBER: 2500199

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU, Article 4 of the IAS Regulation and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board of Directors on 21 April 2010 by:

Costas P Michaelides
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CREDIT SUISSE INTERNATIONAL

We have audited the financial statements of Credit Suisse International for the year ended 31 December 2009 set out on pages 13 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

I. Cummings
Iain Cummings
(Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
London
21 April 2010

CREDIT SUISSE INTERNATIONAL
CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 US$M	2008 US$M
Interest and dividend income	5	1,541	3,783
Interest expense	5	(1,677)	(4,971)
Net interest expense		(136)	(1,188)
Provision for credit losses	15	(125)	(159)
Commission and fee income	6	(140)	6
Net gains/(losses) from financial assets/liabilities at fair value through profit or loss	7	2,501	(2,798)
Revenue sharing agreements expense	8	(756)	(925)
Net revenues		**1,344**	**(5,064)**
Gain on sale and operating leaseback	32	91	-
Compensation and benefits	9	(761)	(584)
General and administrative expenses	10	(806)	(1,516)
Net operating expenses		**(1,476)**	**(2,100)**
Loss before taxes		**(132)**	**(7,164)**
Income tax credit	11	314	1,892
Net income/(loss)		**182**	**(5,272)**
Net income/(loss) attributable to:			
Equity holders of the parent		182	(5,272)
		182	**(5,272)**

All profit or loss for both 2009 and 2008 is from Continuing Operations.

The Bank's profit after tax was US$254M for the year ended 31 December 2009 (2008: loss US$5,293M)

There are no other realised gains or losses not included within the Consolidated Income Statement.

The notes on pages 20 to 105 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	2009 US$M	2008 US$M
Assets			
Cash and due from banks		19,130	63,201
Interest-bearing deposits with banks		255	349
Securities purchased under resale agreements and securities borrowing transactions	13	19,337	8,958
Trading financial assets at fair value through profit or loss	14	459,520	806,967
Financial assets designated at fair value through profit or loss	14	29,681	34,451
Other loans and receivables	15	6,234	7,303
Repossessed collateral	16	34	34
Current tax assets		224	536
Deferred tax assets	12	2,143	1,825
Other assets	17	41,856	51,530
Intangible assets	20	256	184
Property and equipment	21	275	375
Total assets		**578,945**	**975,713**
Liabilities			
Deposits	22	2,231	1,586
Securities sold under repurchase agreements and securities lending transactions	13	4,120	9,019
Trading financial liabilities at fair value through profit or loss	14	437,653	756,744
Financial liabilities designated at fair value through profit or loss	14	43,071	40,698
Short term borrowings	23	28,038	79,278
Other liabilities	17	39,969	68,165
Provisions	24	40	14
Long term debt	25	12,788	10,636
Total liabilities		**567,910**	**966,140**
Shareholders' equity			
Called-up share capital	26	9,125	8,542
Share premium account	26	4,868	4,126
Retained earnings		(3,104)	(3,286)
Share-based payment reserve		146	191
Total shareholders' equity		**11,035**	**9,573**
Total liabilities and equity		**578,945**	**975,713**

The notes on pages 20 to 105 form an integral part of the Financial Statements.

Approved by the Board of Directors on 21 April 2010 and signed on its behalf by:

Costas P Michaelides

CREDIT SUISSE INTERNATIONAL
BANK STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	2009 US$M	2008 US$M
Assets			
Cash and due from banks		18,641	62,645
Interest-bearing deposits with banks		238	332
Securities purchased under resale agreements and securities borrowing transactions	13	19,337	8,148
Trading financial assets at fair value through profit or loss	14	459,560	818,787
Financial assets designated at fair value through profit or loss	14	29,924	31,609
Other loans and receivables	15	6,234	7,313
Current tax assets		204	498
Deferred tax assets	12	2,143	1,796
Other assets	17	43,321	52,748
Investments in subsidiary undertakings	19	27	27
Intangible assets	20	256	184
Property and equipment	21	275	375
Total assets		**580,160**	**984,462**
Liabilities			
Deposits	22	2,195	1,586
Securities sold under resale agreements and securities lending transactions	13	4,120	9,432
Trading financial liabilities at fair value through profit or loss	14	437,986	756,934
Financial liabilities designated at fair value through profit or loss	14	42,727	37,152
Short term borrowings	23	28,300	90,167
Other liabilities	17	41,012	69,083
Provisions	24	40	14
Long term debt	25	12,788	10,636
Total liabilities		**569,168**	**975,004**
Shareholders' equity			
Called-up share capital	26	9,125	8,542
Share premium account	26	4,868	4,126
Retained earnings		(3,147)	(3,401)
Share-based payment reserve		146	191
Total shareholders' equity		**10,992**	**9,458**
Total liabilities and shareholders' equity		**580,160**	**984,462**

The notes on pages 20 to 105 form an integral part of the Financial Statements.

Approved by the Board of Directors on 21 April 2010 and signed on its behalf by:

Costas P Michaelides

CREDIT SUISSE INTERNATIONAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2009	**8,542**	**4,126**	**(3,286)**	**191**	**9,573**
Share-based compensation, pre-tax	-	-	-	(69)	(69)
Share-based compensation, tax	-	-	-	24	24
Net loss recognised directly in equity	**-**	**-**	**-**	**(45)**	**(45)**
Profit for the period and total recognised income and expense for the period	-	-	182	-	182
Issue of shares	958	742	-	-	1,700
Redemption of shares	(375)	-	-	-	(375)
Balance at 31 December 2009	**9,125**	**4,868**	**(3,104)**	**146**	**11,035**

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2008	**5,621**	**3,647**	**1,986**	**218**	**11,472**
Share-based compensation, pre-tax	-	-	-	10	10
Share-based compensation, tax	-	-	-	(37)	(37)
Net loss recognised directly in equity	**-**	**-**	**-**	**(27)**	**(27)**
Loss for the period and total recognised income and expense for the period	-	-	(5,272)	-	(5,272)
Issue of shares	2,921	479	-	-	3,400
Redemption of shares	-	-	-	-	-
Balance at 31 December 2008	**8,542**	**4,126**	**(3,286)**	**191**	**9,573**

There were no dividends paid during 2009 (2008: Nil).

The notes on pages 20 to 105 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
BANK STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2009	**8,542**	**4,126**	**(3,401)**	**191**	**9,458**
Share-based compensation, pre-tax	-	-	-	(69)	(69)
Share-based compensation, tax	-	-	-	24	24
Net loss recognised directly in equity	**-**	**-**	**-**	**(45)**	**(45)**
Profit for the period and total recognised income and expense for the period	-	-	254	-	254
Issue of shares	958	742	-	-	1,700
Redemption of shares	(375)	-	-	-	(375)
Balance at 31 December 2009	**9,125**	**4,868**	**(3,147)**	**146**	**10,992**

	Share Capital	Share Premium	Retained Earnings	Share-based payment reserve	Total
	US$M	US$M	US$M	US$M	US$M
Balance at 1 January 2008	**5,621**	**3,647**	**1,892**	**218**	**11,378**
Share-based compensation, pre-tax	-	-	-	10	10
Share-based compensation, tax	-	-	-	(37)	(37)
Net loss recognised directly in equity	**-**	**-**	**-**	**(27)**	**(27)**
Loss for the period and total recognised income and expense for the period	-	-	(5,293)	-	(5,293)
Issue of shares	2,921	479	-	-	3,400
Redemption of shares	-	-	-	-	-
Balance at 31 December 2008	**8,542**	**4,126**	**(3,401)**	**191**	**9,458**

There were no dividends paid during 2009 (2008: Nil).

The notes on pages 20 to 105 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

Cash flows from operating activities	Note	2009 US$M	2008 US$M
Profit/(Loss) before tax for the period		(132)	(7,164)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Non-cash items included in net income/(loss) before tax and other adjustments:			
Impairment, depreciation and amortisation	20,21	149	142
Disposal of property, plant and equipment	21	2	3
Disposal of intangible assets	20	6	7
Interest accrued on long term debt	5	416	494
Provision for credit losses	15	125	159
(Reversal)/impairment on loan commitments		(9)	(2)
Foreign exchange gains/(losses)		89	(94)
Impairment on repossessed collateral	16	-	21
Gain on sale of long leasehold land and building	32	(91)	-
Provisions		6	5
Cash generated before changes in operating assets and liabilities		693	735
Net decrease/(increase) in operating assets:			
Interest bearing deposits with banks		94	(201)
Securities repurchased under resale agreements and securities borrowing transactions		(10,379)	13,282
Trading financial assets at fair value through profit or loss		347,447	(425,815)
Financial assets designated at fair value through profit or loss		4,770	(11,823)
Decrease in deferred tax asset due to deconsolidation		29	-
Other loans and receivables		944	3,931
Other assets		9,674	(25,346)
Net decrease/(increase) in operating assets		352,579	(445,972)
Net (decrease)/increase in operating liabilities:			
Deposits		(98)	21
Securities sold under resale agreements and securities lending transactions		(4,899)	(16,378)
Trading financial liabilities		(319,091)	465,625
Financial liabilities designated at fair value through profit or loss		2,373	(5,187)
Short term borrowings		(51,240)	32,700
Other liabilities and provisions		(28,192)	13,851
Share-based compensation		(69)	10
Net (decrease)/increase in operating liabilities		(401,216)	490,642
Net cash provided by/(used in) operating activities		**(48,076)**	**38,241**
Income taxes refund		362	425
Income taxes paid		(34)	(143)
Net cash provided by/(used in) operating activities		**(47,748)**	**38,523**
Cash flows from investing activities			
Sale proceeds of long leasehold land and building	32	152	-
Capital expenditures for property and equipment and intangible assets	20,21	(190)	(188)
Net cash used in investing activities		**(38)**	**(188)**
Cash flows from financing activities			
Issuances of long term debt (including long term debt at fair value through profit or loss)		1,723	3,030
Repayments of long term debt (including long term debt at fair value through profit or loss)		(76)	(4,531)
Interest paid on long term debt		-	(494)
Issue of shares	26	1,700	3,400
Redemption of shares	26	(375)	-
Net cash provided by financing activities		**2,972**	**1,405**
Net increase/(decrease) in Cash and due from banks		**(44,814)**	**39,740**
Cash and due from banks at beginning of period		61,717	21,977
Cash and due from banks at end of period		**16,903**	**61,717**
Cash and due from banks		19,130	63,201
Demand deposits		(2,227)	(1,484)
Cash and due from banks at end of period		**16,903**	**61,717**

The notes on pages 20 to 105 form an integral part of the Financial Statements.

CREDIT SUISSE INTERNATIONAL
BANK STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

Cash flows from operating activities	Note	2009 US$M	2008 US$M
Profit/(Loss) before tax for the period		(63)	(7,183)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Non-cash items included in net income/(loss) before tax and other adjustments:			
Impairment, depreciation and amortisation	20,21	149	142
Disposal of property, plant and equipment	21	2	3
Disposal of intangible assets	20	6	7
Interest accrued on long term debt	5	416	494
Impairment charge on other loans and receivables	15	125	159
Provision for credit losses		(9)	(2)
Foreign exchange (gain)/losses		89	(94)
Gain on sale of long leasehold land and building	32	(91)	-
Provisions		6	5
Cash generated before changes in operating assets and liabilities		693	714
Net (increase)/decrease in operating assets:			
Interest bearing deposits with banks		94	(184)
Securities purchased under resale agreements and securities borrowing transactions		(11,189)	13,538
Trading financial assets at fair value through profit or loss		359,227	(440,406)
Financial assets designated at fair value through profit or loss		1,685	(10,283)
Other loans and receivables		954	3,926
Other assets		9,427	(25,143)
Net increase in operating assets		360,198	(458,552)
Net increase/(decrease) in operating liabilities:			
Deposits		(98)	21
Securities sold under resale agreements and securities lending transactions		(5,312)	(15,965)
Trading financial liabilities		(318,948)	465,804
Financial liabilities designated at fair value through profit or loss		5,575	(4,922)
Short term borrowings		(61,867)	43,736
Other liabilities and provisions		(28,067)	13,549
Share-based compensation		(69)	10
Net increase in operating liabilities		(408,786)	502,233
Net Cash provided by/(used in) operating activities		**(47,958)**	**37,212**
Income taxes refund		327	425
Income taxes paid		(14)	(143)
Net cash provided by/(used in) operating activities		**(47,645)**	**37,494**
Investing activities			
Sale proceeds of long leasehold land and building	32	152	-
Capital expenditures for property, plant, equipment and intangible assets	20,21	(190)	(188)
Net cash flow used in investing activities		**(38)**	**(188)**
Cash flows from financing activities			
Issuances of long term debt (including long term debt at fair value through profit or loss)		1,723	3,030
Repayments of long term debt (including long term debt at fair value through profit or loss)		(76)	(4,531)
Interest paid on long term debt		-	(494)
Issue of shares	26	1,700	3,400
Redemption of shares	26	(375)	-
Net cash provided by/(used in) financing activities		**2,972**	**1,405**
Net increase/(decrease) in cash and due from banks		**(44,711)**	**38,711**
Cash and due from banks at beginning of period		61,161	22,450
Cash and due from banks at end of period		**16,450**	**61,161**
Cash and due from banks		18,641	62,645
Demand deposits		(2,191)	(1,484)
Cash and due from banks at end of period		**16,450**	**61,161**

The notes on pages 20 to 105 form an integral part of the Financial Statements.

1. General

Credit Suisse International ('CSi' or the 'Bank') is a bank domiciled in the United Kingdom. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Consolidated Financial Statements for the year ended 31 December 2009 comprise CSi and its subsidiaries (together referred to as the 'Group').

2. Significant Accounting Policies

a) Statement of compliance

Both the parent company financial statements and the group financial statements have been prepared on a going concern basis and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') and the International Financial Reporting Interpretations Committee ('IFRIC'). On publishing the parent company financial statements here together with the group financial statements, the Bank is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual Statement of Income and related notes.

b) Basis of preparation

The Consolidated Financial Statements are presented in United States dollars (US$) rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments that are hedged as part of a designated hedging relationship and financial instruments designated by the Group as at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical accounting estimates and judgements applied to these Financial Statements are set out in Note 3-Critical Accounting Estimates and Judgements in Applying Accounting Polices.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

The Group and Bank have unrestricted and direct access to funding sources by Credit Suisse Group. After making enquiries of the Credit Suisse Group, the Directors of the bank have received confirmation that a Credit Suisse Group will ensure that the bank maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly the Directors have prepared these accounts on a going concern basis.

Standards and Interpretations effective in the current period

The Group has adopted the following amendments and interpretation in the current year:

- IAS 1 Revised - Presentation of Financial Statements. Details changes to the presentation of the financial statements, specifically around non-owner changes in equity (that is, 'comprehensive income') and the presentation thereof.

- IAS 1 and IAS 32 revised - Puttable instruments and obligations arising on liquidation. The amendments provide for equity treatment, under certain circumstances, for financial instruments puttable at fair value and obligations arising on liquidation only.

- IFRS 2 Amendments - Share Based Payment. These amendments clarify the terms 'vesting conditions' and 'cancellations'.

2. Significant Accounting Policies (continued)

- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements: Details changes to Business Combination accounting including Acquisition cost, Contingent consideration, Goodwill and noncontrolling interests, Step acquisition, Partial disposal of an investment and acquiring additional shares in the subsidiary after control was obtained.

- IFRS 8 - Operating Segments. This replaces the old IAS 14 'Segment Reporting' and gives new guidance around segmental reporting.

- IFRS 7 and IFRS 1 - Amendment to IFRS 7 Improving Disclosures about Financial Instruments. The amendments require enhanced disclosures about fair value measurements and liquidity risk and relief from comparative disclosures for amendments in IFRS 1.

- IAS 32 Amendment 'Financial instruments' Presentation: Classification of Rights Issues. The amendment provides guidance on the classification of rights issues denominated in a currency other than the functional currency of the issuer.

- IAS 39 Amendments – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures regarding reclassification of financial assets. These amendments to IAS 39 allowed certain classifications of non-derivative financial assets out of fair value through profit or loss and also allow the reclassification of financial assets from available for sale to loans and receivables, the IFRS 7 amendments require further disclosures around these reclassifications.

- Amendments to IAS 39 and IFRIC 9 – Embedded derivatives. This clarifies the accounting treatment of embedded derivatives for entities that make use of the reclassification amendments to IAS 39.

- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' Eligible Hedged Items. These amendments clarify what can be designated as a hedged item in a hedge accounting relationship and deals with the circumstances in which an entity may designate a portion of the cash flows of a financial instrument as a hedged item.

- Improvements to IFRS. These amendments which resulted from IASB's annual improvements project comprise amendments that result in accounting charges for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual IFRS standards.

- IFRIC 17 – Distributions of Non-Cash Assets to Owners. This amendment clarifies the recognition and measurement of dividends payable.

- IFRIC 18 – Transfers of Assets from Customers. This amendment clarifies the treatment of accounting for customer contributions, being transactions in which an entity – the 'access provider' – receives an asset it uses to provide access to an ongoing supply of 'goods or services' to a customer or customers.

Standards and Interpretations in issue but not yet effective

The Group is not required to adopt the following standards and interpretations which are issued but not yet effective.

- IAS 32 Amendment 'Financial instruments' Presentation: Classification of Rights Issues. The amendment provides guidance on the classification of rights issues denominated in a currency other than the functional currency of the issuer. (effective for annual periods beginning on or after 1 February 2010 – expected adoption date 1 February 2010)

The expected impact of the standards and interpretations issued but not yet effective is still being assessed, however, the Group does not anticipate that the above interpretations will have a material impact on the reported numbers in the Consolidated Financial Statements in the period of initial application. The accounting policies have been applied consistently by Group entities.

2. Significant Accounting Policies (continued)

Certain reclassifications have been made to the prior year Consolidated Financial Statements of the Group to conform to the current year's presentation. These reclassifications are not material.

c) Basis of consolidation

The Consolidated Financial Statements include the results and positions of the Bank and its subsidiaries (including special purpose entities). The Consolidated Financial Statements include the Statements of Income, Statements of Financial Position, Statements of Cash Flows, Statements of Changes in Equity and the related notes of the Group.

A subsidiary is an entity in which the Bank holds, directly or indirectly, more than 50% of the outstanding voting rights, or which it otherwise has the power to control. Control is achieved where the Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Bank also consolidates entities when the substance of the relationship between the Bank and the entity indicates that it is controlled by the Bank in accordance with SIC 12 'Consolidation – Special Purpose Entities'. The effects of intercompany transactions and balances have been eliminated in preparing the Consolidated Financial Statements.

d) Foreign currency

The Bank's functional currency is United States Dollars. Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to US$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the Consolidated Statement of Income. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

e) Cash and due from banks

For the purpose of preparation and presentation of Consolidated Statements of Cash Flows, cash and cash equivalents comprise the components of cash and due from banks that are short term, highly liquid instruments with original maturities of three months or less and that are held or utilised for the purpose of cash management.

Where cash is received or deposited as collateral, the obligation to repay or the right to receive that collateral is recorded in Other assets or Other liabilities.

f) Securities purchased or sold under resale agreements

Securities purchased under resale agreements ('reverse repurchase agreements') and securities sold under resale agreements ('repurchase agreements') are generally treated as collateralised financing transactions. In reverse repurchase agreements, the cash advanced, including accrued interest is recognised on the Consolidated Statements of Financial Position as an asset. In repurchase agreements, the cash received, including accrued interest is recognised on the Consolidated Statements of Financial Position as a liability.

Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognised or derecognised unless all or substantially all the risks and rewards are obtained or relinquished. In transactions where the borrower has the right to sell or repledge securities transferred by the Group, the securities are presented on the Consolidated Statements of Financial Position as encumbered. The Group monitors the market value of the securities received or delivered on a daily basis and provides or requests additional collateral in accordance with the underlying agreements.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised on an effective yield basis and recorded as interest income or interest expense for agreements that are not classified as financial assets or other financial liabilities designated at fair value through profit or loss.

2. Significant Accounting Policies (continued)

g) Securities borrowing and lending transactions

Securities borrowing and securities lending transactions are generally entered into on a collateralised basis. The transfer of the securities themselves is not reflected on the Statement of Financial Positions unless the risks and rewards of ownership are also transferred. In transactions where the borrower has the right to sell or repledge the securities transferred by the Group, the securities are presented on the Consolidated Statements of Financial Position as encumbered. If cash collateral is advanced or received, securities borrowing and lending activities are recorded at the amount of cash collateral advanced (cash collateral on securities borrowed) or received (cash collateral on securities lent). The sale of securities received in a security borrowing transaction results in the recognition of a trading liability (short sale).

The Group monitors the market value of the securities borrowed and lent on a daily basis and provides or requests additional collateral in accordance with the underlying agreements. Fees are recognised on an accrual basis and interest received or paid is recognised on an effective yield basis and recorded as interest income or interest expense.

h) Derivative financial instruments and hedging

All freestanding derivative contracts are carried at fair value in the Consolidated Statements of Financial Position regardless of whether these instruments are held for trading or risk management purposes.

Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity, with changes in fair value included in 'net gains/(losses) from financial assets/liabilities at fair value through profit or loss'. Derivative contracts, which are both designated and qualify for hedge accounting, are reported in the consolidated statements of financial position as 'Other Assets' or 'Other Liabilities' and hedge accounting is applied.

The fair value recorded for derivative instruments does not indicate future gains or losses, but rather the unrealised gains and losses from valuing all derivatives at a particular point in time. The fair value of exchange-traded derivatives is typically derived from observable market prices and/or observable market parameters. Fair values for OTC derivatives are determined on the basis of internally developed proprietary models using various input parameters. Where the input parameters cannot be validated using observable market data, reserves are established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves are amortised to income over the life of the instrument or released into income when observable market data becomes available.

Embedded derivatives

When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host instrument, the embedded feature will be accounted for separately at fair value, with changes in fair value recorded in the Consolidated Statement of Income unless, consistent with the provisions of IAS 39, the fair value option is elected (as described in note k below) or the entire hybrid instrument is classified as held for trading, in which case the entire instrument is recorded at fair value with changes in fair value recorded in the Consolidated Statement of Income. Once separated, the derivative is recorded in the same line in the Consolidated Statements of Financial Position as the host instrument.

Hedge accounting

Where hedge accounting is applied, the Group formally documents all relationships between hedging instruments and hedged items, including the risk management objectives and strategy for undertaking hedge transactions. At inception of a hedge and on an ongoing basis, the hedge relationship is formally assessed to determine whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk on both a retrospective and prospective basis. The Group discontinues hedge accounting prospectively in circumstances where:

2. Significant Accounting Policies (continued)

- it is determined that the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including forecasted transactions);
- the derivative expires or is sold, terminated, or exercised;
- the derivative is no longer designated as a hedging instrument because it is unlikely that the forecasted transaction will occur; or
- the Group otherwise determines that designation of the derivative as a hedging instrument is no longer appropriate.

Fair value hedge accounting

For derivatives that are designated and qualify as fair value hedges, the carrying value of the underlying hedged items is adjusted by the change in the fair value attributable to the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the Consolidated Statement of Income as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. Hedge ineffectiveness is separately recorded net gains/ (losses) from financial assets/liabilities at fair value through profit or loss.

When the Group discontinues fair value hedge accounting the derivative will continue to be carried on the Statement of Financial Positions at its fair value and the hedged asset or liability will no longer be adjusted for changes in fair value attributable to the hedged risk. Fair value adjustments previously recorded on the underlying hedged items, where these hedged items are interest-bearing instruments, will be amortised to the Consolidated Statement of Income over the remaining life of the hedged item according to the effective interest rate method. Any unamortised fair value adjustment of an interest-bearing instrument is to be reclassified to the Consolidated Statement of Income upon sale or extinguishment of the hedged asset or liability, respectively. Fair value hedge adjustments previously made to the carrying value of the underlying hedged item, where the hedged item is not an interest-bearing instrument, are recognised in the Consolidated Statement of Income when the hedged item affects net income, which is usually when the instrument is disposed of.

i) Financial assets and liabilities at fair value through profit or loss

The Group classifies certain financial assets and liabilities as either held for trading or designated at fair value through profit or loss. Financial assets and liabilities with either classification are carried at fair value. Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction other than an involuntary liquidation or distressed sale. Quoted market prices are used when available to measure fair value. In cases where quoted market prices are not available, fair value is estimated using valuation techniques consistent with those used in the financial markets. Where the input parameters cannot be validated using observable market data, reserves are established for unrealised gains or losses evident at the inception of the contracts so that no gain or loss is recorded at inception. Such reserves are amortised to income over the life of the instrument or released into income when observable market data becomes available.

Related realised and unrealised gains and losses are included in net gains/ (losses) from financial assets/liabilities at fair value through profit or loss.

IAS39 permits an entity to reclassify non derivative financial assets, other than those designated at fair value through profit or loss (i.e. trading financial assets) upon initial recognition, out of the fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term, as follows:

(i) if the financial asset would have met the definition of loans and receivables, if the financial asset had not been required to be classified as held for trading at initial recognition, then it may be reclassified if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity

(ii) if the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in 'rare circumstances'.

2. Significant Accounting Policies (continued)

Trading financial assets and financial liabilities at fair value through profit or loss

Trading assets and liabilities include mainly debt and equity securities, derivative instruments and loans. These assets and liabilities are included as part of the trading portfolio based on management's intention to sell the assets or repurchase the liabilities in the near term, and are carried at fair value. Transactions with a normal settlement period are recorded on a trade date basis.

Financial instruments designated as held at fair value through profit or loss

Financial assets and liabilities are only designated as held at fair value through profit or loss if the instruments contain a substantive embedded derivative, or when doing so results in more relevant information, because either:

(i) it eliminates or significantly reduces an inconsistency in measurement or recognition (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This election is used for instruments that would otherwise be accounted for under an accrual method of accounting where their economic risks are hedged with derivative instruments that require fair value accounting. This election eliminates or significantly reduces the measurement mismatch between accrual accounting and fair value accounting;

(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. This election is used for instruments purchased or issued by business units that manage their performance on a fair value basis. For all instruments elected under this criterion, the business maintains a documented strategy that states that these instruments are risk managed on a fair value basis.

The Fair Value Option has been applied to certain debt instruments, equity securities and loans and the related assets and liabilities are presented as 'other financial assets designated at fair value through profit or loss' or 'other financial liabilities designated at fair value through profit or loss' are recognised in net gains/ (losses) from financial assets/liabilities at fair value through profit or loss. Once designated this election is irrevocable. All fair value changes related to these financial instruments held at fair value through profit or loss are recognised in 'net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

j) Recognition and Derecognition

Recognition

The Group recognises financial instruments on its Consolidated Statements of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade date accounting

Purchases and sales of financial assets and liabilities at fair value through profit or loss are recorded on a trade date basis.

Derecognition

The Group enters into transactions where it transfers assets recognised on its Statement of Financial Positions, but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the Statement of Financial Positions. In transactions where the Group neither retains nor transfers substantially all risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

2. Significant Accounting Policies (continued)

In transactions where the Group neither retains nor transfers substantially all risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determining by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises financial liabilities when they are extinguished. Where the Group has a financial liability and this instrument is exchanged for a new instrument with the same counterparty, which is substantially different, or when an existing instrument classified as a financial liability is substantially modified, the old instrument is deemed to be extinguished and a new financial liability is recognised. Any gain or loss due to derecognition of the extinguished instrument is recorded in the Consolidated Statement of Income. Where a modification and not an extinguishment is deemed to have occurred, the difference is adjusted to the carrying value of the new instrument and reclassified into income using the effective interest method.

Securities

The Group securitises assets, which generally results in the sale of these assets to special purpose entities, which in turn issue securities to investors. The transferred assets may qualify for derecognition of financial assets.

Interests in securitised financial assets may be retained in the form of senior or subordinated tranches, interest only strips or other residual interests (collectively referred to as 'retained interests'). Provided the Group's retained interests do not result in consolidation of the special purpose entity, nor in continued recognition of the transferred assets, these retained tranches are typically recorded in trading financial assets at fair value through profit or loss.

k) Other loans and receivables

Other loans and receivables are recognised when cash is advanced to borrowers. They are initially recorded at fair value, plus any directly attributable transaction costs and subsequently are amortised on an effective interest method, less impairment losses. In the event of an impairment loss the effective interest will be re-estimated.

When calculating the effective interest, the group estimates cash flows considering all contractual terms of the financial instruments including premiums, discounts, fees and transactions costs but not future credit losses.

Impairment (charge)/reversal on other loans and receivables

The Group assesses at each reporting date whether there is objective evidence that a significant loan position or a portfolio of loans is impaired. A significant individual loan position or portfolio of loans is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the reporting date (a 'loss event') and that the loss event or events have had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

Many factors can affect the Group's estimate of the impairment losses on other loans and receivables, including volatility of default probabilities, rating migrations and loss severity. If the Group determines that no impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a loan portfolio and collectively assesses them for impairment. The estimation impairment for the loan portfolio involves applying historical loss experience, adjusted to reflect current market conditions, to homogeneous loans based on risk rating and product type. To estimate this component of the impairment for loans, the Group segregates loans by risk, industry or country rating. Excluded from this estimation process are loans where a specifically identified loss has been included in the specific component of the allowance for loan losses.

The estimate of the component of the allowance for specifically identified credit losses on impaired loans is based on a regular and detailed analysis of each loan in the portfolio considering collateral and counterparty risk. The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts due according to the contractual terms of the loan agreement. For certain non-collateral dependent impaired loans, impairment charges are measured using the present value of estimated future cash flows

2. Significant Accounting Policies (continued)

discounted at the asset's original effective interest rate. For collateral dependant impaired loans future cash flows for determining impairment is measured taking into account the value of collateral. The amount of the loss is recognised in the Consolidated Statement of Income in provision for credit losses. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. An allowance for impairment is reversed only when the credit quality has improved such that there is reasonable assurance of timely collection of principal and interest in accordance with the original contractual terms of the claim agreement.

Write off of loans

When it is considered certain that there is no realistic prospect of recovery and all collateral has been realised or transferred to the Group, the loan and any associated allowance is written off.

Renegotiated loans

Loans subject to collective impairment assessment whose terms have been renegotiated are no longer considered past due, but are treated as new loans for measurement purposes once the minimum number of payments required under the new arrangements has been received. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amount of loans that has been classified as renegotiated retain this classification until maturity or derecognition.

Loan commitments

Certain loan commitments are classified as financial assets/liabilities at fair value through profit or loss in accordance with the policy discussed above. All other loan commitments remain off-balance sheet; however they are assessed for impairment.

l) Netting

The Group only offsets financial assets and liabilities and presents the net amount on the Statement of Financial Positions where it:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and liability simultaneously.

In many instances the Group's net position on multiple transactions with the same counterparty is legally protected by Master Netting Agreements. Such agreements ensure that the net position is settled in the event of default of either counterparty and effectively limits credit risk on gross exposures. However, if the transactions themselves are not intended to be settled net, nor will they settle simultaneously, it is not permissible under IAS 32 'Financial Instruments: Presentation' to offset transactions falling under Master Netting Agreements.

m) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Income tax is recognised in the Consolidated Statement of Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in the Consolidated Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Consolidated Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous years. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

2. Significant Accounting Policies (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The principal temporary differences arise from the following: depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities including derivative contracts and other employee compensation and benefits. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the Statement of Financial Positions, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Information as to the calculation of income tax on the profit or loss for the periods presented is included in Note 11- Income Tax.

n) Repossessed collateral

The Group holds property as a consequence of enforcement of security over loans and advances. Property is initially measured at the fair value of the property received and subsequently measured at cost less impairment.

o) Intangible assets

Intangible assets consist primarily of internally developed software. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software.

Intangible assets are stated at cost less accumulated depreciation and impairment losses, and are depreciated over an estimated useful life of 3 years using the straight-line method upon completion or utilisation. The amortisation of the intangible assets is included in the 'other expenses' in the Consolidated Statement of Income.

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in Consolidated Statement of Income.

p) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Consolidated Statement of Income during the financial period in which they are incurred. Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Long leasehold buildings	50 years
Leasehold improvements	10 years
Computer equipment	2-7 years
Office equipment	5 years

2. Significant Accounting Policies (continued)

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Income.

q) Preference share capital

The Group classifies preference shares in accordance with the substance of the contractual arrangement. Liabilities are defined as contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities is in substance part of equity. Therefore, preference share capital issued by the Group is classified as equity if it is non-redeemable and all dividends are discretionary, or is redeemable but only at the Group's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

r) Retirement benefit costs

The Group has both defined contribution and defined benefit pension plans. The defined benefit plans are CS group schemes, in which the Bank is not the sponsoring entity.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Income as incurred.

In accordance with the provisions of IAS 19 'Employee Benefits' for defined benefit plans that share risks between various entities under common control, no retirement benefit obligation is recognised in the Statement of Financial Positions of the Bank and defined contribution accounting is applied, as the Group has no contractual agreement or stated policy for incurring any charges by the sponsoring employer for the net defined benefit cost. The Group's share of the retirement benefit obligation is instead recognised in the Statement of Financial Positions of the sponsoring entity, Credit Suisse Securities (Europe) Limited ('CSS (Europe) Ltd'), which is external to the Group but is a related party due to both entities being owned by Credit Suisse Group.

s) Long term debt

Debt issued by the Group is initially measured at cost, which is the fair value of the consideration received, net of directly attributable transaction costs incurred. Subsequent measurement is at amortised cost, using the effective interest rate method to amortise cost at inception to the redemption value over the life of the debt.

t) Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or are present obligations where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability. A contingent liability is not recognised as a liability but is disclosed, unless the possibility is remote. A contingent liability, acquired under a business combination, is recognised at fair value.

u) Loan commitments

Where a loan arising from a lending commitment is expected to be held for trading, the commitment to lend is recorded as a trading derivative. Where it is not the Group's intention to trade the loan, a provision is only recorded

2. Significant Accounting Policies (continued)

where it is probable that the Group will incur a loss as a result of the loan commitment. This may occur, for example, where a loss of principal is probable or the interest rate charged on the loan is lower than the cost of funding. On inception of the loan, the hold portion is recorded at its fair value. Where this fair value is lower than the cash amount advanced (for example, due to the rate of interest charged on the loan being below the market rate of interest), the write down is charged to the Consolidated Statement of Income. The write down will be recovered over the life of the loan, through the recognition of interest income using the effective interest rate method, unless the loan is impaired.

v) Provisions

Provisions are recognised if they are present obligations which can be reliably measured, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The expense recognised when provisions are established is recorded in general and administrative expenses on the Consolidated Statement of Income. Provisions for loan losses are recorded in provision for credit losses in the Consolidated Statement of Income.

w) Share-based payments

IFRS 2, as interpreted by IFRIC 11, requires that when a parent entity grants rights to equity instruments of itself directly to the employees of its subsidiary, such subsidiary should classify the share-based arrangement as equity-settled. As CSG, i.e. the Bank's ultimate parent company, is the grantor of the awards, all share-based arrangements are be classified as equity-settled. Equity-settled arrangements are fair valued on grant date and subsequently amortised through the Consolidated Statement of Income. The expense for share-based payments is determined by treating each tranche as a separate grant of share awards unless the employee is eligible for early retirement or retirement before the end of the vesting period, in which case recognition of the expense would be accelerated over the shorter period.

x) Interest income and expense

Interest income and expense includes interest income and expense on the Group's financial instruments owned and financial instruments sold not yet purchased, short term and long term borrowings, reverse repurchase and repurchase agreements and securities borrowed and securities lending transactions. Interest income and expense does not include interest flows on the Group's trading derivatives (except for hedging relationships), trading instruments and financial instruments classified as other financial assets or other financial liabilities designated at fair value through profit or loss. These are recorded in 'net gains/(losses) from financial assets/liabilities at fair value through profit or loss'.

y) Other liabilities

Financial Guarantees
Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Such financial guarantee contracts are given to banks, financial institutions and other parties on behalf of customers to secure loans, overdrafts and other payables.

Financial guarantee contracts are initially recognised in the Consolidated Financial Statements at fair value on the date the guarantee was given, which is generally the fee received or receivable. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial fair value, less cumulative amortisation, and the best estimate for the expenditure required to settle any financial obligation arising as of the reporting date. These estimates are determined based on experience with similar transactions and history of past losses, and management's determination of the best estimate.

Any increase in the liability related to financial guarantee contracts is recorded in the consolidated statements of income under provision for credit losses.

2. Significant Accounting Policies (continued)

z) Commissions and fees

In accordance with IAS 18 'Revenue Recognition', when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

(a) The amount of revenue can be measured reliably;

(b) It is probable that the economic benefits associated with the transaction will flow to the entity;

(c) The stage of completion of the transaction at the reporting date can be measured reliably; and

(d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Performance linked fees or fee components are recognised when the recognition criteria are fulfilled.

Fee revenue is recognised from a diverse range of services provided to its customers. Fee income is accounted for as follows:

- income earned on the execution of a significant act (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as fees from mergers and acquisitions and other corporate finance advisory services) is recognised as revenue when the act is completed;
- income earned from the provision of services (for example, portfolio management, customer trading and custody services) is recognised as revenue as the services are provided and
- income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recorded in 'interest & dividend income'.

Incremental costs that are directly attributable to securing investment management contracts are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. These assets are amortised as the Group recognises the related revenue.

aa) Operating leases

The leases entered into by the Group are exclusively operating leases. The total payments made under operating leases are charged to the Consolidated Statement of Income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any early termination payment required to be made to the lessor is recognised as an expense in the period in which termination takes place.

ab) Subleases

The subleases entered into by the Group are exclusively operating leases. Sublease payments received are recognised through the Consolidated Statement of Income.

ac) Dividends

Dividends are recognised when declared and are treated as a reduction of equity along with the corresponding liability that represents the amount payable.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

In order to prepare the Consolidated Financial Statements in accordance with IFRS, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgement and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the Consolidated Financial Statements are prudent, reasonable and consistently applied. For further information on significant accounting pronouncements, refer to note 2, specifically the following:
h) Derivative financial instruments and hedging
i) Financial assets and liabilities at fair value through profit or loss
j) Recognition and derecognition
k) Other loans and receivables
t) Contingent liabilities
u) Loan commitments
v) Provisions

Management believes that the critical accounting estimates discussed below involve the most complex judgments and assessments. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences, may be material to the Consolidated Financial Statements.

Fair Value

Trading financial assets and liabilities, derivative instruments and financial assets and liabilities designated at fair value are recognised in the Consolidated Statement of Income.

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

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

For further information on the fair value hierarchy and a description of the valuation techniques, see note 34 - Financial Instruments'.

The Group does not recognise a dealer profit or unrealised gain or loss at the inception of a derivative or non-derivative transaction unless the valuation underlying the unrealised gain or loss is evidenced by quoted market prices in an active market, observable prices of other current market transactions, or other observable data supporting a valuation technique in accordance with IAS 39 'Financial Instruments Recognition and Measurement' AG 76A.

Control processes are applied to ensure that the fair value of the financial instruments reported in the Consolidated Financial Statements, including those derived from pricing models, are appropriate and determined on a reasonable basis. These control processes include the review and approval of new instruments, review of profit or loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Special Purpose Entities

As part of normal business, CSi engages in various transactions that include entities which are considered Special Purpose Entities (SPEs). An SPE is an entity that typically lacks sufficient equity to finance its activities without additional subordinated financial support or is structured such that the holders of the voting rights do not substantively participate in the risks and rewards of ownership of the entity. Such entities are required to be assessed for consolidation under IAS27 'Consolidated and separate financial instruments' and its interpretation, SIC-12. An SPE is consolidated by CSi when the substance of the relationship between CSi and the SPE indicates that the SPE is controlled by CSi. SPEs may be sponsored by CSi, unrelated third parties or clients (see Note 33-Securitisations and Special Purpose Entities and Other Structured Transactions). Application of the accounting requirements for consolidation of SPEs initially and if certain events occur that require CSi to reassess whether consolidation is required, can require the exercise of significant management judgment.

When evaluating the consolidation of SPEs, CSi considers the following four indicators:

(a) In substance, the activities of the SPE are being conducted on behalf of CSi according to its specific business needs so that CSi obtains benefits from the SPEs operation;

(b) In substance, CSi has the decision-making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an 'autopilot' mechanism, CSi has delegated these decision-making powers;

(c) In substance, CSi has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or

(d) In substance, CSi retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Contingencies and loss provisions

Litigation contingencies

According to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a provision shall be recognised when (a) an entity has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence of future events. From time to time, the Group is involved in a variety of legal, regulatory and arbitration matters in connection with the conduct of its businesses.

It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting the 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 defence, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgement 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, the Group's defences and its experience in similar cases or proceedings.

Allowances and Impairment Losses on other loans and receivables

As a normal part of its business, the Group is exposed to credit risks through its lending relationships, commitments and letters of credit and as a result of counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the risk that a borrower or counterparty is unable to meet its financial obligations. In the event of a default, the Group generally incurs a loss equal to the amount owed by the counterparty, less a recovery amount

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

resulting from foreclosure, liquidation of collateral or restructuring of the counterparty's obligation. The Group maintains allowances for loan losses which are considered adequate to absorb credit losses existing at the reporting date. These allowances are for incurred credit losses inherent in existing exposures and credit exposures specifically identified as impaired. The inherent loss allowance is for all credit exposures not specifically identified as impaired which, on a portfolio basis, are considered to contain incurred inherent losses. The loan valuation allowance for inherent loss is established by analysing historical and current default probabilities, historical recovery assumptions and internal risk ratings. The methodology for calculating specific allowances involves judgements at many levels, such as early identification of deteriorating credits. Extensive judgement is required in order to properly evaluate the various indicators of financial condition of a counterparty and likelihood of repayment.

Retirement Benefit Costs

The following relates to the assumptions CSS (Europe) Ltd, the sponsor of the defined benefit plan, has made in arriving at the valuations of the various components of the defined benefit plan, of which the Group is a participant.

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

CSS (Europe) Ltd is required to estimate the expected return on plan assets, which is then used to compute the pension cost recorded in the consolidated statements of income. Estimating future returns on plan assets is particularly subjective since the estimate requires an assessment of possible future market returns based on the plan asset mix and observed historical returns. These estimates are determined together with the plan investment and actuarial advisors. The Group uses the calculated value of assets in calculating pension expense and in determining the expected rate of return.

The discount rate used in determining the benefit obligation is based upon either high quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, CSS (Europe) Ltd takes into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows on its benefit payments.

In July 2007, the International Financial Reporting Interpretations Committee ('IFRIC') issued interpretation IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' ('IFRIC 14'). IFRIC 14 provides general guidance on how to assess the limit in IAS 19, 'Employee Benefits' on the amount of a pension fund surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. No additional liability need be recognised by the employer under IFRIC 14 unless the contributions that are payable under the minimum funding requirement cannot be returned to the company. IFRIC 14 was endorsed by the EU in December 2008; hence CSS (Europe) Ltd adopted the new requirements on 1 January 2008. As CSS (Europe) Ltd is the settler, it will have an unconditional right to any residual surplus once all the liabilities under the fund have been met, accordingly there is no impact on CSS (Europe) Ltd's IAS19 results in respect of the scheme.

Taxes

Tax contingencies

Significant judgement is required in determining the effective tax rate and in evaluating certain tax positions. The Group accrues for tax contingencies despite the belief that positions taken in tax returns are always fully supportable. Tax contingency accruals are adjusted due to changing facts and circumstances, such as case law, progress of tax authority audits or when an event occurs that requires a change to the tax contingency accruals. Management regularly assesses the appropriateness of provisions for income taxes. Management believes that it has appropriately

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

accrued for any contingent tax liabilities.

Deferred tax valuation
Deferred tax assets and liabilities are recognised to reflect the estimated amounts of income tax recoverable or payable in future periods in respect of temporary differences and unused carry forward of tax losses and credits. For temporary differences, a deferred tax asset is recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised. Similarly, a deferred tax asset is recognised on unused carry forward tax losses and credits to the extent that it is probable that future taxable profits will be available against which the unused carry forward tax losses and credits can be utilised.

Periodically, management evaluates the probability that taxable profits will be available against which the deductible temporary differences and unused carry forward tax losses and credits can be utilised. Within this evaluation process, management also considers tax planning strategies. The evaluation process requires significant management judgement, primarily with respect to projecting future taxable profits.

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the Group can utilise these benefits. This is based on management's assessment that it is probable that the Group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable, a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

Share-based payments

For share-based payment transactions, the Group may receive a tax deduction related to the compensation paid in shares. The amount deductible for tax purposes may differ from the cumulative compensation expense recorded. At any reporting date, the Group must estimate the expected future tax deduction based on the current share price. If the amount deductible or expected to be deductible, for tax purposes exceeds the cumulative compensation expense, the excess tax benefit is recognised in equity. If the amount deductible or expected to be deductible, for tax purposes is less than the cumulative compensation expense, the shortfall is recognised in the Consolidated Statement of Income for the period.

Transfer Pricing

Tax transfer pricing charges are determined based on arm's length pricing principles. These net charges are adjusted as required due to evolving facts and changes in tax laws, progress of tax authority audits as well as tax authority negotiated arrangements for current and prior periods. Management continuously assess these factors and make adjustments as required.

4. Segmental Analysis

The bank has adopted IFRS 8 – 'Operating Segments' during the year. Following changes to the internal reporting during the year, the Bank has concluded that there are three reportable segments that are regularly reviewed by the Chief Operating Decision Maker when assessing the performance and allocation of resources. These segments are based on products and services offerings of the Group:

Fixed Income:	The fixed income division (FID) operates in rates, foreign exchange, credit, structured products trading and emerging markets, and commodities markets. The operations also include ongoing management and wind-down of legacy businesses in CDOs, RMBS origination, CMBS and Commodities.
Equities:	The activities of the equities business include sales, trading, financing, prime brokerage services and market-making in global equity and equity-related securities, options, futures, risk management and hedging products. Activities cover both exchange-traded and over-the counter traded securities, including American Depositary Receipts, restricted stocks, equity repurchases, block trade executions, program trading executions, equity derivatives and convertible securities.
Investment banking	The investment banking division (IBD) service offering includes mergers and acquisitions, debt, equity and other capital raising activities.

Segment performance is assessed by management based on the Monthly Board Summary report, which details revenues by segment. CSi assets and liabilities are not managed by segment. Expenses are managed as part of the wider CS Group management processes and therefore, while the CODM does assess the overall expense base for CSi, it does not manage the expenses at a CSi segment level.

Similarly certain revenue items are not directly allocated to the above business segments at a CSi company level. These items include transfer pricing, certain credit risk allocations, treasury and corporate centre allocations. These are not included as an operating segment as they are not separate business activities from which CSi may earn revenues. The 2008 numbers have been adjusted to align with the implementation of IFRS 8.

Transactions between reportable segments are held at an arms length basis and are included in the segment result.

The following table shows the external revenue of each operating segment during the year:

	2009 US$M	2008 US$M
Revenues		
Fixed Income	2,207	(3,910)
Equities	1,046	(1,207)
Investment banking	402	530
Total	**3,655**	**(4,587)**

The following table shows the Group's revenue from by managed region which generates the revenue:

	2009 US$M	2008 US$M
Revenues		
EMEA	2,970	(2,983)
Americas	520	(1,095)
Switzerland	9	29
Asia	156	(538)
Total	**3,655**	**(4,587)**

Group Assets:
Non current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contacts, consist of Property Plant and Equipment, Investments and Intangible assets totalling US$531M (2008 :US$559M), all of which are located in EMEA.

4. Segmental Analysis (continued)

Reconciliation of reportable segment revenues

	2009 US$M	2008 US$M
Reconciliation		
IFRS statement of income		
Net interest expense	(136)	(1,188)
Net revenues	1,480	(3,876)
Group revenues	**1,344**	**(5,064)**
Total revenues for reportable segments – MIS	3,655	(4,587)
Revenue sharing agreement expense	(756)	(925)
Expansion of market credit risk adjustment(1)	(692)	-
Treasury funding	(529)	206
Other corporate items	(126)	(126)
Provisions for credit losses	(125)	(159)
CS Group to Primary reporting reconciliations(2)	(83)	527
Group Revenues	**1,344**	**(5,064)**

Notes:
(1) Market credit risk provisions introduced against investment grade counterparties driven by market conditions
(2) This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi accounts prepared in accordance with IFRS.

The group is not reliant on any single customer for its revenue generation.

5. Net Interest Expense

Group	2009 US$M	2008 US$M
Loans and receivables	820	727
Securities purchased under resale agreements and securities borrowing transactions	113	597
Cash Collateral paid on OTC derivatives transactions	251	956
Interest Income on cash, cash equivalents and loans	357	1,503
Interest and dividend income	**1,541**	**3,783**
Deposits	(5)	(11)
Short term borrowings	(859)	(2,424)
Securities sold under resale agreements and securities lending transactions	(78)	(502)
Long term debt	(416)	(494)
Cash Collateral received on OTC derivatives transactions	(319)	(1,540)
Interest expense	**(1,677)**	**(4,971)**
Net interest expense	**(136)**	**(1,188)**

Interest income accrued on impaired financial assets during the year was US$4.5M (2008: US$6.1M).

6. Commissions and Fee Income

Group	2009 US$M	2008 US$M
Lending business	37	71
Other customer services	(177)	(65)
Net commission and fee income	**(140)**	**6**
Total commission and fee income	44	100
Total commission and fee expense	(184)	(94)
Net commission and fee income	**(140)**	**6**

7. Net Gains/(Losses) From Financial Assets/Liabilities At Fair Value Through Profit or Loss

Group	2009 US$M	2008 US$M
Interest rate	1,275	(1,121)
Foreign exchange	123	274
Equity	1,209	(292)
Commodity	209	298
Credit	(332)	(1,914)
Other	17	(43)
Total net gains/(losses) from financial assets/liabilities at fair value through profit or loss	**2,501**	**(2,798)**

Of which:	2009 US$M	2008 US$M
Net gains/(losses) from financial assets/liabilities designated at fair value through profit or loss		
Securities purchased under resale agreements and securities borrowing transactions	(244)	203
Loans	2,376	(2,801)
Other financial assets designated at fair value through profit or loss	40	155
Deposits	(40)	437
Securities sold under repurchase agreements and securities lending transactions	(128)	(306)
Short term borrowings	(385)	77
Long term debt	(1,748)	4,935
Other financial liabilities designated at fair value through profit or loss	(211)	51
Total net gains/(losses) from financial assets/liabilities designated at fair value through profit or loss	**(340)**	**2,751**

Included in this total is US$53M gain (2008: US$100M gain) of fair value changes of financial liabilities due to changes in the Group's own creditworthiness. The cumulative effect thereon is a gain of US$230M (2008: gain US$177M).

8. Revenue Sharing Agreements

Revenue sharing agreements expense of US$756M (2008: US$925M) principally relates to amounts allocated to CSi from other companies in the CS group.

9. Compensation and Benefits

Group	2009 US$M	2008 US$M
Salaries and variable compensations	648	528
Social security	84	17
Pensions	26	33
Other	3	6
Compensation and benefits	**761**	**584**

Included in the above table are amounts relating to Directors' remuneration. Further details are disclosed in Note 29-Related Parties. Staff costs and staff numbers do not differ between Bank and Group.

10. General and Administrative Expenses

Group	Note	2009 US$M	2008 US$M
Occupancy expenses		12	13
IT and machinery		38	78
Amortisation expenses	20	60	39
Depreciation expenses	21	86	86
Provisions	24	1	5
Litigation		30	278
Commission expenses		319	413
Travel and entertainment		10	14
Audit fees of the Group		2	3
Professional services		59	90
Impairment of intangible assets	20	3	17
Impairment (reversal)/charge on loan commitments		-	(2)
Net overheads allocated from other CS group entities		172	454
Other		14	28
Other expenses		**806**	**1,516**

The 2009 litigation charge relates to settlement of the class actions brought by the Parmalat Bondholders in Italy. The 2008 litigation charges of US$267M relate to an agreement with the Parmalat Group to settle all claims between the parties in Italy and a fine of US$11M to the FSA for systems and controls failings related to the mismark and pricing errors.

Expenses incurred on behalf of the Group are recharged through 'Net overheads allocated from other CS group entities'.

11. Income Tax

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Current tax				
Current (charge)/credit on profits/(losses) for the period	(3)	227	-	223
Adjustments in respect of previous periods	(6)	47	(6)	47
Total current tax credit/(charge)	**(9)**	**274**	**(6)**	**270**
Deferred tax				
Origination and reversal of temporary differences	143	(47)	143	(45)
Current year tax losses	(67)	1,728	(67)	1,728
Adjustments in respect of previous periods	(16)	37	(16)	37
FX movement on losses carried forward	246	(246)	246	(246)
Effect of changes in tax rate or the imposition of new taxes	5	102	5	102
Other	12	44	12	44
Total deferred tax credit	**323**	**1,618**	**323**	**1,620**
Income tax credit	**314**	**1,892**	**317**	**1,890**

Further information about deferred income tax is presented in Note 12-Deferred Taxes. The income tax charge for the year can be reconciled to the profit per the statement of income as follows:

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
(Loss) before tax	(132)	(7,164)	(63)	(7,182)
(Loss) before tax multiplied by the UK statutory rate of corporation tax at the rate of 28% (2008: 28.5%)	37	2,046	18	2,047
Other permanent differences	43	(120)	58	(121)
Effect of different tax rates of operations/subsidiaries operating in other jurisdictions	(2)	134	5	134
Adjustments to current tax in respect of previous periods	(6)	48	(6)	48
Adjustments to deferred tax in respect of previous periods	(16)	37	(16)	37
Effect on deferred tax resulting from changes to tax rates	-	(33)	-	(33)
FX movement on losses carried forward	246	(246)	246	(246)
Other	12	26	12	24
Income tax credit	**314**	**1,892**	**317**	**1,890**

12. Deferred Taxes

Deferred taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2008: 28%). The UK corporation tax rate was reduced from 30% to 28% from 1 April 2008.

The Bank operates in a number of jurisdictions. Consequently, the overall rate of future taxes is expected to be a blended rate which is reviewed annually.

12. Deferred Taxes (continued)

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Deferred tax assets	2,143	1,825	2,143	1,796
Net position	**2,143**	**1,825**	**2,143**	**1,796**
Balance at 1 January	1,825	213	1,796	213
Transfers	(29)	33	-	-
Credit to income for the year	323	1,618	323	1,620
Movement in share-based payment reserve	24	(37)	24	(37)
Other	-	(2)	-	-
At end of the year	**2,143**	**1,825**	**2,143**	**1,796**

Deferred tax assets and liabilities are attributable to the following items:

Deferred tax assets

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Derivative financial instruments	30	35	30	35
Share-based compensation	104	58	104	58
Decelerated tax depreciation	120	81	120	81
Other provisions	15	7	15	7
Unpaid interest	153	29	153	29
Deferred tax impact on losses carried forward	1,721	1,615	1,721	1,586
At end of the year	**2,143**	**1,825**	**2,143**	**1,796**

The deferred tax credit in the statement of income comprises the following temporary differences:

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Derivative financial instruments	(5)	(5)	(5)	(5)
Share-based compensation	21	(51)	21	(51)
Decelerated tax depreciation	39	68	39	68
Other provisions	8	(5)	8	(5)
Other short term temporary differences	-	(2)	-	-
Unpaid interest	125	29	125	29
Deferred tax impact on losses carried forward	135	1,584	135	1,584
Total deferred tax credit in the statement of income	**323**	**1,618**	**323**	**1,620**

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the Group can utilise these benefits. This is based on management's assessment that it is probable that the Group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable, a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

13. Securities Borrowed, Lent and Subject to Resale Agreements

The following table summarises the securities purchased under agreements to resell and securities borrowing transactions, at their respective carrying values:

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Securities purchased under resale agreements	6,039	7,177	6,039	6,367
Deposits paid for securities borrowed	13,298	1,781	13,298	1,781
Total	**19,337**	**8,958**	**19,337**	**8,148**

Securities borrowed, lent and subject to resale agreements are mainly due within one year.

The following table summarise the securities lent under agreements to repurchase and securities lending transactions, at their respective carrying values:

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Securities sold under resale agreements	296	5,522	296	5,935
Deposits received for securities lent	3,824	3,497	3,824	3,497
Total	**4,120**	**9,019**	**4,120**	**9,432**
Other liabilities (Refer to Note 17)	1,268	2,969	1,274	2,953
Total	**5,388**	**11,988**	**5,394**	**12,385**

Repurchase and reverse repurchase agreements represent collateralised financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralised principally by government securities and money market instruments and generally have terms ranging from overnight to a longer or unspecified period of maturity. The Group monitors the fair value of securities received or delivered. For securities purchased under resale agreements, the Group requests additional securities, or the return of a portion of the cash disbursed when appropriate, in response to a decline in the market value of the securities received. Similarly, the return of excess securities or additional cash is requested, when appropriate, in response to an increase in the market value of securities sold under repurchase agreements.

Deposits paid for securities borrowed and deposits received for securities lent are recorded at the amount of cash paid or received. These transactions are typically collateralised by cash or marketable securities. For securities lending transactions, the Group receives cash or securities as collateral in an amount generally in excess of the market value of securities lent. The Group monitors the market value of securities borrowed and securities on a daily basis and additional collateral is obtained as necessary.

Retained assets relate to securities lending agreements and repurchase agreements. The resulting credit exposures are controlled by daily monitoring and collateralisation of the positions. Other collateralised securities trading includes transactions in which the Group has transferred assets but continues to have involvement in the transferred assets, for example through providing a guarantee, writing put options, acquiring call options, or entering into a total return swap or other type of swap linked to the performance of the asset. If control is retained due to these types of associated transactions, the Group continues to recognise the transferred asset in its entirety or to the extent of its continuing involvement.

In the event of counterparty default, the repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. In the Group's normal course of business, substantially all of the collateral received that may be sold or repledged has been sold or repledged as of 31 December 2009.

Included in Other liabilities above are amounts received in respect of non fair value elected transferred assets which do not meet the de-recognition criteria in accordance with IAS 39 'Financial Instruments Recognition and Measurement'. For transferred but not derecognised financial assets, CSi's only exposure is to the volatility of the SPEs underlying assets for the tranche/portion of the notes/assets which the bank owns.

14. Trading Financial Assets and Liabilities at Fair Value Through Profit or Loss and Financial Assets and Liabilities Designated at Fair Value Through Profit or Loss

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Trading financial assets at fair value through profit or loss				
Debt securities	26,515	25,384	25,485	26,053
Equity securities	16,607	19,482	16,779	19,780
Derivative instruments	409,873	756,315	410,736	756,561
Other	6,525	5,786	6,560	16,393
Trading financial assets at fair value through profit or loss	**459,520**	**806,967**	**459,560**	**818,787**
Financial assets designated at fair value through profit or loss				
Debt securities	2,931	3,841	2,931	3,841
Loans	15,812	18,414	15,812	15,572
Securities purchased under resale agreements and securities borrowing transactions	10,938	12,196	11,181	12,196
Total financial assets designated at fair value through profit or loss	**29,681**	**34,451**	**29,924**	**31,609**

Debt instruments primarily consist of corporate bonds and also include government securities.

Trading financial assets and financial assets designated at fair value through profit or loss include US$24,692M (2008: US$23,319M) which are encumbered. The transactions in relation to the encumbered assets are conducted under terms that are usual and customary for securities lent, resale agreements or other collateralised borrowings.

Of the financial assets designated at fair value through profit or loss, loans and reverse repurchase agreements were primarily elected to alleviate an accounting mismatch while debt instruments were primarily elected because they are managed on a fair value basis.

For loans designated at fair value through profit or loss, the maximum fair value exposure to credit risk as at 31 December 2009 was US$15.8BN (2008: US$18.4BN). To mitigate this credit risk, securities are held as collateral, and credit default swaps with a notional value of US$5.7BN (2008: US$9.2BN) have been transacted to transfer this risk into the capital markets.

The fair value movement attributable to counterparty credit on loans designated at fair value through profit or loss is calculated using credit spreads applicable to specific points in time. All other risk variables are held constant and the credit spreads are moved based on current market conditions. During the year ended 31 December 2009, this fair value movement was an increase of US$1BN (2008: decrease US$2.6BN). The cumulative effect thereon at the year end was a decrease of US$1.9BN (2008: decrease US$2.9BN). The corresponding decrease in fair value of the swaps and securities in place to mitigate this risk was US$444M (2008: increase US$2.1BN). The cumulative effect thereon at the year end was an increase of US$1.8BN (2008: increase US$2.2BN).

For reverse repurchase agreements, the Bank's credit exposure to the counterparties of these trades is mitigated by posted collateral and through subsequent margin calls. Accordingly, the Bank does not enter into hedges to mitigate credit exposure to its counterparties. Also, given that the credit exposure is virtually eliminated, the mark to market changes attributable to credit risk is insignificant.

The debt instruments measured at fair value through profit or loss are government securities and thus exposure to credit risk is minimal.

14. Trading Financial Assets and Liabilities at Fair Value Through Profit or Loss (continued)

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Trading financial liabilities at fair value through profit or loss				
Short positions	17,585	10,284	17,585	10,284
Derivative instruments	420,068	746,460	420,401	746,650
Trading financial liabilities at fair value through profit or loss	**437,653**	**756,744**	**437,986**	**756,934**
Financial liabilities designated at fair value through profit or loss				
Subordinated debt	531	627	531	627
Structured notes	24,586	26,106	24,242	22,560
Deposits	3,567	4,249	3,567	4,249
Securities sold under repurchase agreements and securities lending transactions	14,387	9,716	14,387	9,716
Total financial liabilities designated at fair value through profit or loss	**43,071**	**40,698**	**42,727**	**37,152**

The fair value of subordinated debt and structured notes is calculated using a yield curve which reflected the Group's credit rating in the market. This is achieved by adjusting the relevant yield curve by the Group's credit spread, dependent on the tier of the debt, at each point in the curve to provide an own credit adjusted valuation.

Of the other financial liabilities designated at fair value through profit or loss, subordinated debt, bonds and repurchase agreements were primarily elected to alleviate an accounting mismatch, while structured notes and deposits were mainly elected because they are managed on a fair value basis. The carrying amount is US$1.7BN lower than the amount that the Group would be contractually required to pay to the holder of these financial liabilities at maturity (2008: US$4.2BN lower).

15. Other Loans and Receivables

The following table sets forth details of the domestic (United Kingdom) and foreign portfolios:

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Banks	457	1,151	457	1,151
Customer	4	64	4	74
Domestic	**461**	**1,215**	**461**	**1,225**
Banks	542	265	542	265
Customer	5,354	6,098	5,354	6,098
Foreign	**5,896**	**6,363**	**5,896**	**6,363**
Other loans and receivables, gross	**6,357**	**7,578**	**6,357**	**7,588**
Banks	(5)	(10)	(5)	(10)
Customer	(118)	(265)	(118)	(265)
Allowances for impairment losses	**(123)**	**(275)**	**(123)**	**(275)**
Other loans and receivables, net	**6,234**	**7,303**	**6,234**	**7,313**

Other loans and receivables due within one year for the Group, amounts to US$1,656M (2008: US$3,258M) and for the Bank amounts to US$1,656M (2008: US$3,268M).

15. Other Loans and Receivables (continued)

The following table sets forth the movements in the allowances for impairment losses on other loans and receivables:

Group and Bank	2009 US$M	2008 US$M
Allowance for loan losses	(142)	(159)
Provisions for off-balance sheet exposure	17	-
Provision for Credit Losses	**(125)**	**(159)**

Group and Bank	Banks US$M	Customers US$M	Total US$M
Balance at 1 January 2009	(10)	(265)	(275)
Additional allowances for impairment losses	(1)	(233)	(234)
Reversal of allowances for impairment losses	6	86	92
Movement recognised in Consolidated Statement of Income	5	(147)	(142)
Net Write backs	-	294	294
Balance at 31 December 2009	**(5)**	**(118)**	**(123)**
Balance at 1 January 2008	(4)	(112)	(116)
Additional allowances for impairment losses	(7)	(244)	(251)
Reversal of allowances for impairment losses	1	91	92
Movement recognised in Consolidated Statement of Income	(6)	(153)	(159)
Balance at 31 December 2008	**(10)**	**(265)**	**(275)**

16. Repossessed Collateral

The Group holds property as a consequence of enforcement of security over loans and advances. Property is initially measured at the fair value of the property received and subsequently measured at cost less impairment. The fair value of the property is US$34M (2008: US$34M).

During the year there was no material impairment write-down on the property (2008: US$21M). The rental income earned and depreciation from this investment was insignificant.

The property is to be sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

17. Other Assets and Other Liabilities

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Other assets				
Derivative instruments used for hedging (refer to Note 31)	33	126	33	126
Brokerage receivables (refer to Note 18)	5,108	5,927	5,108	5,927
Interest and fees receivable	125	231	1,600	1,502
Cash collateral on derivative instruments				
- Banks	16,141	19,678	16,141	19,678
- Customers	20,153	25,150	20,153	25,150
Other	296	418	286	365
Total other assets	**41,856**	**51,530**	**43,321**	**52,748**

Other assets, except derivative instruments used for hedging, are mainly due within one year.

17. Other Assets and Other Liabilities (continued)

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Other liabilities				
Derivative instruments used for hedging	6	19	6	19
Brokerage payables (refer to Note 18)	5,120	2,095	4,902	2,095
Interest and fees payable	1,054	1,306	2,336	2,322
Cash collateral on derivative instruments				
- Banks	22,973	44,299	22,973	44,299
- Customers	8,749	16,854	8,749	16,854
Failed sales	1,268	2,969	1,274	2,953
Other	799	623	772	541
Total other liabilities	**39,969**	**68,165**	**41,012**	**69,083**

18. Brokerage Receivables and Brokerage Payables

The Group recognises receivables and payables from transactions in financial instruments purchased from and sold to customers, banks, brokers and dealers. The Group is exposed to a risk of loss resulting from the inability of counterparties to pay for or deliver financial instruments sold or purchased, in which case the Group would have to sell or purchase, respectively, these financial instruments at prevailing market prices. To the extent that an exchange or clearing organisation acts as a counterparty to a transaction, credit risk is generally considered to be reduced. The Group requires customers to maintain margin collateral in compliance with applicable regulatory and internal guidelines.

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Due from customers	870	14	870	14
Due from banks, brokers and dealers	4,238	5,913	4,238	5,913
Total brokerage receivables	**5,108**	**5,927**	**5,108**	**5,927**

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Due to customers	64	211	65	211
Due to banks, brokers and dealers	5,056	1,884	4,837	1,884
Total brokerage payables	**5,120**	**2,095**	**4,902**	**2,095**

During the current reporting period there were no defaults or breaches in respect of third party loan payables.

19. Investments in Subsidiary Undertakings

Bank	2009 US$M	2008 US$M
Investments in Subsidiary Undertakings	27	27

19. Investments in Subsidiary Undertakings (continued)

The subsidiary undertakings, direct and indirect, of the Bank at 31 December 2009, all of which are consolidated in these financial statements, are as follows:

Subsidiary	Country of Incorporation	% Equity Held
Direct holdings:		
Credit Suisse First Boston International Warrants Limited (in liquidation)	Guernsey	100%
Credit Suisse First Boston International (USA), Inc.	United States	100%
CSFB International Trading, L.L.C.	United States	100%
Credit Suisse First Boston International (Holding) B.V.	Netherlands	100%
Indirect holdings:		
Credit Suisse First Boston International (Australia) Limited	Australia	100%

Credit Suisse First Boston International Warrants Limited commenced members' voluntary liquidation on 2 November 2005 and remains in liquidation.

The business of all of the subsidiaries is complementary to the business of the Bank.

20. Intangible Assets

Group and Bank

Cost:	**Internally Developed Software 2009 US$M**	**Internally Developed Software 2008 US$M**
Cost as at 1 January	436	336
Additions	141	111
Disposals	(21)	(11)
Cost as at 31 December	**556**	**436**
Accumulated amortisation:		
Accumulated amortisation as at 1 January	(252)	(200)
Amortisation for the period	(60)	(39)
Impairment	(3)	(17)
Disposals	15	4
Accumulated amortisation as at 31 December	(300)	(252)
Net book value as at 1 January	**184**	**136**
Net book value as at 31 December	**256**	**184**

21. Property and Equipment

Group and Bank
2009

	Leasehold Land and Buildings US$M	Leasehold Improvements US$M	Computer Equipment US$M	Office Equipment US$M	Total US$M
Cost:					
Cost as at 1 January 2009	78	538	536	96	1,248
Additions	-	14	32	3	49
Disposals	(78)	(79)	(1)	(1)	(159)
Cost as at 31 December 2009	-	473	567	98	1,138
Accumulated depreciation:					
Accumulated depreciation as at 1 January 2009	(16)	(334)	(448)	(75)	(873)
Charge for the period	(1)	(38)	(41)	(6)	(86)
Disposals	17	79	-	-	96
Accumulated depreciation as at 31 December 2009	-	(293)	(489)	(81)	(863)
Net book value as at 1 January 2009	**62**	**204**	**88**	**21**	**375**
Net book value as at 31 December 2009	**-**	**180**	**78**	**17**	**275**

Group and Bank
2008

	Leasehold Land and Buildings US$M	Leasehold Improvements US$M	Computer Equipment US$M	Office Equipment US$M	Total US$M
Cost:					
Cost as at 1 January 2008	78	518	504	85	1,185
Additions	-	20	46	11	77
Disposals	-	-	(14)	-	(14)
Cost as at 31 December 2008	78	538	536	96	1,248
Accumulated depreciation:					
Accumulated depreciation as at 1 January 2008	(14)	(292)	(421)	(71)	(798)
Charge for the period	(2)	(42)	(38)	(4)	(86)
Disposals	-	-	11	-	11
Accumulated depreciation as at 31 December 2008	(16)	(334)	(448)	(75)	(873)
Net book value as at 1 January 2008	**64**	**226**	**83**	**14**	**387**
Net book value as at 31 December 2008	**62**	**204**	**88**	**21**	**375**

Leasehold improvements relate to improvements to land and buildings occupied by the Bank and its fellow subsidiaries for their own activities.

No interest has been capitalised within property, plant and equipment (2008: US$Nil).

22. Deposits

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Non-interest bearing demand deposits	971	810	971	810
Interest-bearing demand deposits	1,256	674	1,220	674
Time deposits	4	102	4	102
Total deposits	**2,231**	**1,586**	**2,195**	**1,586**
Of which due to banks	1,969	1,475	1,933	1,475
Of which due to customers	262	111	262	111

23. Short Term Borrowings

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Short term borrowings:				
from banks	28,030	79,278	28,029	79,278
from customers	8	-	271	10,889
Total short term borrowings	**28,038**	**79,278**	**28,300**	**90,167**

24. Provisions

Group and Bank

	Property US$M	Litigation US$M	Total 2009 US$M
Balance at 1 January 2009	5	9	14
Charges during the year	1	30	31
Utilised during the year	-	(5)	(5)
Balance at the end of the year	**6**	**34**	**40**

Group and Bank

	Property US$M	Litigation US$M	Total 2008 US$M
Balance at 1 January 2008	9	7	16
Charges during the year	-	5	5
Utilised during the year	(4)	(3)	(7)
Balance at the end of the year	**5**	**9**	**14**

The property provision mainly relates to property reinstatement obligations that will be incurred when the leases expire.

The litigation provision relates to legal cases that the Bank is defending. The exact timing of outflow of economic benefits cannot be ascertained at 31 December 2009.

25. Long Term Debt

Group and Bank	2009 US$M	2008 US$M
Senior debt	2,238	453
Subordinated debt	10,550	10,183
Total long term debt	**12,788**	**10,636**

26. Called-up Share Capital and Share Premium

Group and Bank

Authorised:	2009 US$	2008 US$
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	7,224,999,375	5,724,999,375
Class A Participating non-voting shares of US$1 each	500	500
Preference Shares of US$25,000,000 each	275,000,000	275,000,000
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	600,000,000	600,000,000
Class C Preference Shares of US$1 each	800,000,000	800,000,000
Class D Preference Shares of US$1 each	600,000,000	600,000,000
Class E Preference Shares of US$1 each	700,000,000	700,000,000
Class F Preference Shares of US$1 each	750,000,000	750,000,000
Class G Preference Shares of US$1 each	800,000,000	800,000,000
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of US$1 each	200,000,000	-
	15,800,000,000	**14,100,000,000**

Group and Bank

Allotted, called-up and fully paid:	2009 US$	2008 US$
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	3,889,568,088	3,131,992,330
Class A Participating non-voting shares of US$1 each	200	200
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	-	375,000,000
Class C Preference Shares of US$1 each	350,000,000	350,000,000
Class D Preference Shares of US$1 each	300,000,000	300,000,000
Class E Preference Shares of US$1 each	535,000,000	535,000,000
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of US$1 each	200,000,000	-
	9,124,568,413	**8,541,992,655**

Group and Bank

Share premium:	2009 US$	2008 US$
Balance at 1 January	4,125,682,045	3,646,515,378
Issuance of Participating non-voting shares	742,424,242	479,166,667
Balance at the end of the year	**4,868,106,287**	**4,125,682,045**

26. Called-up Share Capital and Share Premium (continued)

As part of a restructuring of CSi's capital structure, the following issuances and redemptions occurred during the year:

- On 20 January 2009, the total authorised share capital of the Bank was increased from US$14,100,000,000 to US$15,800,000,000 by the creation of a further 1,500,000,000 Participating Shares of which 757,575,758 shares were issued at a share premium of 742,424,242 to Credit Suisse (International) Holding AG ('IHAG'), and the creation of a new class of shares being 200,000,000 Class K Preference Shares of US$1 each, all of which were issued to Credit Suisse Investments (UK).
- On 27 February 2009, Class B Preference Shares for US$375,000,000 were redeemed out of the proceeds of the January issuance.

On 27 November 2009, all Preference Shares held by IHAG were transferred to a new entity Credit Suisse PSL GMbH. This was part of a new business proposal to restructure the Credit Suisse parent corporate structure, thereby resulting in a deduction in capital investments in subsidiaries from the Credit Suisse parent regulatory capital and achieving tax benefits. The following shareholdings were transferred as part of the first stage of this restructure:

Class C Preference Shares	148,000,000 shares of US$1 each
Class D Preference Shares	300,000,000 shares of US$1 each
Class E Preference Shares	535,000,000 shares of US$1 each
Class H Preference Shares	700,000,000 shares of US$1 each
Class I Preference Shares	800,000,000 shares of US$1 each
Class J Preference Shares	1,250,000,000 shares of US$1 each

The Ordinary Shares carry voting rights but do not carry the right to receive dividends.

The Participating Shares do not carry voting rights but carry the right to receive dividends. In all other respects the Participating Shares and the Ordinary Shares rank pari passu.

The Class A Participating Shares are cumulative shares. The holders of Class A Participating Shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of resolutions, modifying, varying or abrogating the rights or privileges of the holders of the Class A Participating Shares. Holders of the shares are entitled to dividends as recommended by the Directors, but are not entitled to any right of participation on a return of capital in excess of the par value of the issue price of the shares plus any unpaid dividends.

The Bank has the right to redeem the issued Class A Participating Shares in whole but not part, by giving the holders of the shares not less than 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the nominal amount paid up on each such Class A Participating Share together with all arrears of the Class A participating dividend, calculated down to and including the redemption date.

The holders of Preference Shares have the right to receive notice of and to attend all general meetings of the company, but only have voting rights in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of the Preference Shares.

The Bank has the right to redeem the issued Class A Participating Shares in whole but not part, by giving the holders of the shares not less than 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the nominal amount paid up on each Preference Share, together with all arrears and accruals of the preferential dividend thereon, calculated down to and including the date of redemption, irrespective of whether such dividend has been declared or not.

The Class A Preference Shares are non-cumulative, non-redeemable shares. The holders of the shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of the Class A Preference Shares. Holders of the shares are entitled only to dividends as recommended by the Directors and are not entitled to any right of participation on a return of capital in excess of the issue price of the shares. The Class A Preference shares have priority over all other classes of share, other than the Preference Shares, which retain absolute priority as to the right of participation on a return of capital.

26. Called-up Share Capital and Share Premium (continued)

The Class B, C, D, E, H, I J and K Preference Shares are non–cumulative shares. The holders of each of these classes of shares have the right to receive notice of and to attend all general meetings of the company, but have voting rights only in respect of resolutions modifying, varying or abrogating the rights or privileges of the holders of shares of that particular class. Holders of the shares receive a fixed preferential dividend, which may be nil at the Directors' discretion, at the following annual rates:

Class B Preference shares	6.43%
Class C Preference shares	6.299%
Class D Preference shares	7%
Class E Preference shares	6.8195%
Class H Preference shares	7.625%
Class I Preference shares	7.85%
Class J Preference shares	7.53%
Class K Preference shares	14.918%

Dividends are paid annually on 30 April ('the fixed dividend date'). Holders of the shares are not entitled to any right of participation on a return of capital in excess of the issue price of the shares. These shares have priority over all other classes of shares (except for equal priority with each other, and other than the Preference Shares and Class A Preference Shares, which retain absolute priority), as to the right of participation on a return of capital.

The Bank has the right, subject to the Companies Act 2006, to redeem these issued shares in whole or any part, on any fixed dividend date as from the following dates:

Class B Preference shares	27 February 2009
Class C Preference shares	8 November 2009
Class D Preference shares	17 November 2010
Class E Preference shares	15 March 2011
Class H Preference shares	10 August 2012
Class I Preference shares	16 November 2012
Class J Preference shares	29 April 2013
Class K Preference shares	21 January 2014

The Bank has to give the holders of the shares not less than 28 days' prior notice in writing of the redemption date. The amount payable on redemption shall be the amount paid up thereon together with a sum equal to all arrears and accruals (if any) of the preferential dividends, to be calculated up to and including the redemption date.

27. Retirement Benefit Obligations

The following disclosures contain the balances for the entire defined benefit plan sponsored by CSS (Europe) Ltd, of which the Bank is one of many participants, who are all related parties under common control. The Bank accounts for its share of the plan using defined contribution accounting. During 2009 the Bank expensed US$19M (2008: US$18M) in respect of its contributions to the UK defined benefit scheme.

The following table shows the changes in the defined benefit obligation and the fair value of plan assets during 2009 and 2008, and the amounts included in the Consolidated Statement of Financial Positions for the Group's defined benefit pension and other post-retirement defined benefit plans as at 31 December 2009 and 2008 respectively:

27. Retirement Benefit Obligations (continued)

	Defined benefit pension plans	
	2009	**2008**
	US$M	**US$M**
Defined benefit obligation – 1 January	886	1,381
Current service cost	4	8
Interest cost	60	76
Plan amendments	-	1
Curtailments	-	(2)
Actuarial gains – assumptions	197	(256)
Actuarial losses/(gains) – experience	(59)	40
Benefit payments	(16)	(18)
Exchange rate (gains)/losses	108	(344)
Defined benefit obligation – 31 December	**1,180**	**886**
Fair value of plan assets – 1 January	1,015	1,371
Actual return on plan assets	(69)	(97)
Contributions	140	145
Benefit payments	(16)	(18)
Exchange rate losses	116	(386)
Fair value of plan assets – 31 December	**1,186**	**1,015**

CSS (Europe) Ltd has agreed the valuation and funding of the UK defined benefit pension plan with the Pension Fund Trustees as at 31 December 2008. Lump sum contributions were paid by CSS (Europe) Ltd of £2m in April 2009 and £80m in December 2009. Additional contributions are due to be paid as follows: £90m by 31 January 2011, £50m by 31 January 2012, £51m by 31 January 2013, £3m payable by 31 January each year from 2011 to 2018 and finally £3m by 31 December 2018. In addition to these amounts, contributions will be paid to cover administrative expenses, administration rebates and death in service pensions.

Assumptions

The assumptions used in the measurement of the benefit obligation and net periodic pension cost for the international defined pension plans as at 31 December were as follows:

	2009	**2008**
31 December	**%**	**%**
Benefit obligations		
Discount rate	6.00	6.25
Inflation	3.50	2.85
Pension increases *	3.40	2.85
Salary increases	4.75	4.10
Net periodic pension cost		
Discount rate	6.25	5.80
Salary increases	4.10	4.95
Expected long term rate of return on plan assets	7.75	7.75

* Pension earned before 6 April 1997 is subject to pension increases on a discretionary basis.

Mortality Assumptions

The assumptions for life expectancy in the 2009 benefit obligation calculations pursuant to IAS 19 are based on '00' series year of birth mortality tables with a scaling factor of 85% projected to date with allowance for the medium cohort and then projected forwards with allowance for the medium cohort but subject to an underpin to longevity improvement rates of 0.5% p.a. for females and 1% p.a. for males.

27. Retirement Benefit Obligations (continued)

On this basis the post-retirement mortality assumptions are as follows:

	2009	**2008**
Life expectancy at age 60 for current pensioners aged 60 (years)		
Males	28	28
Females	30	30
Life expectancy at age 60 for future pensioners currently aged 40 (years)		
Males	31	31
Females	32	32

Sensitivity Analysis

Changes in the principal assumptions used to measure the benefit obligation and total periodic pension cost would have had the following effects:

	Increase		**Decrease**	
	US$M	**%**	**US$M**	**%**
Benefit obligation				
One-percentage point change				
- Discount rate	340	29	(260)	(22)
- Inflation	282	24	(227)	(19)
- Salary increases	17	1	(16)	(1)
1 year to life expectancy at 60	23	2	(24)	(2)
Net periodic pension cost				
One-percentage point change				
- Expected return on assets	11	58	11	(58)

Plan assets and investment strategy

CSS (Europe) Ltd defined benefit pension plan employs a total return investment approach, whereby a diversified mix of equities, fixed income investments and alternative investments is used to maximise the long term return of plan assets while incurring a prudent level of risk. The intention of this strategy is to outperform plan liabilities over the long run in order to minimise plan expenses. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity investments are diversified across UK and non-UK stocks as well as between growth, value and small and large capitalisation stocks. Other assets such as hedge funds are used to enhance long term returns while improving portfolio diversification. Derivatives may be used to take market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies and quarterly investment portfolio reviews. To limit investment risk, CSS (Europe) Ltd pension plans follow defined strategic asset allocation guidelines. Depending on the market conditions, these guidelines are even more limited on a short term basis.

CSS (Europe) Ltd employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the target asset allocation for the Fund at 31 December 2009.

27. Retirement Benefit Obligations (continued)

	Fair value	% of total fair value of scheme assets	Fair value	% of total fair value of scheme assets
	2009	**2009**	**2008**	**2008**
	US$M	**%**	**US$M**	**%**
Equity securities	990	83.5	488	48.1
Debt securities	185	15.5	253	25.0
Alternative Investments (primarily Hedge funds)	(125)	(10.5)	272	26.7
Cash	136	11.5	2	0.2
Fair value of plan assets	**1,186**	**100**	**1,015**	**100**

Defined Contribution Pension Plans

The Bank also contributes to various defined contribution pensions primarily in the United Kingdom. The contributions in these plans during 2009 and 2008 were US$7M and US$15M respectively.

28. Employee Share-based Compensation and Other Compensation Benefits

Payment of share-based compensation and other compensation benefits is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, share-based compensation and the other compensation benefits are paid solely at the discretion of the Bank and CSG.

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

Share-based compensation is an important part of the overall compensation package for selected employees and senior executives. Share-based compensation is designed to promote employees' focus on long term performance, align the interests of employees and shareholders and foster retention. The majority of share-based compensation is granted as part of the annual incentive performance bonus subsequent to the fiscal year to which the incentive performance bonus relates. Share-based compensation is generally subject to restrictive features such as vesting, forfeiture and blocking rules.

Total compensation expense for equity-settled share based plans recognised during 2009 and 2008 was US$88M and US$157M respectively. The average weighted fair value of awards granted in 2009 was CHF 30.68 (2008:CHF65.59).

Incentive Share Unit ('ISU')/Scaled Incentive Share Unit ('SISU')

Since 2007, CSG has granted ISUs as the main form of share-based deferred variable compensation. An ISU is a unit that is similar to shares, but offers additional upside depending on the development of the CSG share price. For each ISU granted, the employee will receive at least one CSG share (ISU Base Unit) and could receive additional CSG shares (ISU Leverage Unit) if the monthly average CSG share price increases during the three-year contractual term of the award as compared to the baseline CSG share price determined on the grant date. The number of ISU Leverage Units to be converted to CSG shares will be determined by multiplying the total number of ISU Base Units granted, less forfeitures, by the leverage payout ratio defined in the terms and conditions of the award. Each ISU Base Unit will vest at a rate of one-third of a share per year over three years, with the ISU Leverage Units vesting on the third anniversary of the grant date, depending on the development of the CSG share price. Settlement of ISUs is subject to continued employment at CSG and certain retirement arrangements.

28. Employee Share-based Compensation and Other Compensation Benefits (continued)

In 2010, CSG has granted SISU awards to certain employees. SISUs are similar to the ISUs with a new element that increases or decreases the value of any additional shares based on the Group's average ROE. As with ISUs, SISUs deliver at least one Credit Suisse Group share but over a four-year period. Additional shares may be due if the average Credit Suisse Group share price increases over a four-year period. SISUs contain a further feature that link the final number of additional shares to an additional factor. If the Group's average ROE over the four-year period is higher than a pre-set target, the number of additional shares calculated by reference to the average share price increase will be adjusted upwards, and if it is below the target, the number of additional shares will decrease.

Movements in the number of ISUs outstanding were as follows:

Group and Bank	**Base 2009 Millions**	**Leverage 2009 Millions**	**Base 2008 Millions**	**Leverage 2008 Millions**
ISU Awards				
As at 1 January	3.8	4.12	1.49	1.49
Granted	1.19	1.19	3.63	3.63
Share transferred out	(0.25)	(0.27)	(0.54)	(0.54)
Delivered	(2.71)	-	(0.51)	0.00
Forfeited	(0.04)	(0.56)	(0.27)	(0.46)
As at 31 December	**1.99**	**4.48**	**3.80**	**4.12**

Performance Incentive Plan units ('PIPs')

As part of its annual incentive performance bonus process for 2004 and 2005, CSG granted PIP share units during 2005 and 2006, respectively. PIP units are long term retention incentive awards requiring continued employment with CSG, subject to restrictive covenants and cancellation provisions, and vesting evenly over a five-year period. Each PIP unit will settle for a specified number of registered CSG shares subsequent to the fifth anniversary of the grant date based on the achievement of: (i) earnings performance as compared to predefined targets (performance conditions); and (ii) CSG share price performance compared to predefined targets and CSG share price performance relative to peers (market conditions). The performance conditions will determine the multiplier, ranging between zero and three, for the final number of PIP units. The market conditions will determine the number of CSG shares that each PIP unit will convert into at settlement.

Movements in the number of PIP units outstanding were as follows:

Group and Bank	**2009 Millions**	**2008 Millions**
PIP Units		
As at 1 January	0.69	0.80
Granted	-	-
Shares transferred out	-	(0.04)
Delivered	-	-
Forfeited	-	(0.07)
As at 31 December	**0.69**	**0.69**

Share Awards

CSG's share-based compensation as part of the yearly discretionary performance bonus in prior years included three different types of share awards: phantom shares, LPA and special awards. These share awards entitle the holder to receive one registered CSG share subject to continued employment with CSG, restrictive covenants and cancellation provisions, and generally vest between zero and three years. In 2007, CSG introduced the ISU share-based plan described above to replace the PIP, phantom share and LPA awards granted in prior years. Phantom shares vest in three equal installments on each of the first, second and third anniversaries of the grant date and convert to registered CSG shares. LPAs vest in full on the third anniversary of the grant. Special awards are generally CSG shares, which may be granted to new employees. These special awards may contain vesting conditions, depending on the terms of employment.

28. Employee Share-based Compensation and Other Compensation Benefits (continued)

Movements in the number of share awards and PIP units outstanding were as follows:

Group and Bank	2009 Millions	2008 Millions
Share awards		
As at 1 January	1.27	2.07
Granted	0.95	0.49
Shares transferred out	0.03	(0.29)
Delivered	(0.79)	(0.91)
Forfeited	(0.08)	(0.09)
As at 31 December	**1.38**	**1.27**

Partner Asset Facility ('PAF')

As part of the 2008 annual compensation process, CSG awarded employees with a corporate title of managing director or director the majority of the deferred portion of their variable compensation in the form of PAF awards, denominated in US dollars. The PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in CSG Investment Banking division. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool on 31 December 2008, and those assets will remain static throughout the contractual term of the award or until liquidated. The PAF holders will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool.

The contractual term of the PAF award is eight years. 66.7% of the PAF awards were fully vested upon grant and attributed to services performed in 2008 and 33.3% of the PAF awards vested over the first three months of 2009. All PAF awards remain subject to non-compete/non-solicit provisions that expire in respect of one-third of the awards on each of the three anniversaries of the grant date. Each PAF holder will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the date of grant, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market value of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less any related losses on the liquidation of the Asset Pool. Total compensation expense for PAF recognised during 2009 was US$70M (2008: US$49M).

Cash Retention Awards ('CRA')

In connection with the 2008 compensation awards, a portion of the variable compensation was granted in the form of Cash Retention Awards (CRA). These CRA payments, which were made in the first quarter of 2009, are subject to vesting ratably over a two-year period and to other conditions and any unvested CRA will have to be repaid if a claw-back event, such as voluntary termination of employment, occurs. Total compensation expense for CRA recognised during 2009 was US$66M (2008: US$Nil).

Adjustable Performance Plan Awards ('APPAS')

APPAs are a new form of deferred cash award granted in 2010, subject to a three-year, pro-rata vesting schedule. In the event that the division in which the employee worked at the time of grant generates profits, outstanding awards will be adjusted upward on an annual basis using the Group's ROE in the respective year as a multiplier. However, should a business area in which an employee worked at the time of grant incur a loss (before charges for current year variable compensation and tax) outstanding APPAs held by employees of that business area will be adjusted downwards. Expense for the APPA award will be recognised over 3 years from year 2010 onwards.

29. Related Parties

The Group is controlled by Credit Suisse Group, its ultimate parent, which is incorporated in Switzerland. The Group's parent company, who holds a majority of the voting rights in the undertaking, is Credit Suisse, which is incorporated in Switzerland.

The Group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within the CS group, as well as funding trades via the use of loans or deposits, repurchase or resale agreements. In addition, the ordinary, preference and participating shares are issued to CSG and subsidiaries of CSG, as outlined in Note 26-Called-up Share Capital and Share Preimum. The Bank is also charged for operating costs that mainly relate to employee-related services and other business expenses. Further, these transactions also include transfer pricing income/charges with CS group entities that provide services in respect of the global derivatives business which is centrally booked in the Bank.

The Bank generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

29. Related Parties (continued)

a) Related party assets and liabilities

Group	**31 December 2009**			**31 December 2008**		
Assets	**Parent**	**Fellow group companies**	**Total**	**Parent**	**Fellow group companies**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Cash and due from banks	424	16,521	16,945	106	59,275	59,381
Interest-bearing deposits with banks	-	22	22	-	52	52
Securities purchased under resale agreements and securities borrowing transactions	-	19,259	19,259	-	8,335	8,335
Trading assets	1,948	47,958	49,906	5,041	87,994	93,035
Other financial assets designated at fair value through profit or loss	574	8,926	9,500	-	4,876	4,876
Other loans and receivables	1	2,171	2,172	-	1,139	1,139
Other assets	2	4,134	4,136	-	7,568	7,568
Current Tax Asset	-	-	-	-	30	30
Total assets	**2,949**	**98,991**	**101,940**	**5,147**	**169,269**	**174,416**
Liabilities						
Deposits	7	1,145	1,152	7	798	805
Securities sold under repurchase agreements and securities lending transactions	-	4,119	4,119	-	6,734	6,734
Trading liabilities	1,142	55,671	56,813	3,855	102,044	105,899
Other financial liabilities designated at fair value through profit or loss	27	12,475	12,502	-	244	244
Short term borrowings	-	27,563	27,563	4	78,860	78,864
Long term debt	-	12,729	12,729	-	10,198	10,198
Other liabilities	9	5,340	5,349	4	6,827	6,831
Share Capital	564	8,561	9,125	564	7,978	8,542
Share Premium	108	4,760	4,868	108	4,018	4,126
Total liabilities	**1,857**	**132,363**	**134,220**	**4,542**	**217,701**	**222,243**

29. Related Parties (continued)

Bank	31 December 2009				31 December 2008			
Assets	**Parent**	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Cash and due from banks	423	16,520	-	16,943	104	59,271	-	59,375
Interest-bearing deposits with banks	-	5	-	5	-	35	-	35
Securities purchased under resale agreements and securities borrowing transactions	-	19,259	-	19,259	-	7,884	-	7,884
Trading assets	1,948	48,138	683	50,769	5,041	98,568	2,532	106,141
Other financial assets designated at fair value through profit or loss	574	9,168	-	9,742	-	2,033	-	2,033
Other loans and receivables	1	2,171	-	2,172	-	1,148	-	1,148
Other assets	2	4,140	1,463	5,605	-	7,496	1,273	8,769
Investments in subsidiary undertakings	-	1	26	27	-	-	725	725
Current Tax Assets	-	-	-	-	-	30	-	30
Total assets	**2,948**	**99,402**	**2,172**	**104,522**	**5,145**	**176,465**	**4,530**	**186,140**
Liabilities								
Deposits	7	1,145	-	1,152	7	798	-	805
Securities sold under repurchase agreements and securities lending transactions	-	4,119	-	4,119	-	6,734	-	6,734
Trading liabilities	1,142	55,671	309	57,122	3,855	102,045	206	106,106
Other financial liabilities designated at fair value through profit or loss	27	13,179	222	13,428	-	244	-	244
Short term borrowings	-	27,563	263	27,826	4	89,496	253	89,753
Long term debt	-	12,729	-	12,729		10,173	-	10,173
Other liabilities	9	5,334	1,290	6,633	3	6,821	1,188	8,012
Share Capital	564	8,561	-	9,125	564	7,978	-	8,542
Share Premium	108	4,760	-	4,868	108	4,018	-	4,126
Total liabilities	**1,857**	**133,061**	**2,084**	**137,002**	**4,541**	**228,307**	**1,647**	**234,495**

29. Related Parties (continued)

b) Related party off-balance sheet transactions

Group	**31 December 2009**				**31 December 2008**			
	Parent	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Guarantees	-	41,195	-	41,195	-	100,600	-	100,600
Total	**-**	**41,195**	**-**	**41,195**	**-**	**100,600**	**-**	**100,600**

Bank	**31 December 2009**				**31 December 2008**			
	Parent	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**	**Parent**	**Fellow group companies**	**Subsidiaries and SPEs**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Guarantees	-	41,195	-	41,195	-	100,600	-	100,600
Total	**-**	**41,195**	**-**	**41,195**	**-**	**100,600**	**-**	**100,600**

29. Related Parties (continued)

c) Related party revenues and expenses

Group	**2009**			**2008**		
	Parent	**Fellow group companies**	**Total**	**Parent**	**Fellow group companies**	**Total**
	US$M	**US$M**	**US$M**	**US$M**	**US$M**	**US$M**
Interest income	1	709	710	-	1,909	1,909
Interest expense	-	(1,286)	(1,286)	-	(3,277)	(3,277)
Net interest expense	**1**	**(577)**	**(576)**	**-**	**(1,368)**	**(1,368)**
Commissions and fees	-	(184)	(184)	-	(89)	(89)
Other charges	(8)	(742)	(750)	(5)	(922)	(927)
Total non interest revenues	**(8)**	**(926)**	**(934)**	**(5)**	**(1,011)**	**(1,016)**
Net operating income	**(7)**	**(1,503)**	**(1,510)**	**(5)**	**(2,379)**	**(2,384)**
Total operating expenses	**0**	**(167)**	**(167)**	**-**	**(592)**	**(592)**

29. Related Parties (continued)

d) Related Party Averages

The table below provides the average balances during the year which are indicative of the volume of transactions that the Group has with related parties during the year.

	2009 Average US$M	2008 Average US$M
Assets		
Securities purchased under resale agreements and securities borrowing transactions	25,375	16,069
Trading assets	76,058	41,033
Other assets	6,227	7,158
Liabilities		
Securities sold under repurchase agreements and securities lending transactions	18,083	21,810
Trading liabilities	80,730	50,241
Short term borrowing	45,289	56,939
Other liabilities	5,810	11,479
Off-balance sheet		
Guarantees	53,749	160,200

The averages above have been calculated using month end balances.

Refer to the Note 32-Guarantees and Commitments for details of the Sale and Leaseback transaction with related parties.

e) Remuneration

Remuneration of Directors

	2009 US$'000	2008 US$'000
Emoluments	249	1,107
Long term incentive schemes	448	7,360
Compensation for loss of office	-	347
Total	**697**	**8,814**
Bank's contributions to defined contribution plan	4	88
Total	**701**	**8,902**

In 2009 the Bank revised the methodology used to calculate the amounts disclosed in the Remuneration of Directors and Key Management Personnel in order to align to CS group disclosures and peers. The revised methodology is based on the amounts accrued in the financial statements for all emoluments and deferred cash awards and on the amounts actually awarded for share based awards for a particular year. This revision does not impact the amounts recognised in the Consolidated Financial Statements.

Where directors and key management personnel perform services for a number of companies within the CS group, the total remuneration payable to each director have been apportioned to the respective entities to the extent they were recorded as compensation and benefits expense. Where their cost has been charged through an arm's length service fee in accordance with CS global transfer pricing policy, these legal entity service fees are not considered as remuneration for either directors or key management personnel.

29. Related Parties (continued)

The aggregate value of compensation provided in the accounts for 2009 for Directors was US$739,000 (2008: US$6,895,000).

Included in the long term incentive schemes is US$206,000 (2008: US$1,174,000) relating to the expense of cash schemes and the remainder relates to the awarded amounts in connection with share based schemes.

The aggregate of emoluments and amounts accrued under long term incentive schemes provided in the accounts for the highest paid director was US$735,000 (2008: US$4,627,000). The director was also a member of a defined contribution pension plan and the contribution paid during the year into the plan was US$4,000 (2008: US$12,000). During the year the highest paid director received an entitlement to shares under a long term incentive scheme.

Number of Directors and Benefits

	Number of Directors 2009	**Number of Directors 2008**
Retirement benefits are accruing to the following number of Directors under:		
Defined contribution schemes	9	11
Defined benefit schemes	-	-
Both defined contribution and defined benefit	-	2
The number of Directors who exercised share options	1	-
Directors in respect of whom services were received or receivable under long term incentive schemes	**9**	**13**

Remuneration of Key Management Personnel

	2009 US$'000	**2008 US$'000**
Emoluments	3,517	1,574
Long term incentive schemes	8,934	12,294
Compensation for loss of office	-	347
Total	**12,451**	**14,215**
Bank's contributions to defined contribution plan	25	140
Total	**12,476**	**14,355**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director of the group.

Key management personnel include Directors and the EMEA Operating Committee. Prior to the revision in methodology as aforementioned, key management personnel also included significant management responsible for Designated Investment Business.

f) Loans and Advances to Directors and Key Management Personnel

There were no loans outstanding to or due from Directors or key management personnel of the Group at 31 December 2009 (2008: US$Nil).

30. Employees

The average number of persons employed during the year was as follows:

Group and Bank	2009 Number	2008 Number
Front office	192	525
Back office	760	789
Total	**952**	**1,314**

The Group receives a range of administrative services from related companies. The headcount related to these services cannot be accurately ascertained and is not therefore included in the above numbers.

Staff costs and staff numbers do not differ between Bank and Group.

31. Derivatives and Hedging Activities

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Bank's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, equity, cross currency and credit default swaps, interest rate and foreign currency options, foreign exchange forward contracts, and foreign currency and interest rate futures.

Furthermore, the Bank enters into contracts that are not considered derivatives in their entirety but include embedded derivatives features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index, or third-party credit risk or that have non-standard or foreign currency terms.

On the date the derivative contact is entered into, the Bank designates the derivative as belonging to one of the following categories:

- trading activities;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge); or
- a hedge of the fair value of a recognised asset or liability.

Trading Activities
The Bank is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. Trading activities include market-making, positioning and arbitrage activities. The majority of the Banks derivatives held as at 31 December 2009 were used for trading activities.

Economic Hedges
The Bank uses these derivatives to manage risk on its trading portfolios. However, although these economic hedge relationships are used to manage risk, they do not qualify for hedge accounting treatment under IFRS.

Fair Value Hedges
The Bank maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimise fluctuations in earnings that are caused by interest rate volatility.

The Bank also uses cross currency swaps to convert foreign currency denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities.

31. Derivatives and Hedging Activities (continued)

The following table sets forth details of fair value hedges:

Group and Bank	2009 US$M	2008 US$M
Gains on the hedging instruments	53	133
Losses on the hedge item attributable to the hedged risk	(43)	(122)
Fair value of derivative transactions used as fair value hedges	27	107

Hedge effectiveness assessment

The Bank assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis and requires the Bank to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the Bank to determine whether or not the hedging relationship has actually been effective. If the Bank concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognised in earnings.

The following table sets forth details of trading and hedging derivatives instruments:

31 December 2009	Trading		Hedging	
Group	Positive replacement value US$M	Negative replacement value US$M	Positive replacement value US$M	Negative replacement value US$M
Forwards and forward rate agreements	3,515	3,456	-	-
Swaps	467,715	459,284	-	6
Options bought and sold (OTC)	42,363	44,798	-	-
Interest rate products	**513,593**	**507,538**	**-**	**6**
Forwards and forward rate agreements	4,915	6,081	-	-
Swaps	30,289	34,090	-	-
Options bought and sold (OTC)	9,789	10,420	-	-
Foreign exchange products	**44,993**	**50,591**	**-**	**-**
Forwards and forward rate agreements	1,377	977	-	-
Options bought and sold (OTC)	404	928	-	-
Precious metals products	**1,781**	**1,905**	**-**	**-**
Forwards and forward rate agreements	12	1	-	-
Swaps	4,858	6,044	-	-
Options bought and sold (OTC)	16,776	20,662	-	-
Equity/indexed-related products	**21,646**	**26,707**	**-**	**-**
Swaps	82,361	80,226	33	-
Options bought and sold (OTC)	7	6	-	-
Credit products	**82,368**	**80,232**	**33**	**-**
Forwards and forward rate agreements	396	764	-	-
Swaps	4,855	5,931	-	-
Options bought and sold (OTC)	1,093	1,130	-	-
Other products	**6,344**	**7,825**	**-**	**-**
Total derivative instruments	**670,725**	**674,798**	**33**	**6**

31. Derivatives and Hedging Activities (continued)

31 December 2008	**Trading**		**Hedging**	
Group	Positive replacement value **US$M**	Negative replacement value **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**
Forwards and forward rate agreements	10,692	11,525	-	-
Swaps	618,003	610,314	-	19
Options bought and sold (OTC)	56,297	59,470	-	-
Interest rate products	**684,992**	**681,309**	**-**	**19**
Forwards and forward rate agreements	8,127	8,189	-	-
Swaps	38,805	44,007	-	-
Options bought and sold (OTC)	15,478	16,274	-	-
Foreign exchange products	**62,410**	**68,470**	**-**	**-**
Forwards and forward rate agreements	2,504	3,016	-	-
Options bought and sold (OTC)	853	704	-	-
Precious metals products	**3,357**	**3,720**	**-**	**-**
Swaps	14,498	11,185	-	-
Options bought and sold (OTC)	27,785	27,987	-	-
Equity/indexed-related products	**42,283**	**39,172**	**-**	**-**
Swaps	213,896	205,294	126	-
Options bought and sold (OTC)	453	62	-	-
Credit products	**214,349**	**205,356**	**126**	**-**
Forwards and forward rate agreements	2,255	2,407	-	-
Swaps	6,496	6,384	-	-
Options bought and sold (OTC)	3,174	2,646	-	-
Other products	**11,925**	**11,437**	**-**	**-**
Total derivative instruments	**1,019,316**	**1,009,464**	**126**	**19**

	2009		**2008**	
	Positive replacement value **US$M**	Negative replacement value **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**
Replacement values (trading and hedging) before netting	670,755	674,804	1,019,442	1,009,483
Replacement values (trading and hedging) after netting	409,905	420,074	756,397	746,438

31. Derivatives and Hedging Activities (continued)

31 December 2009 Bank	Trading		Hedging	
	Positive replacement value US$M	Negative replacement value US$M	Positive replacement value US$M	Negative replacement value US$M
Forwards and forward rate agreements	3,515	3,456	-	-
Swaps	467,730	459,295	-	6
Options bought and sold (OTC)	42,467	44,804	-	-
Interest rate products	**513,712**	**507,555**	**-**	**6**
Forwards and forward rate agreements	4,915	6,081	-	-
Swaps	30,854	34,409	-	-
Options bought and sold (OTC)	9,789	10,420	-	-
Foreign exchange products	**45,558**	**50,910**	**-**	**-**
Forwards and forward rate agreements	1,377	977	-	-
Options bought and sold (OTC)	404	928	-	-
Precious metals products	**1,781**	**1,905**	**-**	**-**
Forwards and forward rate agreements	12	1	-	-
Swaps	4,858	6,044	-	-
Options bought and sold (OTC)	16,776	20,662	-	-
Equity/indexed-related products	**21,646**	**26,707**	**-**	**-**
Swaps	82,539	80,223	33	-
Options bought and sold (OTC)	7	6	-	-
Credit products	**82,546**	**80,229**	**33**	**-**
Forwards and forward rate agreements	396	764	-	-
Swaps	4,855	5,931	-	-
Options bought and sold (OTC)	1,093	1,130	-	-
Other products	**6,344**	**7,825**	-	-
Total derivative instruments	**671,587**	**675,131**	**33**	**6**

31. Derivatives and Hedging Activities (continued)

31 December 2008	**Trading**		**Hedging**	
Bank	Positive replacement value **US$M**	Negative replacement value **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**
Forwards and forward rate agreements	10,936	11,728	-	-
Swaps	618,038	610,313	-	19
Options bought and sold (OTC)	56,297	59,470		
Interest rate products	**685,271**	**681,511**	**-**	**19**
Forwards and forward rate agreements	8,127	8,189	-	-
Swaps	38,805	44,007	-	-
Options bought and sold (OTC)	15,478	16,274	-	-
Foreign exchange products	**62,410**	**68,470**	**-**	**-**
Forwards and forward rate agreements	2,504	3,016	-	-
Options bought and sold (OTC)	853	704	-	-
Precious metals products	**3,357**	**3,720**	**-**	**-**
Swaps	14,498	11,185	-	-
Options bought and sold (OTC)	27,785	27,987	-	-
Equity/indexed-related products	**42,283**	**39,172**	**-**	**-**
Swaps	213,896	205,281	126	-
Options bought and sold (OTC)	453	62	-	-
Credit products	**214,349**	**205,343**	**126**	**-**
Forward rate agreements	2,223	2,407	-	-
Swaps	6,496	6,384	-	-
Options bought and sold (OTC)	3,174	2,646	-	-
Other products	**11,893**	**11,437**	-	-
Total derivative instruments	**1,019,563**	**1,009,653**	**126**	**19**

	2009		**2008**	
	Positive replacement value **US$M**	Negative replacement value **US$M**	Positive replacement value **US$M**	Negative replacement value **US$M**
Replacement values (trading and hedging) before netting	671,620	675,137	1,019,689	1,009,672
Replacement values (trading and hedging) after netting	410,768	420,406	756,644	746,627

32. Guarantees and Commitments

The following tables set forth details of contingent liabilities associated with guarantees and other commitments:

Group and Bank **31 December 2009**	**Maturity <1 year** **US$M**	**Maturity 1-3 years** **US$M**	**Maturity 3-5 years** **US$M**	**Maturity >5 years** **US$M**	**Total gross amount** **US$M**	**Collateral received** **US$M**	**Net of collateral** **US$M**
Credit guarantees and similar instruments	59	91	863	-	1,013	886	127
Performance guarantees and similar instruments	-	7	21	-	28	28	-
Derivatives	115,222	278,915	330,692	141,215	866,044	-	866,044
Total guarantees	**115,281**	**279,013**	**331,576**	**141,215**	**867,085**	**914**	**866,171**

32. Guarantees and Commitments (continued)

31 December 2009	Maturity <1 year US$M	Maturity 1-3 years US$M	Maturity 3-5 years US$M	Maturity >5 years US$M	Total gross amount US$M	Collateral received US$M	Net of collateral US$M
Irrevocable commitments under documentary credit	15	136	418	200	769	15	754
Loan commitments	5,802	3,520	812	22	10,156	4,324	5,832
Total other commitments	**5,817**	**3,656**	**1,230**	**222**	**10,925**	**4,339**	**6,586**

Group and Bank 31 December 2008	Maturity <1 year US$M	Maturity 1-3 years US$M	Maturity 3-5 years US$M	Maturity >5 years US$M	Total gross amount US$M	Collateral received US$M	Net of collateral US$M
Credit guarantees and similar instruments	5	90	12	3	110	36	74
Performance guarantees and similar instruments	-	-	31	2	33	33	-
Derivatives	106,596	235,117	567,784	180,569	1,090,066	-	1,090,066
Total guarantees	**106,601**	**235,207**	**567,827**	**180,574**	**1,090,209**	**69**	**1,090,140**

31 December 2008	Maturity <1 year US$M	Maturity 1-3 years US$M	Maturity 3-5 years US$M	Maturity >5 years US$M	Total gross amount US$M	Collateral received US$M	Net of collateral US$M
Irrevocable commitments under documentary credit	11	17	816	13	857	21	836
Loan commitments	3,043	3,632	2,283	721	9,679	4,670	5,009
Total other commitments	**3,054**	**3,649**	**3,099**	**734**	**10,536**	**4,691**	**5,845**

Credit guarantees are contracts that require the Group to make payments, should a third party fail to do so under a specified existing credit obligation. For example, in connection with its corporate lending business and other corporate activities, the Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparty fails to fulfil its obligation under a borrowing arrangement or other contractual obligation.

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance-related guarantees are frequently executed as part of project finance transactions.

Derivatives disclosed as guarantees are issued in the ordinary course of business, generally in the form of written put options and credit default swaps. For derivative contracts executed with counterparties which generally act as financial intermediaries, such as investment banks, hedge funds and securities dealers, the Group has concluded that there is no basis on which to assume that these counterparties hold the underlying instruments related to the derivative contracts, and therefore does not report such contracts as guarantees.

The Group manages its exposure to these derivatives by engaging in various hedging strategies. For some contracts, such as written interest rate caps or foreign exchange options, the maximum payout is not determinable, as interest rates or exchange rates could theoretically rise without limit. For these contracts, notional amounts are disclosed in the table above in order to provide an indication of the underlying exposure. In addition, the Group carries all derivatives at fair value in the Statement of Financial Positions.

Loan commitments include unused credit facilities that cannot be revoked at any time without prior notice.

32. Guarantees and Commitments (continued)

Lease Commitments

The following table sets forth details of future minimum operating lease commitments under non-cancellable operating leases:

Group and Bank

Operating lease commitments	2009 US$M	2008 US$M
No later than 1 year	80	46
Later than 1 year and no later than 5 years	310	182
Later than 5 years	639	555
Future operating lease commitments	**1,029**	**783**
Less minimum non-cancellable sublease rentals	(70)	(167)
Total net future minimum operating lease commitments	**959**	**616**

The future operating lease commitments include service charges of US$6.7M (2008: US$3.3M).

The following table sets forth details of rental expenses for all operating leases:

	2009 US$M	2008 US$M
Minimum rentals	81	46
Sublease rental income	(75)	(40)
Total net rental expenses	**6**	**6**

On 11 November 2009, CSS (Europe) Ltd completed a sale leaseback transaction on the land and building comprising 20 Columbus Courtyard, London to M1 Group for £155m (US$257M). The property had been owned by CSS (Europe) Ltd on its own behalf (40%) and in trust for CSi (60%) and was leased back for both parties under a similar trust agreement.

The sale and leaseback transaction resulted in an operating lease at fair value and as a result of this £55.1M (US$91M) was recognised as a gain on sale by CSi. The leaseback is for a term of 25 years with two 5 year renewal options and has rents indexed to Retail Prices Index with a cap and collar. CSi has related party commitments to CSS (Europe) Ltd for 60% of the lease payments under the trust agreement which represents an arms length transaction.

Contingent Liabilities and Other Commitments

The Group and Bank have contingent liabilities and commitments, entered into in the ordinary course of business, in respect of forward rate agreements, OTC futures, interest rate and currency swaps, options, spot and forward foreign exchange contracts and other OTC off-balance sheet instruments.

The Bank registered a charge to Ever Grace Group Limited under a Security Deed and Share Charge dated 03 April 2009. Amounts secured by the charge are all present and future obligations and liabilities, in any capacity whatsoever.

The Bank registered a charge to AXA Belgium S.A. under a Securities and Cash Pledge Agreement dated 01 September 2009. Amounts secured by the charge are all present and future obligations and liabilities, in any capacity whatsoever under the terms of the instrument.

The Bank registered a charge to AXA Insurance Limited under a Securities and Cash Pledge Agreement dated 03 September 2009 for all monies due or to become due on any account whatsoever under the terms of the instrument.

32. Guarantees and Commitments (continued)

The Bank registered a charge to AXA Seguros Generales, S.A. De Seguros Y Reaseguros under a Securities and Cash Pledge Agreement dated 03 September 2009 for all monies due from Credit Suisse Securities (Europe) Limited on any account whatsoever under the terms of the instrument.

The Bank registered a charge to DBV Deutsche Beamtenversicherung Lebensversicherung A.G under a Securities and Cash Pledge Agreement dated 04 September 2009 for all monies due from Credit Suisse Securities (Europe) Limited on any account whatsoever under the terms of the instrument.

The Bank registered a charge to AXA Life Insurance Co Ltd under a Securities and Cash Pledge Agreement dated 11 September 2009 for all monies due from Credit Suisse Securities (Europe) Limited on any account whatsoever under the terms of the instrument.

The Bank registered a charge to BNY Corporate Trustee Services Limited as trustee for the Noteholders and as a security trustee for the Secured Parties under a Trust Deed dated 22 September 2009 for all monies due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to AXA Krankenversicherung AG under a Securities and Cash Pledge Agreement dated 27 October 2009 for all monies due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to AXA Insurance Ltd under a Securities and Cash Pledge Agreement dated 27 October 2009 for all monies due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to AXA Seguros Generals, S.A. De seguros Y Reaseguros under a Securities and Cash Pledge Agreement dated 27 October 2009 for all monies due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to Citicorp Trustee Company Limited under a Trust Deed dated 16 November 2009 for all obligations and liabilities due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to BNY Corporate Trustee Services Limited under a Trust Deed dated 18 November 2009 for all obligations and liabilities due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to BNY Corporate Trustee Services Limited as Trustee for the Noteholders and as Security Trustee for the Secured Parties under a Trust Deed dated 18 November 2009 for all obligations and liabilities due or to become due to the Noteholders, the Chargee and the Agents on any account whatsoever under the terms of the instrument.

The Bank registered a charge to Citicorp Trustee Company Limited as Security Trustee for the holder and Security Trustee for the Secured Parties under a Security Deed dated 23 December 2009 for all obligations and liabilities due or to become due on any account whatsoever under the terms of the instrument.

The Bank registered a charge to Dekabank Deutsche Girozentrale under a Securities and Cash Pledge Agreement dated 19 December 2008. Amounts secured by the charge are all present and future obligations and liabilities, in any capacity whatsoever, under or in connection with any of the Repurchase Transactions under the Repurchase Agreement.

The Bank registered a charge to Dekabank Deutsche Girozentrale under a Securities and Cash Pledge Agreement dated 12 December 2008. Amounts secured by the charge are all present and future obligations and liabilities under or in connection with any of the Repurchase Transactions under the Repurchase Agreement.

The Bank registered a charge to Fondazione Enasarco under a Euroclear Pledge Agreement entered into between Fondazione Enasarco and Credit Suisse London Branch, acting as the Pledgee's representative for all present and

32. Guarantees and Commitments (continued)

future liabilities and obligations (whether actual or contingent) pursuant to the Investment Certificate due 2023 linked to the Anthracite Rated Investments (Cayman) Limited Series 26 Principal Protected Notes due 2023.

The Bank registered a charge to Polychord S.A. under a security arrangement agreement date 28 November 2008. Amounts secured by the charge are all present and future moneys, debts and liabilities due, owing or incurred by CSi to Polychord S.A. as the principal under the €35,000,000 Delta 1 Notes due 2028, issued by CSi.

The Bank registered a charge to Commonwealth Bank of Australia in relation to a security assignment. The amounts secured by the charge are all obligations (present, future or contingent) to deliver the Shares in accordance with the terms of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) and any claims, awards and judgments against CSi as a result of a breach by CSi of any of those obligations.

The Bank registered a charge in relation to the 1992 ISDA Master Agreement (Multicurrency-Cross Border), the schedule and the 1994 Credit Support Annex dated as of 22 September 2008 between Credit Suisse and Highbridge Leveraged Loan Partners Master Fund, L.P. governed by the laws of the State of New York and as amended by an Amendment Agreement dated as of 25 September 2008. The amounts secured by the mortgage or charge are all present and future obligations of CSi under the agreement.

The Bank registered a charge to CTF Holdings Limited for obligations under a deed of charge in respect of Shares dated 29 July.

The Bank registered a charge to Credito Emiliano SpA in relation to a securities account. CSi is obligated to pay the Secured Party the forward sale price and any other payment to be made on the forward sale date in accordance with the terms of the forward sale agreement dated 29 July 2008.

The Bank registered a Charge to Caledonian Trust (Cayman) Ltd acting solely in its capacity as trustee of Magnitude International, a sub trust of The Magnitude Master Series Trust for obligations under the Letter Agreement dated 31 July 2007 as continuing security for payment of secured obligations.

The Bank registered a fixed charge to Naganoken Shinyo Nogyo Kyodo Kumiai Rengokai for obligations arising under the Finance Documents and all direct legal and other costs associated with the amount secured by the mortgage.

The Bank registered a fixed charge to Etera Mutual Pension Insurance Company for obligations under the Deed of Fixed Charge associated with the 82,000 Class B Participating Certificates of Solon Capital Limited.

The Bank registered a charge to Credit Suisse Solutions (Lux) for obligations under the Credit Support Deed and the 1992 ISDA Master Agreement dated as of 18 March 2008 for a US$13M Swap due in 2023 linked to the performance of the Credit Suisse Tremont All Hedge Index.

The Bank registered a charge to Credit Suisse Solutions (Lux) under a Euroclear Pledge Agreement entered into between Credit Suisse Solutions (Lux) and CSS (Europe) Ltd, acting as the Pledgee's representative for all present and future moneys, debts, obligations and liabilities due, owing or incurred in connection with the Swap Arrangements.

The Bank registered a Deed of Amendment to Credit Suisse Fund Management S.A. for obligations under the charge registered on 3 October 2007 in terms of the Credit Support Deed and the 2002 ISDA Master Agreement for EUR400m funded swap due in 2022 that is linked to the performance of the MACS Total Return portfolio.

The Bank is party to various legal proceedings as apart of its normal course of business. The Directors of the Bank believe that the aggregate liability, if any, resulting from these proceedings will not materially prejudice the financial position of the Bank and have been provided for where deemed necessary.

32. Guarantees and Commitments (continued)

The Bank registered a charge to Credit Suisse Fund Management S.A. for obligations under the Credit Support Deed and the 2002 ISDA Master Agreement for a EUR400m funded swap due in 2022 that is linked to the performance of the MACS Total Return Portfolio.

The Bank registered a charge to Credit Suisse Fund Management S.A. under a Euroclear Pledge Agreement entered into between Credit Suisse Fund Management S.A. and CSS (Europe) Ltd, acting as the Pledgee's representative for all present and future debts, obligations, moneys and liabilities under transaction documents and under the Pledge Agreement.

The Bank registered a charge to Panama Street Finance over collateral, as continuing security for payment of secured obligations.

The Bank has granted a first priority pledge to Intesa Sanpaolo S.p.A. over the Sale Back price and any other payment in accordance with the terms of the Buy and Sell Back Agreement.

The Bank registered a charge to the Bank of New York over all principal, interest and other amounts that may be payable under the obligations of the trust deed associated with US$400M loan participation notes.

The Bank registered a further charge to BNY Corporate Trustee Services Limited over all principal, interest and other amounts payable by the Bank under the obligations of the supplemental trust deed between the Bank and BNY Corporate Trustee Services Limited associated with US$30M loan participation notes.

The Bank registered a charge to Deutsche Trustee Company Limited over all principal, interest and other amounts that may be payable under the obligations of the trust deed associated with the US$125M loan participation notes.

The Bank registered a charge to Caledonian Trust (Cayman) Limited for principal, interest and other amounts associated with its purchase of the Magnitude Master Fund linked Investments Notes of Sterling £20m.

The Bank has granted to Morgan Guaranty Trust Company of New York, as operator of the Euroclear System, charges over cash and securities held in the account of the Bank at Euroclear.

The Bank has granted to the Bank of New York a charge over certain cash and securities against a failure of the Bank to meet certain obligations.

The Bank has granted a further charge to the Bank of New York over all principal, interest and other amounts payable by the Bank under the obligations of the trust deed between the Bank and the Bank of New York. The charge is secured to a limit of US$250M.

The Bank has granted a charge to HSBC Bank Plc as settlement bank over certain receivables in respect of the Bank's membership of CREST. This is a first floating charge over all eligible stock and other sums due to the Bank against the failure of the Bank to meet its obligations under the Settlement Bank Facility agreement.

The Bank has granted a charge to HSBC Bank Plc over certain receivables in respect of the Bank's membership of CREST. This is a first charge over all eligible stock and other sums due to the Bank against the failure of the Bank to meet its obligations under the Settlement Bank Facility agreement with HSBC Bank Plc.

The Bank has granted to the International Bank for Reconstruction and Development, International Finance Corporation and Ace Capital Re Overseas Limited charges over certain cash and securities due as collateral to the charges under the terms of the credit support annexes to their respective ISDA Master Agreements.

The Bank has granted to Credit Suisse a charge over certain shares, dividends, interest and related share rights against a failure of the Bank to meet certain intra-group obligations.

32. Guarantees and Commitments (continued)

The Bank has granted various fixed charges to J.P. Morgan Corporate Trustee Services Limited over all principal, interest and other amounts payable by the Bank to J.P. Morgan Corporate Trustee Services Limited under the obligations of the trust deed between the Bank and J.P. Morgan Corporate Trustee Services Limited. The charge is secured to a limit of US$1,115M.

The Bank has granted charges over a revolving credit facility to Credit Suisse, London Branch, against a failure of the Bank to meet certain intra-group obligations.

The Bank has granted a charge to Deutsche Trustee Company Limited over certain interests and benefits on notes. This is a first fixed charge on interest and any other amounts payable by the Bank under the loan agreement. The charge is limited to US$500M.

The Bank has granted charges to the Apothekerversorgung Niedersachsen Einrichtung der Apothekerkammer Niedersachsen Korperschaft des Offentlichen Rechts over certain property. This is a first fixed charge over the property and a floating charge over derivatives of the asset. The charges are secured to a limit of EUR35m.

The Bank has granted charges to the Arzteversorgung Niedersachsen Einrichtung der Arztekammer Niedersachsen Korperschaft des Offentlichen Rechts over certain property. This is a first fixed charge over the property and a floating charge over derivatives of the asset. The charges are secured to a limit of EUR65m.

The Bank has granted a fixed charge to Credito Emiliano S.p.A. over a charge account with Clearstream Banking S.A. for the purpose of maintaining collateral in favour of Credito Emiliano S.p.A.

The Bank has granted a charge and assignment of shares to OM-IP Eclipse Trading Limited over a charge account with RMF Investment Strategies SPC.

The Bank is party to various legal proceedings as part of its normal course of business. The Directors of the Bank believe that the aggregate liability, if any, resulting from these proceedings will not materially prejudice the financial position of the Bank and have been provided for where deemed necessary or in accordance with accounting policy.

33. Securitisations and Special Purpose Entities and Other Structured Transactions

The Group is involved in the formation of Special Purpose Entities ('SPEs') primarily for the purpose of providing clients with structured investment opportunities, asset securitisation transactions and for buying or selling credit protection. The Group consolidates SPEs when the substance of the relationship between the Group and the SPE indicates that the SPE is controlled by the Group. Consideration is given to the Group's ability to control the activities of the SPE and the Group's exposure to the risks and benefits of the SPE.

The aggregate Statement of Financial Positions value (including amounts held with the Bank) in relation to Consolidated SPEs is shown below.

Group	2009 US$M	2008 US$M
Assets		
Cash and due from banks	233	554
Repossessed Collateral	34	34
Securities purchased under resale agreements and securities borrowing transactions	-	1,224
Other financial assets designated at fair value through profit or loss	683	893
Trading assets	2,239	14,606
Current Tax Assets	20	35
Deferred Tax Assets	-	29
Other assets	1	61
Total assets	**3,210**	**17,436**
Liabilities		
Deposits	207	369
Securities sold under resale agreements and securities lending transactions	703	-
Trading liabilities	935	440
Short term borrowings	-	311
Other financial liabilities designated at fair value through profit or loss	933	15,430
Share Capital	413	633
Other liabilities	19	253
Total liabilities	**3,210**	**17,436**

34. Financial Instruments

Fair value of financial instruments carried at fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted market prices in active markets, when available, are used as the measure of fair value. In cases where quoted market prices in active markets are not available, fair values are determined, where possible, using other observable current market transactions in the same instrument (i.e. without modification or repackaging) or using a valuation technique whose variables include only data from observable markets. For certain instruments, the valuation technique may incorporate in whole or part assumptions that are not supported by prices from observable current market transactions in the same instruments (i.e. without modification or repackaging) and that are not based on available observable market data. Valuation techniques include a range of methodologies, including present value estimates or other valuation techniques such as, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved, option-pricing models, matrix pricing, option-adjusted spread models, and fundamental analysis. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by

34. Financial Instruments (continued)

comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

Fair value hierarchy
The financial instruments carried at fair value were categorised under the three levels of the IFRS fair value hierarchy as follows:

- Level 1: Quoted market prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quotes prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

For cash and other liquid assets and money market instruments maturing within three months, the fair value is generally based on observable inputs. For those items with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

Trading securities

The Group's trading securities consist of interest-bearing securities and rights and equity securities. Interest-bearing securities and rights include debt securities, RMBS, CMBS, other ABS and CDOs. Equity securities include common equity shares, convertible bonds and separately managed funds.

For debt securities for which market prices are not available, valuations are based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modelling techniques, which may involve judgment.

Values of RMBS, CMBS and other ABS are generally available through quoted prices, which are often based on the prices at which similarly structured and collateralised securities trade between dealers to and from customers. Values of RMBS, CMBS and other ABS for which there are no significant observable inputs are valued using benchmarks to similar transactions or indices and other valuation models.

CDOs, collateralised bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available. Fair values of preferred shares are determined by their yield and the subordination relative to the issuer's other credit obligations. Convertible bonds are generally valued using observable pricing sources. For a small number of convertible bonds, no observable prices are available, and valuation is determined using internal and external models, for which the key inputs include stock price, dividend rates, credit spreads, foreign exchange rates, prepayment rates and equity market volatility.

Derivatives

Positions in derivatives held for trading purposes include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives are typically derived from observable exchange prices and/or observable inputs. The fair values of OTC derivatives are determined on the basis of internally developed proprietary models using various inputs. The inputs include those characteristics of the derivatives that have a bearing on the economics of the instruments.

The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace. Other more complex derivatives are valued using models which incorporate one or more significant unobservable inputs. Specific unobservable inputs include long-dated volatility assumptions on OTC option transactions and recovery rate assumptions for credit derivative transactions. Uncertainty of pricing inputs and liquidity are also considered as part of the valuation process.

34. Financial Instruments (continued)

Other trading assets

Other trading assets primarily include residential mortgage loans that are purchased with intent to securitise or sell as loans. Valuations for traded residential mortgage loans are determined based on a transaction price.

Loans

The Group's loans include consumer, mortgage, corporate and emerging market loans. The fair value of corporate and emerging market loans within the Investment Banking segment is based on quoted prices, where available. Where quoted prices are not available, fair values are calculated using implied credit spreads derived from credit default swaps for the specific borrower. Where credit default swaps for a particular borrower are not available, a matrix of similar entity implied credit spreads from credit default swaps is constructed to derive an implied credit spread for that particular borrower. Alternatively, fair value is determined utilising a discounted cash flow analysis incorporating one or more significant unobservable assumptions. Consumer, mortgage and corporate loans within the Private Banking segment are not held at fair value.

For non-impaired loans where quoted market prices are available, fair value is based on such prices. For variable rate loans which are repriced within three months, the book value is used as a reasonable estimate of fair value. For other non-impaired loans, the fair value is estimated by discounting contractual cash flows using the market interest rates for loans with similar characteristics. For impaired loans, the book value, net of valuation adjustments, approximates to fair value.

Deposits

For deposit instruments with no stated maturity and those with original maturities of less than three months, the book value is assumed to approximate to fair value due to the short term nature of these liabilities. For deposit instruments with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

Short term borrowings and long term debt

Short term borrowings and long term debt include structured notes (hybrid financial instruments that are both bifurcatable and non-bifurcatable) and vanilla debt. The fair value of these debt instruments is based on quoted prices, where available. Where quoted prices are not available, fair values are calculated using yield curves for similar maturities, taking into consideration the impact of the Group's own credit spread on these instruments.

Financial assets and financial liabilities designated at fair value through profit or loss

The Group's financial assets and liabilities designated at fair value include hybrid instruments, private equity, other alternative capital investments and mortgage loans held in conjunction with securitisation activities.

Private equity and other long term investments include direct investments and investments in partnerships that make private equity and related investments in various portfolio companies and funds. Private equity investments and other long term investments consist of both publicly traded securities and private securities. Publicly traded investments that are restricted or that are not quoted in active markets are valued based upon quotes with appropriate adjustments for liquidity or trading restrictions. Private securities are valued taking into account a number of factors, such as the most recent round of financing involving unrelated new investors, earnings multiple analyses using comparable companies or discounted cash follow analyses.

Internally managed funds, which are substantially all of the Group's private equity investments, include partnerships and related direct investments for which the Group acts as the fund's advisor and makes investment decisions. Internally managed funds principally invest in private securities and, to a lesser extent, publicly traded securities and fund of funds partnerships. The fair value of investments in internally managed fund of funds partnerships is based on the valuation received from the underlying fund manager and is reviewed by the Group. The fair value of investments in other internally managed funds is based on the Group's valuation. Funds managed by third parties include

34. Financial Instruments (continued)

Financial assets and liabilities by categories

The following table details the fair value of financial instruments for which it is practicable to estimate that value, whether or not this is reported in the Group's financial statements. All non-financial instruments such as lease transactions, fixed assets, equity method investments and pension and benefit obligations are excluded.

31 December 2009

Group	**Fair value**	**Carrying value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and due from banks	19,130	-	-	19,130	19,130
Interest-bearing deposits with banks	255	-	-	255	255
Securities purchased under resale agreements and securities borrowing transactions	19,337	-	-	19,337	19,337
Trading financial assets at fair value through profit or loss	459,520	459,520	-	-	459,520
Financial assets designated at fair value through profit or loss	29,681	-	29,681	-	29,681
Other loans and receivables	6,188	-	-	6,234	6,234
Other financial assets	41,588	-	-	41,856	41,856
Total financial assets	**575,699**	**459,520**	**29,681**	**86,812**	**576,013**

	Fair value	**Carrying value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	2,231	-	-	2,231	2,231
Securities sold under repurchase agreements and securities lending transactions	4,120	-	-	4,120	4,120
Trading financial liabilities at fair value through profit or loss	437,653	437,653	-	-	437,653
Financial liabilities designated at fair value through profit or loss	43,071	-	43,071	-	43,071
Short term borrowings	28,036	-	-	28,038	28,038
Long term debt	11,258	-	-	12,788	12,788
Other liabilities	39,969	-	-	39,969	39,969
Total financial liabilities	**566,338**	**437,653**	**43,071**	**87,146**	**567,870**

34. Financial Instruments (continued)

31 December 2008

Group	**Fair value**	**Carrying value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and due from banks	63,201	-	-	63,201	63,201
Interest-bearing deposits with banks	349	-	-	349	349
Securities purchased under resale agreements and securities borrowing transactions	8,958	-	-	8,958	8,958
Trading financial assets at fair value through profit or loss	806,967	806,967	-	-	806,967
Financial assets designated at fair value through profit or loss	34,451	-	34,451	-	34,451
Other loans and receivables	6,901	-	-	7,303	7,303
Other financial assets	51,530	-	-	51,530	51,530
Total financial assets	**972,357**	**806,967**	**34,451**	**131,341**	**972,759**

Group	**Fair value**	**Carrying value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	1,586	-	-	1,586	1,586
Securities sold under repurchase agreements and securities lending transactions	9,016	-	-	9,019	9,019
Trading financial liabilities at fair value through profit or loss	756,744	756,744	-	-	756,744
Financial liabilities designated at fair value through profit or loss	40,698	-	40,698	-	40,698
Short term borrowings	79,377	-	-	79,278	79,278
Long term debt	8,629	-	-	10,636	10,636
Other financial liabilities	68,165	-	-	68,165	68,165
Total financial liabilities	**964,215**	**756,744**	**40,698**	**168,684**	**966,126**

34. Financial Instruments (continued)

31 December 2009

Bank	**Fair value**	**Carrying value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and due from banks	18,641	-	-	18,641	18,641
Interest-bearing deposits with banks	238	-	-	238	238
Securities purchased under resale agreements and securities borrowing transactions	19,337	-	-	19,337	19,337
Trading financial assets at fair value through profit or loss	459,560	459,560	-	-	459,560
Financial assets designated at fair value through profit or loss	29,924	-	29,924	-	29,924
Other loans and receivables	6,188	-	-	6,234	6,234
Other financial assets	43,053	-	-	43,321	43,321
Total financial assets	**576,941**	**459,560**	**29,924**	**87,771**	**577,255**

	Fair value	**Carrying value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	2,195	-	-	2,195	2,195
Securities sold under repurchase agreements and securities lending transactions	4,120	-	-	4,120	4,120
Trading financial liabilities at fair value through profit or loss	437,986	437,986	-	-	437,986
Financial liabilities designated at fair value through profit or loss	42,727	-	42,727	-	42,727
Short term borrowings	28,299	-	-	28,300	28,300
Long term debt	11,258	-	-	12,788	12,788
Other financial liabilities	41,012	-	-	41,012	41,012
Total financial liabilities	**567,597**	**437,986**	**42,727**	**88,415**	**569,128**

34. Financial Instruments (continued)

31 December 2008

Bank	**Fair value**	**Carrying value**			
		Held for trading	Designated at fair value	Other loans and receivables	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Assets					
Cash and due from banks	62,645	-	-	62,645	62,645
Interest-bearing deposits with banks	332	-	-	332	332
Securities purchased under resale agreements and securities borrowing transactions	8,148	-	-	8,148	8,148
Trading financial assets at fair value through profit or loss	818,787	818,787	-	-	818,787
Financial assets designated at fair value through profit or loss	31,609	-	31,609	-	31,609
Other loans and receivables	6,911	-	-	7,313	7,313
Other financial assets	52,748	-	-	52,748	52,748
Total financial assets	**981,180**	**818,787**	**31,609**	**131,186**	**981,582**

	Fair value	**Carrying value**			
		Held for trading	Designated at fair value	Other amortised cost	Total
	US$M	**US$M**	**US$M**	**US$M**	**US$M**
Financial Liabilities					
Deposits	1,586	-	-	1,586	1,586
Securities sold under repurchase agreements and securities lending transactions	9,430	-	-	9,432	9,432
Trading financial liabilities at fair value through profit or loss	756,934	756,934	-	-	756,934
Financial liabilities designated at fair value through profit or loss	37,152	-	37,152	-	37,152
Short term borrowings	90,265	-	-	90,167	90,167
Long term debt	69,083	-	-	69,083	69,083
Other financial liabilities	8,629	-	-	10,636	10,636
Total financial liabilities	**973,079**	**756,934**	**37,152**	**180,904**	**974,990**

Fair value of certain instruments recognised in the financial statements is determined in part using valuation techniques based on entity specific assumption that are not supported by prices from current market transactions or observable market data.

34. Financial Instruments (continued)

Fair value hierarchy

The following table presents the carrying value of the financial instruments held at fair value across the three levels of the fair value hierarchy. It is followed by an analysis and discussion of the financial instruments categorised in Level 3.

Fair value of assets and liabilities measured at fair value on a recurring basis

As at 31 December 2009 Group	Quoted Prices in active markets for the same instruments (Level1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
	US$M	US$M	US$M	US$M	US$M
Trading financial assets at fair value through profit or loss	16,649	687,147	16,576	(260,852)	459,520
Other financial assets designated at fair value through profit or loss	2,765	20,192	6,724	-	29,681
Total assets at fair value	**19,414**	**707,339**	**23,300**	**(260,852)**	**489,201**
Trading financial liabilities at fair value through profit or loss	14,580	665,877	11,927	(254,731)	437,653
Financial liabilities designated at fair value through profit or loss	-	30,042	13,029	-	43,071
Total liabilities at fair value	**14,580**	**695,919**	**24,956**	**(254,731)**	**480,724**

As at 31 December 2009 Bank	Quoted Prices in active markets for the same instruments (Level 1)	Valuation techniques observable inputs (Level 2)	Valuation techniques unobservable inputs (Level 3)	Impact of netting	Total at fair value
	US$M	US$M	US$M	US$M	US$M
Trading financial assets at fair value through profit or loss	16,578	686,826	17,008	(260,852)	459,560
Financial assets designated at fair value through profit or loss	2,765	20,896	6,263	-	29,924
Total assets at fair value	**19,343**	**707,722**	**23,271**	**(260,852)**	**489,484**
Trading financial liabilities at fair value through profit or loss	14,581	666,210	11,926	(254,731)	437,986
Financial liabilities designated at fair value through profit or loss	-	30,419	12,308	-	42,727
Total liabilities at fair value	**14,581**	**696,629**	**24,234**	**(254,731)**	**480,713**

34. Financial Instruments (continued)

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

As at 31 December 2009	Trading revenues US$M	Other revenues US$M	Total revenues US$M
Group			
Net realised/unrealised gains/(losses) included in net revenues	1,117	(71)	1,046
Whereof:			
Changes in unrealised gains or losses relating to assets and liabilities still held as of the reporting date	(1,107)	-	(1,107)

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within Level 3. As a result, the unrealised gains and losses from assets and liabilities within Level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Group employs various economic hedging techniques in order to manage risks, including risks in Level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in Levels 1 and/or 2. The realised and unrealised gains and losses for assets and liabilities in Level 3 presented in the table above do not reflect the related realised or unrealised gains and losses arising on economic hedging instruments classified in Levels 1 and/or 2.

34. Financial Instruments (continued)

Assets and liabilities measured at fair value on a recurring basis for Level 3

As at 31 December 2009 Group	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlement	Trading revenues			Other revenues			Balance at end of period
Assets								**On transfers in**	**On transfers out**	**On all others**	**On transfers in**	**on transfers out**	**On all others**	
Trading financial assets at fair value through profit or loss	43,427	5,392	(14,336)	2,795	(12,188)	1,588	(11,174)	(1,828)	927	1,973	-	-	-	16,576
Financial assets designated at fair value through profit or loss	9,498	144	(1,024)	2,122	(3,094)	6,404	(8,349)	(18)	142	899	-	-	-	6,724
Total assets at fair value	**52,925**	**5,536**	**(15,360)**	**4,917**	**(15,282)**	**7,992**	**(19,523)**	**(1,846)**	**1,069**	**2,872**	**-**	**-**	**-**	**23,300**
Liabilities														
Trading financial liabilities at fair value through profit or loss	26,804	3,859	(10,056)	(1,093)	606	2,593	(11,290)	(1,446)	825	1,054	-	-	71	11,927
Financial liabilities designated at fair value through profit or loss	21,073	585	(2,882)	(5,875)	4,957	7,094	(12,468)	54	746	(255)	-	-	-	13,029
Total liabilities at fair value	**47,877**	**4,444**	**(12,938)**	**(6,968)**	**5,563**	**9,687**	**(23,758)**	**(1,392)**	**1,571**	**799**	**-**	**-**	**71**	**24,956**
Net assets/liabilities at fair value	**5,048**	**1,092**	**(2,422)**	**11,885**	**(20,845)**	**(1,695)**	**4,235**	**(454)**	**(502)**	**2,073**	**-**	**-**	**(71)**	**(1,656)**

34. Financial Instruments (continued)

As at 31 December 2009 Bank	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances	Settlement	Trading revenues			Other revenues			Balance at end of period
Assets								**On transfers in**	**On transfers out**	**On all others**	**On transfers in**	**On transfers out**	**On all others**	
Trading financial assets at fair value through profit or loss	43,427	5,392	(14,336)	3,194	(11,763)	1,588	(11,174)	(1,847)	927	1,600	-	-	-	17,008
Financial assets designated at fair value through profit or loss	9,498	144	(1,024)	1,661	(3,094)	6,404	(8,349)	(18)	142	899	-	-	-	6,263
Total assets at fair value	**52,925**	**5,536**	**(15,360)**	**4,855**	**(14,857)**	**7,992**	**(19,523)**	**(1,865)**	**1,069**	**2,499**	**-**	**-**	**-**	**23,271**
Liabilities														
Trading financial liabilities at fair value through profit or loss	26,804	3,859	(10,056)	(1,071)	584	2,593	(11,290)	(1,446)	825	1,054	-	-	71	11,927
Financial liabilities designated at fair value through profit or loss	21,073	585	(2,882)	(7,198)	5,055	5,430	(10,287)	54	746	(268)	-	-	-	12,308
Total liabilities at fair value	**47,877**	**4,444**	**(12,938)**	**(8,269)**	**5,639**	**8,023**	**(21,577)**	**(1,392)**	**1,571**	**786**	**-**	**-**	**71**	**24,235**
Net assets/liabilities at fair value	**5,048**	**1,092**	**(2,422)**	**13,124**	**(20,496)**	**(31)**	**2,054**	**(473)**	**(502)**	**1,713**	**-**	**-**	**(71)**	**(964)**

34. Financial Instruments (continued)

Sensitivity of fair values to reasonably possible alternative assumptions

The fair value of certain financial instruments is dependent in part or fully upon unobservable parameters which may include market inputs, prices or other data. The following table summarises the sensitivity of these financial instruments to reasonable changes in the assumptions underlying these parameters:

As at 31 December 2009 **Group**	Impact on net income/(loss)	
	Favourable changes	Unfavourable changes
Derivative assets and liabilities	400	(250)
Asset backed securities, loans and derivatives	200	(130)
Debt and equity securities	150	(120)
Loans	50	(50)
Total	**800**	**(550)**

When the fair value of an instrument has multiple unobservable inputs, there is assumed to be no correlation between those inputs, as such the total sensitivity reflected in the table may be larger than if correlation had been included in the analysis. The analysis also ignores any correlation between the different categories of financial instruments listed in the table.

Derivative assets and liabilities include equity and credit derivatives. Asset backed securities, loans and derivatives include CMBS, RMBS and ABS CDOs positions. Debt and equity securities include equity fund linked products, corporate and emerging market bonds. Loans is principally emerging markets loans and to a lesser extent corporate loans.

The sensitivities applied to the unobservable parameters are in all cases dependent upon management judgment and derived from multiple sources including historical and statistical information as well as analysing the range of bids and offers on observable market information as a proxy for the unobservable portion of the market. Some of the parameters that were subjected to sensitivity analysis include correlation between underlying equity positions, correlation between underlying asset backed collateral, longer-dated volatility, and longer-dated credit spreads, recovery rates and debt and loan prices.

Recognition of trade date profit

Any initial gain or loss on financial instruments, where valuation is dependent on unobservable parameters, is deferred over the life of the contract or until the instrument is redeemed, transferred or sold or the fair value becomes observable. The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of year with a reconciliation of the changes of the balance during the year for trading assets and liabilities:

Group and Bank	**2009** **US$M**	**2008** **US$M**
Deferred trade date profit		
Balance at the beginning of period	585	536
Increase due to new trades	321	360
Reduction due to passage of time	(65)	(48)
Reduction due to redemption, sales, transfers or improved observability	(336)	(263)
Total	**505**	**585**

The fair value includes valuation adjustments such as bid offer spread reserves, day 1 reserves, model imperfections and market credit risk provisions. Valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads is considered when measuring the fair value of assets and the impact of changes in the Group's own credit spreads is considered when measuring the fair value of its liabilities. For

34. Financial Instruments (continued)

OTC derivatives, the impact of changes in both the Group's and the counterparty's credit standing is considered when measuring their fair value, based on current credit default swap prices.

Transfers between Level 1 and 2

The table below shows the transfers from Level 1 to Level 2 of the fair value hierarchy.

As at 31 December 2009	Group 2009 US$M	Bank 2009 US$M
Assets		
Trading financial assets at fair value through profit or loss	161	161
Total transfers in assets at fair value	**161**	**161**
Liabilities		
Trading financial liabilities at fair value through profit or loss	3	3
Total transfers in liabilities at fair value	**3**	**3**

The table below shows the transfers from Level 2 to Level 1 of the fair value hierarchy.

As at 31 December 2009	Group 2009 US$M	Bank 2009 US$M
Assets		
Trading financial assets at fair value through profit or loss	26	26
Total transfers in assets at fair value	**26**	**26**
Liabilities		
Trading financial liabilities at fair value through profit or loss	-	-
Total transfers in liabilities at fair value	**-**	**-**

35. Assets Pledged or Assigned

The following table sets forth details of assets pledged or assigned:

Group and Bank

Assets pledged or assigned	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Trading financial assets at fair value through profit or loss	36,637	29,131	36,637	28,086
Collateral received				
Fair value of collateral received with the right to resell or repledge	36,637	29,131	36,637	28,086
Of which sold or repledged	21,044	19,753	21,044	18,708

As at 31 December 2009 and 2008, collateral was received in connection with resale agreements, securities borrowings and loans, derivative transactions and margined broker loans. As at these dates, a substantial portion of the collateral received by the Group had been sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowed and lent, pledges to clearing organisations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

35. Assets Pledged or Assigned (continued)

CSi is obliged to return the securities under conditions that are customary in the market place for such transactions.

Additional charges are included in Note 32-Guarantees and Commitments.

36. Derecognition

In the normal course of business, the Group enters into transactions in which it transfers previously recognised financial assets, such as debt securities, equity securities and other financial instruments. The Group's accounting policy regarding derecognition of such assets under IAS 39 is described in Note 2-Summary of Significant Accounting Policies. The Group's and our client's investing or financing needs determines whether derecognition of the transferred assets under IAS 39 applies. Certain transactions may be structured to include provisions that prevent derecognition and the transfers are accounted for as secured financing transactions. Repurchase agreements, securities lending agreements and total return swaps, in which the Group retains substantially all of the associated credit, market, interest rate and foreign exchange risks and rewards associated with the assets, represent the most common examples of such transactions. The following table provides details of financial assets which have been sold or otherwise transferred, but which did not qualify for derecognition, together with their associated liabilities.

Group and Bank	**2009 US$M**	**2008 US$M**
Carrying amount of transferred assets		
Financial assets not derecognised due to the following transactions:		
Repurchase agreements	14,546	16,097
Securities lending agreements	5,460	1,732
Total return swaps	1,797	2,138
Other	4,193	2,869
Total carrying amount of transferred assets not derecognised	**25,996**	**22,836**
Total carrying amount of associated liabilities	**25,829**	**22,472**

The assets not derecognised are included in Note 13-Securities Borrowed, Lent and Subject to Resale Agreements and corresponding liabilities in Note 17-Other Assets and Other Liabilities.

Of the above, other financial assets not derecognised includes failed sales items including fair value elected which are shown under financial assets designated at fair value through profit or loss in Consolidated Statement of Financial Positions.

37. Financial Instruments Risk Position

a) Risk management oversight

Overview

The Bank is part of CS group and its risks are managed as part of the global CS group of entities. The CS group risk management process is designed to ensure that there are sufficient independent controls to measure, monitor and control risks in accordance with CSG's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CSG's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk, settlement, country and reputational risk.

Risk governance

The prudent taking of risk in line with CS group's strategic priorities is fundamental to its business as a leading global bank. To meet the challenges in a fast changing industry with new market players and innovative and complex products, CS group continuously strengthens the risk function, which is independent of, but closely interacts with, the trading functions to ensure the appropriate flow of information. CS group's risk management framework is based on

37. Financial Instruments Risk Position (continued)

transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, CS group has defined its risk perspective broadly. Risk management plays an important role in CS group's business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect CS group's financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although CS group has implemented comprehensive risk management processes and sophisticated control systems, it works to limit the impact of negative developments by carefully managing concentrations of risks.

CS groups Investment Banking business continued to focus on risk reduction initiative throughout 2009. In line with the strategy of focusing on key client businesses and reducing risk, it continued to wind down and realign certain other businesses, reducing exposures to illiquid and dislocated assets and markets and improving capital efficiency. There has been a selective increase in trading activity in line with the group's strategy to take advantage of the prevailing market conditions.

Risk organisation

Risks arise in all of CS group's business activities and cannot be completely eliminated, but they are managed through a comprehensive internal control environment. CS group's risk management organisation reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Boards of Directors, this includes the following responsibilities:

- CSG Board of Directors: Responsible to shareholders for the strategic direction, supervision and control of CS group and for defining its overall tolerance for risk.

- Boards of Directors of other CS group legal entities: Responsible for the strategic direction, supervision and control of the respective legal entity and for defining the legal entity's tolerance for risk.

- Risk Committees: Responsible for assisting the Boards of Directors of CSG and other CS group legal entities in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits.

- Audit Committees: Responsible for assisting the Boards of Directors of the CSG and other CS group legal entities in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting, and legal and regulatory compliance. Additionally, the Audit Committees are responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the CSG Board of Directors and its Risk Committee. On a monthly basis, the Capital Allocation and Risk Management Committee ('CARMC') of CSG's Executive Board reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing CS group's risk profile on a consolidated basis, recommending risk limits to the Board of Directors and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity; market and credit risk; and operational risk/legal and compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also Divisional Risk Management Committees ('RMC'), which manage risk on a divisional basis.

The risk committees are further supported by Treasury, which is responsible for the management of CS group's

37. Financial Instruments Risk Position (continued)

balance sheet, capital management, liquidity and related hedging policies.

The risk management function, which is independent of the business, includes:

- Strategic Risk Management (SRM)
- Risk Measurement and Management (RMM)
- Credit Risk Management (CRM)
- Bank Operational Risk Oversight (BORO)
- Business Continuity Management
- Reputational Risk Management

The Chief Risk Officer (CRO) area is responsible for providing risk management oversight and establishing an organisational basis to manage all risk management matters through four primary risk functions: SRM assesses the overall risk profile on a Group-wide portfolio level and for individual businesses, and recommends corrective action, where necessary; RMM is responsible for the measurement and reporting of credit risk, market risk and economic capital, managing risk limits, and establishing policies on market risk and economic capital; CRM has a Chief Credit Officer ('CCO') for Private Banking and a Chief Credit Officer for Investment Banking and Asset Management, with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional Operational Risk functions. The CRO area also addresses critical risk areas such as Business Continuity and Reputational Risk Management.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define CS group's maximum Statement of Financial Positions and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses. CS group uses an Economic Capital ('EC') limit structure to manage overall risk-taking. The level of risks incurred by the divisions is further restricted by a variety of specific limits. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money, and emerging market country exposures. Risk limits are allocated to lower organisational levels within the businesses, and numerous other limits are established for specific risks, including a system of individual counterparty credit limits that is used to control concentration risks.

Economic capital and position risk

Economic Capital is the core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across CS group, which increases risk transparency and improves knowledge-sharing. The development and usage of EC methodologies and models have evolved over time without a standardised approach within the industry; therefore comparisons across firms may not be meaningful.

Position Risk, which is a component of the EC framework, is used to assess, monitor and report risk exposures throughout CS group. Position Risk EC is the level of unexpected loss in economic value on CS group's portfolio of positions over a one-year horizon that is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to Treasury management – Economic capital in the Credit Suisse Group Annual Report.

CS group regularly reviews the EC methodology to ensure the model remains relevant as markets and business strategies evolve, and in that respect a number of key enhancements have been made in the year to better reflect the impact that was witnessed during the extreme market dislocation in 2008.

37. Financial Instruments Risk Position (continued)

b) Risks Detail

i) Market risk

Overview

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. CS group defines its market risk as potential changes in the fair values of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

CS group devotes considerable resources to ensuring that market risk is comprehensively captured, accurately modelled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organisational levels, from the overall risk positions at CS group level down to specific portfolios. CS group uses market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across CS group's many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are value-at-risk ('VaR') and scenario analysis. Additionally, CS Group's market risk exposures are reflected in its EC calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

Value-at-Risk

VaR measures the potential loss in terms of fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, and interest rate, foreign exchange, equity and commodity options. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatility serve as a basis for the statistical VaR model underlying the potential loss estimation. CS group uses a ten-day holding period and a confidence level of 99% to model the risk in its trading portfolios. These assumptions are compliant with the standards published by the Basel Committee on Banking Supervision (BCBS) and other related international standards for market risk management. For some purposes, such as backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are scaled down or calculated to a one-day holding period level. A one-day holding period and a 99% confidence level mean that, within a one-day horizon, losses exceeding the VaR figure should occur, on average under normal market conditions , not more than once every hundred days.

CS group uses a historical simulation model for the majority of risk types and businesses within its trading portfolios. Where insufficient data is available for such an approach, an 'extreme-move' methodology is used. The model is based on the profit or loss distribution resulting from historical changes in market rates, prices and volatility applied to evaluate the portfolio. This methodology also avoids any explicit assumptions on correlation between risk factors. CS group uses a three-year historical dataset to compute VaR. To ensure that VaR responds appropriately in times of market stress, CS group introduced a new scaling technique in 2008 that adjusts the level of VaR to reflect current market conditions more rapidly. This new technique, scaled VaR, adjusts VaR in cases where the short term market volatility is higher than the long term volatility from the full three year dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. CS group monitors VaR on both an unscaled and scaled basis for risk management purposes. The scaling factor decreased in 2009, as the short term average volatility declined below the long term average volatility.

The Bank has approval from the Financial Services Authority to use its scaled VaR model in the calculation of trading

37. Financial Instruments Risk Position (continued)

book market risk capital requirements. The Bank continues to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

The VaR model uses assumptions and estimates that CS group believes are reasonable, but changes to assumptions or estimates could result in a different VaR measure. As a risk measure, VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. VaR also assumes that price data from the recent past can be used to predict future events. If future market conditions differ substantially from past market conditions, the risk predicted by VaR may be overestimated or underestimated.

Scenario analysis

CS group regularly performs scenario analysis to estimate the loss that could arise from extreme, but plausible, stress events in the economy or in financial markets by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, but statistical analysis is also used to define the less severe scenarios in the framework
As past events recur rarely in exactly the same way, it is necessary to use business experience to choose a set of meaningful scenarios and to assess the scenario results in light of current economic and market conditions.

The scenario analysis calculations performed are specifically tailored towards their respective risk profile. In addition, to identify areas of risk concentration and potential vulnerability to stress events across CS group, it has developed a set of scenarios which are consistently applied across all businesses. Key scenarios include significant movements in credit markets, interest rates, equity prices and exchange rates, as well as adverse changes in counterparty default and recovery rates. CS group also uses combination scenarios, which consider the impact of significant, simultaneous movements across a broad range of markets and asset classes, to analyse the impact of wider market turbulence. The scenario analysis framework also considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and economic capital ratios. The CSG Board of Directors and senior management are regularly provided with scenario analysis estimates, scenario analysis trend information and supporting explanations to create transparency on key risk exposures and support their management of risk

The scenario analysis framework is periodically reviewed to help ensure that it remains relevant given changes in portfolio composition and market conditions. Each primary scenario is typically run at several different levels of severity to provide information on possible losses over a range of market circumstances. In 2009, we recalibrated the parameter shocks for most types of scenarios to reflect the more volatile market conditions that occurred in the fourth quarter of 2008.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking segment. Our other segments also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for the Bank's regulatory capital purposes. This classification of assets as trading is done for the purpose of analysing the Bank's market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customised transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risk factors and locations.

37. Financial Instruments Risk Position (continued)

Development of trading portfolio risks

Trading portfolio risk mainly resides in the Bank, consequently the table below shows the trading related market risk exposure for the Bank, as measured by one-day 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

One-day, 99% VaR – trading portfolios

End of period	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Total (Non-Scaled)	Total (Scaled)
2009 US$M							
Average	66	19	13	23	(62)	59	73
Minimum	36	9	4	11	1)	43	49
Maximum	97	52	28	70	1)	89	105
End of period	68	10	22	48	(97)	51	51
2008 US$M							
Average	35	14	14	29	(37)	55	78
Minimum	20	5	7	15	3)	36	46
Maximum	68	54	23	91	3)	119	178
End of period	59	40	10	21	(57)	73	109

Note:

1) VaR estimates are calculated separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99% percentile loss

2) All figures above are 1 Day scaled VaR (from 10 Day VaR) for trading book only positions

3) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

VaR results

The banks one-day, 99% scaled VaR as of 31 December 2009 decreased by 53% to US$51M, compared to 31 December 2008.

There was no difference between scaled and unscaled VaR as of 31 December 2009, as the short term average volatility declined below the long term average volatility.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including backtesting. In line with industry practice, the Bank presents backtesting using actual daily trading revenues. Actual daily trading revenues are compared with VaR calculated using a one-day holding period. A backtesting exception occurs when the daily loss exceeds the daily VaR estimate. The Bank had 4 backtesting exceptions in 2009, with 29 backtesting exceptions in 2008. The exceptions in 2008 were primarily driven by extreme movements in US mortgage markets, coupled with contagion effects across the wider credit, equity, interest rate and foreign exchange markets throughout the year.

Non-trading portfolios

Risk measurement and management

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including EC, scenario analysis, sensitivity analysis and VaR. Non-trading portfolio risks mainly reside in the Bank. For the purpose of this disclosure, the aggregated market risks associated with the Bank's non-trading

37. Financial Instruments Risk Position (continued)

portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings. Foreign exchange translation risk and real estate risk are not included in this analysis. These risks are included in the CS group EC model. For more details of this model, please see the Risk Management section of the CSG Annual Report.

Development of non-trading portfolio risks

Foreign exchange risk related to accrued net income and net assets is centrally and systematically managed with a focus on risk reduction and diversification. Risk is monitored and managed at an entity level through the levelling of accrued profit or losses which are incurred in a currency other than the entity's functional currency.

Any non-functional currency denominated P/L of an entity (calculated on a US GAAP basis) is systematically leveled against the entity functional currency during or immediately after the month so that FX risks on accrued P&L are fully eliminated at month-end. The functional currency equivalent P/L is then translated monthly into the Group's functional currency, the USD, using global month-end exchange rates. The process ensures that month–end P/L is effectively locked into USD from an accounting perspective. The structural Net Asset positions in functional currency equivalents resulting from these activities (including net profits of earlier period) are centrally hedged by Global Treasury against the parent's functional currency on a monthly basis.

Interest rate risk on non-trading positions is shown below using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of US$1.3M as of 31 December 2009 compared and to an increase of US$1.3M as of 31 December 2008. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 31 December 2009, the fair value impacts of an adverse 200-basis-point move in yield curves and of a statistical one-year, 99% adverse change in yield curves were a decrease of US$251M and a decrease of US$236M, respectively. These amounts are significantly below the 20% threshold used by regulators to identify firms that potentially run excessive levels of non-trading interest rate risk.

Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would have been a decrease of approximately US$22M in the value of the non-trading portfolio as of 31 December 2009 compared to a decrease of approximately US$24M as of 31 December 2008.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would have been a decrease of approximately US$13M in the value of the non-trading portfolio as of 31 December 2009 compared to US$28M as of 31 December 2008.

ii) Liquidity Risk

Liquidity is the ability of a bank to fund assets and meet obligations as they come due, without incurring unacceptable losses.

The 2009 operating environment continued to be characterised by on-going market dislocation during which Credit Suisse AG ('CS') further strengthened its conservative liquidity and funding management strategy and strong capital position, issuing long term debt on a non-government guaranteed basis.

The funding sourced by CS is part of a conservative Asset-Liability Management ('ALM') strategy aimed at maintaining a funding structure with long term stable funding sources being well in excess of illiquid assets. Unsecured funding sources of CS include private, corporate and retail banking client deposits, long term debt, certificates of deposit, bank deposits, fiduciary deposits, central bank deposits and other non-bank deposits.

37. Financial Instruments Risk Position (continued)

CS subsidiaries also have the ability to access secured funding via repurchase and other secured financing markets and structured note issuance programmes. These funding streams ensure the availability of alternative financing to meet business plans and commercial commitments.

The CS Strategic Funding Plan is approved by ALM CARMC, a committee that includes the CEOs of the Credit Suisse Group and the Divisions, the CFO, the CRO and the Treasurer and is overseen by the Credit Suisse Group Board of Directors. The execution of the strategy is managed by Treasury.

Treasury operates a centralised funding model in that it grants all CS branches and regulated G10 subsidiaries full access, under all circumstances (including the event of a liquidity crisis) to the bank's global pool to meet any funding requirements. In cases where regulation severely limits ability of onshore CS entities ('closed locations') to borrow from offshore CS entities Treasury will establish a local Liquidity Guideline and Contingency Plan to adequately protect the business from liquidity risk.

The centralised funding model ensures that sufficient funds are either on hand or readily available at short notice so that in the event of liquidity dislocation CS has sufficient funds to repay maturing liabilities, be they contractual, behavioural or contingent, as they fall due for an extended period of time without having to reduce on-going franchise business activities to generate liquidity.

Substantially all of CS unsecured senior debt is issued without financial covenants that would increase the cost of financing or accelerate the maturity, including adverse changes in CS group credit ratings, cash flows, results of operations or financial ratios.

To address short term liquidity needs a portfolio of highly liquid securities is maintained. These positions are eligible for repo transactions with various central banks including the Swiss National Bank, the Federal Reserve, the European Central Bank and the Bank of England. In response to the credit crisis many Central Banks widened the range of eligible securities which they accept as collateral but CS assume that these programmes are only temporary in nature and therefore place no reliance on them as a primary source of funding.

Treasury is responsible for maintaining a contingency funding plan that details specific dealing strategies, actions and responsibilities required under distinct stages of increasing severity. Treasury supports the plan with key liquidity tools to provide a formal risk appetite and consideration of the impact of operational constraints in terms of time and ability to monetise assets, trapped liquidity and daylight collateral requirements.

Maintaining liquidity generates cost for CS in respect of generating a term funding profile and holding a buffer of highly liquid assets. Treasury ensures that the allocation of liquidity cost to the business reflects the true economic cost and is consistent with the liquidity policy. During 2009 the marginal transfer pricing rates were adjusted to promote efficient generation and usage of funding and liquidity.

The liquidity and funding profile of CS reflects the risk appetite, business activities, strategy, the markets and overall operating environment, adapted to reflect lessons learned from the recent financial crisis and subsequent changes in business strategy. Liquidity risk management also reflects evolving best practice standards as issued by various bodies over the past 24 months with Treasury being an active participant in regulatory and industry forums, including the Basel Committee on Banking Supervision, Institute of International Finance and the Joint Industry Committee on Liquidity Risk (JACLR), comprising of LIBA, ISDA and the British Bankers Association.

The liquidity risk of CSi is managed as an integral part of the overall liquidity framework.

A liquidity policy for CSi is maintained to ensure compliance with FSA regulatory policies and internal limits and guidelines.

In October 2009 FSA published PS09/16, Strengthening Liquidity Standards, which called for a significant change to liquidity management in the UK. The policy included new 'Systems and Controls' requirements which came into effect

37. Financial Instruments Risk Position (continued)

on 1 December 2009 setting out a new framework in which firms have to maintain liquidity resources and manage liquidity risk.

The following table sets out details of the remaining contractual maturity of all financial liabilities.

Group
31 December 2009

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	US$M	US$M	US$M	US$M	US$M	US$M
Deposits	18	2,210	3	-	-	2,231
Securities sold under repurchase agreements and securities lending transactions	-	295	-	3,824	1	4,120
Trading liabilities	437,653	-	-	-	-	437,653
Other financial liabilities designated at fair value through profit or loss	248	12,294	6,755	13,855	9919	43,071
Short term borrowings	-	27,586	452	-	-	28,038
Long term debt	-	7,959	408	1,675	2,746	12,788
Other liabilities	-	165	2	995	112	1,274
Total	**437,919**	**50,509**	**7,620**	**20,349**	**12,778**	**529,175**

Group
31 December 2008

	On Demand	Due within 3 months	Due between 3 and 12 months	Due between 1 and 5 years	Due after 5 years	Total
	US$M	US$M	US$M	US$M	US$M	US$M
Deposits	1,484	102	-	-	-	1,586
Securities sold under repurchase agreements and securities lending transactions	4,953	3,551	13	-	502	9,019
Trading liabilities	756,744	-	-	-	-	756,744
Other financial liabilities designated at fair value through profit or loss	1,084	11,364	4,625	17,924	5,701	40,698
Short term borrowings	-	73,273	6,005	-	-	79,278
Long term debt	-	8,000	-	-	2,636	10,636
Other Liabilities	-	1,548	29	394	113	2,084
	764,265	**97,838**	**10,672**	**18,318**	**8,952**	**900,045**

Liabilities in trading portfolios have not been analysed by contractual maturity because these liabilities are used to risk manage positions held across CS group and can be closed out at very short notice. Trading liabilities have been classified as being 'on demand' at there fair value.

Projected coupon outflows on structured products designated at fair value through profit or loss have been excluded from the table above. The variability of the coupons leverages up or down based on the functionality of the embedded

37. Financial Instruments Risk Position (continued)

derivative and prevailing market conditions. The inclusion of coupons would be misleading to the users of the accounts due to the variability in the payouts of these structured products. For instruments with perpetual features, the projected coupons have also been excluded. Callable deposits, open ended positions and overnight funding will be recorded at their present value in an 'on demand' categorisation. This classification will be based on the underlying legal and contractual ability of the counterparty or CSi to put or call the positions at short notice.

iii) Currency Risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Bank manages its currency risk with the Value at Risk (VaR) methodology, a discussion of which is contained in section a) of this note.

iv) Credit Risk

Credit Risk Management (CRM) is an independent function headed by the Chief Credit Officer with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the segment and business area's credit portfolios and allowances. CRM reports to the Chief Risk Officer of CS group.

Definition of Counterparty Risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations. In the event of a default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company.

Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit Risk Management Approach

Our credit risk management framework is regularly refined and covers all banking business areas that are exposed to credit risk. The framework is designed to cover virtually all of the credit exposures in the banking business and comprises seven core components:

- Individual counterparty rating systems;
- Transaction rating systems;
- A counterparty credit limit system;
- Country concentration limits;
- Risk-based pricing methodologies;
- Active credit portfolio management; and
- A credit risk provisioning methodology.

Credit risk is evaluated through a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. Experienced credit officers analyse credit requests and assign internal ratings based on their analysis and evaluation of the clients' creditworthiness and the type of credit transaction.

Concentration of credit risk

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, are located in the same geographic region or when there are similar economic features that would cause their ability to meet contractual obligations to be similarly impacted by changes in economic conditions.

The Group regularly monitors the credit risk portfolio by counterparties, industry, country and products to ensure that such potential concentrations are identified, using a comprehensive range of quantitative tools and metrics. Credit limits relating to counterparties and products are managed through counterparty limits which set the maximum credit

37. Financial Instruments Risk Position (continued)

exposures the Group is willing to assume to specific counterparties over specified periods. Country limits are established to avoid any undue country risk concentration.

From an industry point of view, the combined credit exposure of the Group is diversified. A large portion of the credit exposure relates to transactions with financial institutions. The customer base is extensive and the number and variety of transactions are broad. For transactions with financial institutions, the business is also geographically diverse, with operations focused in Americas, Europe and, to a lesser extent, Asia Pacific.

Counterparty and transaction rating

For the purposes of internal ratings, CSi has developed a set of credit rating models tailored for different client segments (e.g. international corporates, financial institutions, asset finance, Small and Medium Enterprises ('SME'), commodity traders, residential mortgages, etc.) for the purpose of internally rating counterparties to whom it is exposed to credit risk as the contractual party to a loan, loan commitment or OTC derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Each credit rating model is validated independently prior to implementation and on a regular basis. At the time of initial credit approval and review, relevant quantitative data (e.g. financial statements, financial projections, etc.) as well as qualitative factors relating to the counterparty are used in the models and result in the assignment of a credit rating or probability of default (PD), which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, CSi has used an internal rating scale which is benchmarked to the external rating agencies, using the historical PD associated with external ratings. The relationship between the PD and external agency ratings is reviewed annually and adjustments are made to calibrate the internal rating classification to the assumed PD in the external ratings

Additionally, an estimate of expected loss in the event of a counterparty default is assigned based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the loss given default (LGD) assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. These credit risk estimations are used consistently for the purposes of business and credit portfolio steering, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic risk capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by the FSA for application under the Basel II AIRB approach. This approach also allows CSi to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit approval process and provisioning

Senior credit managers make credit decisions on a transaction-by-transaction basis, at authority levels reflecting the amount and complexity of the transactions and the overall exposures to counterparties and their related entities. These approval authority levels are set out within the governing principles of CSi.

A system of individual credit limits is used to manage individual counterparty credit risk. Other limits are also established to address concentration issues in the portfolio, including a comprehensive set of country and regional limits and limits for certain products. Credit exposures to individual counterparties, industry segments or product groupings and adherence to the related limits are monitored by credit officers, industry analysts and other relevant specialists. In addition, credit risk is regularly supervised by credit and risk management committees taking current market conditions and trend analysis into consideration. CSi regularly analyses its industry diversification and concentration in selected areas.

A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Other key factors considered in the review process include current and projected business and economic conditions, historical experience, regulatory requirements and concentrations of credit by industry, country, product and counterparty rating. Regularly updated watch-lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur due to events such as

37. Financial Instruments Risk Position (continued)

announced mergers, earnings weakness and lawsuits.

The review process culminates in a quarterly determination of the appropriateness of allowances for credit losses. A systematic provisioning methodology is used to identify potential credit risk-related losses. Impaired transactions are classified as potential problem exposure, non-performing exposure, or non-interest earning exposure and the exposures are generally managed within credit recovery units. The credit provisions review committee (CPRC) regularly determines the adequacy of allowances, taking into consideration whether the levels are sufficient for credit losses and whether allowances can be released or if they should be increased.

Credit Risk Overview

All transactions that are exposed to potential losses due to failure of meeting an obligation by a counterparty are subject to credit risk exposure measurement and management. The following table presents the credit risk of on balance sheet and off-balance sheet financial instruments, before taking account of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the exposure to credit risk is the amount CSi would have to pay if the guarantees are called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the exposure to credit risk is the full amount of the committed facilities.

Maximum exposure to credit risk before collateral held or other credit enhancement

The following table presents the maximum exposure to credit risk of balance sheet and off-balance sheet financial instruments, before taking account of any collateral held or other credit enhancements unless such credit enhancements meet offsetting requirements as set out in IAS 32. For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount as at 31 December 2009. For financial guarantees granted and other credit-related contingencies, the maximum exposure to credit risk is the maximum amount that Credit Suisse would have to pay if the guarantees and contingencies are called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

37. Financial Instruments Risk Position (continued)

Maximum exposure to credit risk

	Group 2009 US$M	Group 2008 US$M	Bank 2009 US$M	Bank 2008 US$M
Interest bearing deposits with banks	255	349	238	332
Securities purchased under resale agreements and Securities borrowing transactions	19,337	8,958	19,337	8,148
Trading financial assets at fair value through profit or loss				
- debt securities	26,515	25,384	25,485	26,053
- derivative trading positions	409,873	756,315	410,736	756,561
- other	6,525	5,786	6,560	16,393
Financial assets designated at fair value through profit or loss				
- debt securities	2,931	3,841	2,931	3,841
- loans	15,812	18,414	15,812	15,572
- reverse repurchase agreements	10,938	12,196	11,181	12,196
Other loans and receivables				
- banks	999	1,416	999	1,416
- customers	5,358	6,162	5,358	6,172
Other assets	41,820	51,528	43,285	52,747
Maximum exposure to credit risk – total assets	**540,363**	**890,349**	**541,922**	**899,431**
Off-balance sheet items				
- financial guarantees	867,085	1,090,209	867,085	1,090,209
- loan commitments and other credit related commitments	10,925	10,536	10,925	10,536
Maximum exposure to credit risk – total off-balance sheet	**878,010**	**1,100,745**	**878,010**	**1,100,745**
Maximum exposure to credit risk	**1,418,373**	**1,991,094**	**1,419,932**	**2,000,176**

Risk Mitigation

CSi actively manages its credit exposure utilising credit hedges and monetiseable collateral (cash and marketable securities). Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of credit default swaps. CSi also actively enters into collateral arrangements for OTC derivatives and other traded products which allow it to limit the counterparty exposure risk associated with these products. Collateral taken generally represents cash or government securities although other securities may be accepted. The value of collateral reflected as a risk mitigant is net of an appropriate haircut.

Counterparty Exposure before Collateral by Rating
Bank

	31 December 2009 US$M	%	31 December 2008 US$M	%
AAA	6,445	8	12,607	11
AA+ to AA-	17,779	21	36,581	33
A+ to A-	28,579	34	27,323	24
BBB+ to BBB-	14,179	17	17,199	15
BB+ to BB-	4,990	6	7,111	6
B+ and below	11,584	14	12,001	11
	83,556	**100**	**112,822**	**100**

37. Financial Instruments Risk Position (continued)

Unsecured Exposure by Rating (including provisions)

Bank	**31 December 2009**		**31 December 2008**	
	US$M	**%**	**US$M**	**%**
AAA	4,709	13	7,510	20
AA+ to AA-	6,885	19	16,915	28
A+ to A-	10,986	31	11,036	20
BBB+ to BBB-	4,499	13	6,426	12
BB+ to below	8,342	24	8,559	20
	35,421	**100**	**50,446**	**100**

The above tables include all loans, commitments, derivatives, securities purchased and sold under resale and repurchase agreements, and short term cash trades on a net counterparty exposure basis for the Bank as most of the trading portfolio mainly resides in the Bank.

The first table represents mark to market exposures before offsetting any eligible collateral held; the second table represents mark to market exposures after offsetting collateral.

v) Country Risk

Country risk is the risk of a substantial, systemic loss of value in the financial assets of a country or group of countries, which may be caused by dislocations in the credit, equity, and/or currency markets. CS group's major operating divisions all assume country risk in a variety of ways. The setting of limits for this risk is the responsibility of CARMC, based on the recommendations of CRM, SRM and CS group's economists.

Country limits for emerging markets are approved annually by the Board of Directors of CSG, following recommendations from CARMC. The measurement of exposures against country limits is undertaken by RMM with bi-monthly reports to senior management and monthly reports to CARMC. For trading positions, country risk is a function of the mark-to-market exposure and currency of the position, while for loans and related facilities country risk is a function of the amount and currency that CS group has lent or committed to lend. The day-to-day management of country exposure is assigned to each of the core businesses in accordance with its business authorisations and limit allocations. RMM and CRM provide independent oversight to ensure that the core businesses operate within their limits. CRM is responsible for periodically adjusting these limits to reflect changing credit fundamentals and business volumes.

vi) Settlement Risk

Settlement risk arises whenever the settlement of a transaction results in timing differences between the disbursement of cash or securities and the receipt of countervalue from the counterparty. This risk arises whenever transactions settle on a 'free of payment' basis and is especially relevant when operating across time zones.

In those instances where market convention and/or products preclude a value-for-value exchange, CSi manages its risk through confirmation and affirmation of transaction details with counterparties. In addition, it also proactively seeks to manage the timing of settlement instructions to its agents and the reconciliation of incoming payments in order to reduce the window of exposure. CRM establishes and monitors limits to control the amount of settlement risk incurred to each counterparty.

vii) Legal Risk

The CS group faces significant legal risks in its businesses. Legal risks include, among other things, disputes over the terms of trades and other transactions in which the CS group acts as principal; the unenforceability or inadequacy of the documentation used to give effect to transactions in which the CS group participates; investment suitability

37. Financial Instruments Risk Position (continued)

concerns; compliance with the laws and regulations (including change in laws or regulations) of the many countries in which the CS group does business; and disputes with its employees. Some of these transactions or disputes result in potential or actual litigation that the CS group must incur legal expenses to defend.

The CS group is subject to extensive regulation in the conduct of its investment business. A failure to comply with applicable regulations could result in regulatory investigations, fines and restrictions on some of the CS group's business activities or other sanctions. The CS group seeks to minimise legal risk through the adoption of compliance and other policies and procedures, continuing to refine controls over business practices and behaviour, employee training sessions, the use of appropriate legal documentation, and the involvement of the Legal and Compliance department and outside legal counsel. In addition, the CS group is an active participant in ISDA and other professional derivative market forums, with specific focus on improving levels of derivative market and product standardisation, legal definition and protocol.

viii) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. CS Group's primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, CS Group transfers operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of CS Group's activities and comprises a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also intrinsically difficult to measure. CS Group, therefore, manages operational risk differently from market and credit risk. CS Group believes that effective management of operational risks requires a common group-wide framework with ownership residing with the management responsible for the relevant business process.

Additionally, CS Group has established a central Bank Operational Risk Oversight team within the Chief Risk Officer function that focuses on the coordination of consistent policy, tools and practices throughout CS Group for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations. Knowledge and experience are shared throughout CS Group to maintain a coordinated approach.

Within CS Group, each individual business and management level takes responsibility for its own operational risks and provides adequate resources and procedures for the management of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities. In addition to the quarterly firm-level CARMC meetings covering operational risk, operational risk exposures are discussed at divisional risk management committees, which have senior staff representatives from all the relevant functions. CS Group utilises a number of group-wide tools for the management, measurement, monitoring and reporting of operational risk. These include: self-assessments; scenario analysis; the collection, reporting and analysis of internal and external loss data; and key risk indicator reporting.

CS Group has employed the same methodology to calculate EC for operational risk since 2000, and has approval from the Swiss Financial Market Supervisory Authority to use a similar methodology for the Advanced Measurement Approach ('AMA') under the Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that CS Group faces. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors (for example, self-assessment results and key risk indicators) are considered as part of this process. Based on the output from these meetings, CS Group enters the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario, incorporating haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

37. Financial Instruments Risk Position (continued)

For CSi's own operational risk capital requirement under FSA rules the Basic Indicator Approach (BIA) is used as detailed in Note 38-Capital Adequacy below.

ix) Reputational Risk

CS group's policy is to avoid any action or transaction that brings with it a potentially unacceptable level of risk to its reputation. Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction, the identity or nature of a potential client, the regulatory or political climate in which the business will be transacted or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk for CS group, the relevant business proposal is required to be submitted to CS group's Reputational Risk Review Process. This involves a vetting of the proposal by senior business management, and its subsequent referral to one of CS group's Reputational Risk Approvers, each of whom is independent of the business divisions and has authority to approve, reject, or impose conditions on CS group's participation.

38. Capital Adequacy

CSi's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union directives. These directives are implemented in the UK by the FSA, the UK regulator, and incorporated within its prudential sourcebooks for banks and investment firms.

Regulatory capital resources comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity. This is supplemented by Tier 2 and Tier 3 capital, which consist mainly of subordinated debt instruments. Total capital equals the sum of these, less deductions for such items as investments in non-consolidated subsidiaries and holdings of capital instruments issued by other credit institutions and financial institutions in excess of trading book concessions.

The Group's overall capital needs are continuously reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses. The capital management framework at CSG ensures that capital resources are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

CSi received and redeemed a number of regulatory capital amounts during the course of 2009 in order to support the business as follows:

	2009 US$M	2008 US$M
Total regulatory capital less deductions at 1 January	**16,773**	**18,305**
Net capital injections during the year:		
Core Tier 1	1,500	2,000
Non Core Tier 1	(175)	1,400
Upper Tier 2	-	(560)
Lower Tier 2	-	3,025
	1,325	**5,865**
Other movements	**1,309**	**(7,397)**
Total regulatory capital less deductions at 31 December	**19,407**	**16,773**

Under the Basel Committee guidelines, an institution must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, although the FSA requires this ratio to exceed the Individual Capital Guidance ('ICG') determined for each institution. This ratio can also be expressed as a capital coverage ratio, being the ratio of total eligible capital to total capital resources requirements, which must be at least 100%. The capital resources

38. Capital Adequacy (continued)

requirements reflect the credit, market and other risks of the Bank calculated using methodologies set out by the FSA.

The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the FSA. The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

The following table sets out details of CSi's regulatory capital resources at 31 December 2009 and 2008.

	2009 US$M	2008 US$M
Total shareholders' equity	**11,035**	**9,573**
Reconciliation to Tier 1 capital:		
Excess non-core Tier 1 capital	-	(1,857)
Regulatory deductions	(408)	(886)
Tier 1 capital less deductions	**10,627**	**6,830**
Tier 2 capital:		
Excess non-Core Tier 1 capital	-	1,857
Upper Tier 2	4,192	4,170
Lower Tier 2	6,057	6,152
Excess Tier 2 capital	(744)	(5,349)
Tier 2 capital	**9,505**	**6,830**
Tier 1 plus Tier 2 capital	**20,132**	**13,660**
Deductions	(1,318)	(896)
Tier 1 plus Tier 2 capital, less deductions	**18,814**	**12,764**
Excess Tier 2 capital	744	5,349
Tier 3 capital	-	-
Deductions from Capital	(151)	(1,340)
Total regulatory capital less deductions	**19,407**	**16,773**

39. Subsequent Events

The UK bank payroll tax on certain compensation exceeding GBP 25,000 for 2009 was enacted on 9 April 2010 and will result in additional compensation expense of approximately USD$110m in 2010 (being a preliminary estimate). No expense has been recognised in 2009.

UNAUDITED SUPPLEMENT TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Capital adequacy: Basel 2 Pillar 3

Overview

CSi's capital adequacy and capital resources are managed and monitored based on practices developed by the Basel Committee on Banking Supervision (the 'Basel Committee') and governed by European Union directives. These directives are implemented in the UK by the FSA, the UK regulator, and incorporated within its prudential sourcebooks for banks and investment firms.

With effect from 1 January 2008, CSi was subject to the Basel 2 regime, which revised the original Basel 1 framework with the aim of making the measurement of capital adequacy more risk sensitive and representative of modern banks' risk management practices. Basel 2 was implemented in the European Union via the Capital Requirements Directive, and affected banks, building societies and certain types of investment firms.

The revised Basel framework is based upon three 'pillars':

- Pillar 1: minimum capital requirements for credit, market and operational risks. CSi has received approval from the FSA for the use of a number of models for calculating its market, counterparty and credit risk capital requirements.

- Pillar 2: supervisory review. This comprises an assessment of whether additional capital is needed over and above that determined under Pillar 1, based on a constructive dialogue between a firm and its regulator on the risks, risk management and capital requirements of the firm;

- Pillar 3: market discipline. This comprises requirements relating to public disclosure, intended to give the market a stronger role in ensuring that firms hold an appropriate level of capital. Pillar 3 information is divided into qualitative information about a bank's risk governance, risk methodologies and the management of risk and capital, and quantitative information about the components of the calculation of risk and capital resources as required under Pillar 1.

Under a waiver agreed with the FSA, certain of the Pillar 3 disclosures need not be made by CSi as a stand-alone entity on the basis that they are included in the comparable disclosures provided on a consolidated basis by CS group (these can be found at www.credit-suisse.com). This Supplement to CSi's financial statements therefore contains those quantative disclosures that are not covered by the CS group disclosures, along with more general information on the Bank's capital adequacy that is included for completeness and to provide context.

Capital resources

Regulatory capital resources comprise a number of 'tiers'. Tier 1 capital principally comprises shareholders' equity. This is supplemented by Tier 2 and Tier 3 capital, which consist mainly of subordinated debt instruments. Total capital equals the sum of these, less deductions for such items as investments in non-consolidated subsidiaries and holdings of capital instruments issued by other credit institutions and financial institutions in excess of trading book concessions.

The Group's overall capital needs are continuously reviewed to ensure that its capital base can appropriately support the anticipated needs of its businesses. The capital management framework at CSG ensures that capital resources are sufficient to support the underlying risks of the business activity, to meet the objectives of management and to meet the requirements of regulators, rating agencies and market participants.

CSi received a number of regulatory capital injections during the course of 2009 in order to support the business as follows:

	2009 US$M	2008 US$M
Total regulatory capital less deductions at 1 January	**16,773**	**18,305**
Net capital injections during the year:		
Core Tier 1	1,500	2,000
Non Core Tier 1	(175)	1,400
Upper Tier 2	-	(560)
Lower Tier 2	-	3,025
	1,325	**5,865**
Other movements	**1,309**	**(7,397)**
Total regulatory capital less deductions at 31 December	**19,407**	**16,773**

Under the Basel Committee guidelines, an institution must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, although the FSA requires this ratio to exceed the Individual Capital Guidance ('ICG') determined for each institution. This ratio can also be expressed as a capital coverage ratio, being the ratio of total eligible capital to total capital resources requirements, which must be at least 100%. The capital resources requirements reflect the credit, market and other risks of the Bank calculated using methodologies set out by the FSA.

The Bank must at all times monitor and demonstrate the compliance with the relevant regulatory capital requirements of the FSA. The Bank has put in place processes and controls to monitor and manage the Bank's capital adequacy and no breaches were reported to the FSA during the year.

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	2009 US$M	2008 US$M
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Tier 2 capital	**9,505**	**6,830**
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Deductions	(1,318)	(896)
Tier 1 plus Tier 2 capital, less deductions	**18,814**	**12,764**
Excess Tier 2 capital	744	5,349
Tier 3 Capital	-	-
Deductions from Capital	(151)	(1,340)
Total regulatory capital less deductions	**19,407**	**16,773**

Capital requirements

CSi's minimum Pillar 1 capital requirements under the Basel 2 framework as implemented by the FSA are as follows:

	2009 Basel 2 **US$M**	**2008** Basel 2 **US$M**
Trading book market risk under VaR	2,039	2,758
Trading book market risk under standard rules:		
interest rate risk	60	83
foreign currency risk	8	35
Counterparty risk – trading book	2,520	3,235
Counterparty risk – banking book	2,157	3,457
Concentration risk	620	1,132
Operational Risk (Basic Indicator Approach)	333	283
Total minimum capital requirements under Pillar 1	**7,737**	**10,983**

Anlage 3: **Credit Suisse International Unaudited Consolidated Interim Financial Statements For the Six Months Ended 30 June 2010**

CREDIT SUISSE INTERNATIONAL
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010

CREDIT SUISSE INTERNATIONAL
INTERIM MANAGEMENT REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2010

The directors present their Interim Management Report and the Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2010.

International Financial Reporting Standards

Credit Suisse International's 2010 Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the European Union ('EU'). The Condensed Consolidated Interim Financial Statements comprise Credit Suisse International ('CSi' or the 'Bank') and its subsidiaries – together referred to as the 'Group'.

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Directors on 26 August 2010.

Business Review

Profile

Credit Suisse Group AG ('CSG'), a company domiciled in Switzerland, is the ultimate parent of a worldwide group of companies (collectively referred to as the 'CS group') specialising in Investment Banking, Private Banking and Asset Management. CSi is an unlimited liability company and an indirect wholly owned subsidiary of CSG. CSi is authorised under the Financial Services and Markets Act 2000 by the Financial Services Authority ('FSA').

As a leading financial services provider, CS group is committed to delivering its combined financial experience and expertise to corporate, institutional and government clients and high-net-worth individuals worldwide, as well as to retail clients in Switzerland. CS group serves its clients through three divisions, Investment Banking, Private Banking and Asset Management, which co-operate closely to provide holistic financial solutions based on innovative products and specially tailored advice. Founded in 1856, CS group has a truly global reach today, with operations in over 50 countries and a team of more than 49,200 employees from approximately 100 different nations.

CSG prepares financial statements under US Generally Accepted Accounting Principles ('US GAAP'). These accounts are publicly available and can be found at www.credit-suisse.com.

CSi is a bank domiciled in the United Kingdom. It is a global market leader in over-the-counter ('OTC') derivative products from the standpoints of counterparty service, innovation, product range and geographic scope of operations. CSi offers a range of interest rate, currency, equity, commodity and credit-related OTC derivatives and certain securitised products. CSi's business is primarily client-driven, focusing on transactions that address the broad financing, risk management and investment concerns of its worldwide client base. CSi enters into derivative contracts in the normal course of business for market-making, positioning and arbitrage purposes, as well as for the Group's risk management needs, including mitigation of interest rate, foreign currency and credit risk. CSi trades fixed income and equity product areas which are managed as part of the Investment Banking Division of CS group.

Principal products

CSi provides a full range of fixed income derivative products including forward rate agreements, interest rate and currency swaps, interest rate options, bond options, commodities and credit derivatives for the financing, risk management and investment needs of its customers. CSi also engages in underwriting, securitising, trading and distributing a broad range of financial instruments in developed and emerging markets including US Treasury and government agency securities, US and foreign investment-grade and high yield corporate bonds, money market instruments, foreign exchange and real estate related assets.

CSi engages in a broad range of equity activities for investors including sales, trading, brokerage and market making in international equity and equity related securities, options and futures and OTC derivatives.

Economic environment

The global economic recovery continued in the first half of 2010, led by emerging markets, particularly in Asia. Gross domestic product (GDP) expanded in the US, with inventories remaining an important driver. Most European countries had continued growth, apart from Greece, which remained in recession due to the government's fiscal consolidation measures. Leading indicators continued rising in many countries, in both developed and emerging markets, with some indicators reaching record highs.

Sovereign debt concerns in Europe dominated the financial markets. In early April, European governments signalled they would provide EUR30BN to Greece in return for austerity measures. The size of the aid package was expanded to EUR110BN in May, with a EUR30BN contribution by the International Monetary Fund (IMF). Despite the announcement of the aid package, yields on Greek government bonds continued rising and concern grew over the sovereign debt risk of Spain and Portugal. Eurozone leaders announced a EUR750BN aid package for troubled eurozone governments, including a EUR250BN contribution from the IMF. Further support came from the European Central Bank (ECB), which pledged to buy eurozone government bonds.

Inflationary pressures remained subdued in most developed countries. While energy-related effects kept headline Inflation rates at elevated levels, core inflation rates reached multi-year lows in the eurozone and the US. In a few European countries (Ireland, Portugal and Spain), core inflation was negative during the second quarter. In contrast, China's inflation crept higher.

The yields trended downwards across all maturities during the period as divergence in monetary policy continued. Monetary policy in most developed countries remained expansionary. The US Federal Reserve (Fed) maintained its target for short-term interest rates near zero and continued to anticipate that economic conditions would warrant exceptionally low interest rates for an extended period. Similarly, the ECB kept short term-interest rates unchanged at a record low of 1%, and the Bank of England (BoE) signalled that it would not tighten monetary policy for at least a year. The ECB temporarily re-introduced some emergency lending facilities it had planned to discontinue. This is in contrast to China, where authorities further raised the reserve requirement ratio for banks, and various central banks around the globe started increasing interest rates (Australia, Brazil and Canada).

Sector environment

Equity markets showed a mixed performance in 2010 with gains in the first quarter followed by sharply lower levels in the second quarter. The volatility increased due to sovereign debt concerns. The VIX volatility index jumped to levels not seen since March 2009, as the contagion from the eurozone sovereign bond market and fears over measures to slow down the Chinese property market led to significant de-risking and unwinding of positions. Equity indices in emerging markets largely outperformed developed regions.

Credit markets continued to be volatile with spreads widening. US and Europe credit spreads increased further in the second quarter of 2010, mainly due to sovereign debt concerns. The heightened volatility reflected concerns around refinancing and the emerging credit crisis across many European countries.

Currency markets reflected the sovereign debt concerns in the eurozone and heightened risk aversion. The US dollar appreciated in 2010 against the euro and British pound. Lower commodity prices impacted commodity-linked currencies such as the Australian and Canadian dollars in the second quarter against the US dollar. The Japanese yen appreciated against the US dollar due to its safe haven status and narrowing interest rate differentials. The Chinese renminbi strengthened against the US dollar, reflecting the announcement of the resumption of a controlled float of the renminbi.

Commodity markets had a weak start to the year. Part of the decline was due to profit taking after a strong performance in late 2009 and the strengthening US dollar. Beginning in mid-February, commodity prices began to recover amid the first signs that commodity consumption had started to increase in developed countries. Cyclical commodities such as industrial metals and oil led the recovery. Gold prices benefited from strong demand and low interest rates and reached record highs in June. Agricultural commodity prices initially followed the recovery of the cyclical markets, but prospects of increased production globally led to a price correction in March with the second quarter ending almost unchanged.

Regulators and governments continued their focus on regulatory reform, capital and liquidity requirements, compensation and systemic risk. The deadline for feedback from the banks on the Basel Committee on Banking

Supervision (BCBS) proposals was April 2010. In preparation for the Toronto G-20 summit in June 2010, regulators continued to address the issues of "too big to fail," qualifying capital instruments, bank levies and bonus and transaction taxes. In the EU, regulatory discussions focused on capital requirements and on the regulation of alternative investment managers. In the US, tax legislation was enacted to broaden reporting by foreign financial institutions regarding all accounts held by US persons or by foreign entities with substantial US ownership.

Performance

For the first half of 2010, CSi recorded net income attributable to shareholders of US$375M, compared to a loss of US$135M for the similar period in 2009. Net Revenues were US$1,575M compared to US$453M in 2009. Total operating expenses were US$955M (2009:US$937M). Net operating income increased to a profit of US$620M compared to a loss of US$484M in the first half of 2009.

Included in net operating revenues for the first six months of 2009 were two exceptional items, the first being the US$692M impact of an increase in market credit risk provisions across investment grade counterparties. The second being US$934M losses recognised during the period in exit businesses, the majority being valuation reductions in the mortgage backed securities businesses. There were no such exceptional items in the first half of 2010.

Excluding the impact of these exceptional items in 2009, net revenues and operating income were lower in 2010 than the comparative 2009 period. Investment banking was adversely impacted by macroeconomic issues in the second quarter of 2010, which led to client risk aversion, reduced client activity and market volatility. In spite of this, the strategic businesses continued to gain market share momentum across most products reinforcing the directors' view that the client focussed, capital efficient strategy and reduced-risk business model can generate sustainable earnings even in more challenging markets.

Fixed Income revenues were US$1,446M, an increase of 40% in 2010 compared to the equivalent period in 2009. The increase in fixed income product revenues was primarily driven by significantly lower losses in the non-strategic businesses that the Group continues to wind down and exit. Adjusting for the impact attributable to exit businesses in the 2009 results, the revenues in the fixed income businesses were lower than 2009. The decrease reflected significantly lower revenues in the credit businesses, including leveraged finance and high grade trading, which were adversely impacted by market conditions triggered by sovereign debt concerns, regulatory uncertainty and widening credit spreads. The revenues in global rates and FX businesses were stable, although lower than the first half of 2009, especially in the European and US rates and FX businesses.

Equity revenues were US$511M, a decline of 20% on a strong 2009 result. This was primarily a result of lower revenues in equity derivatives and fund linked products. The revenues in these businesses, though solid, were weaker compared to the comparative period, but sustained market share gains across products to some extent mitigated the impact of reduced client activity and lower market levels.

Provision for credit losses during the first six months of 2010 were reduced by US$25M, which was primarily driven by a reduction in provisions due to decreased exposure against a number of counterparties. In the comparative period last year the Group recognised increased provisions of US$194M.

The Revenue Sharing Agreements require related entities/ branches to compensate each other on an arm's length basis when related party transactions are undertaken. They are calculated on a cost-plus or revenue split basis depending on the nature of services provided. For the first half of 2010, this expense was US$458M (2009: US$192M). The variance is driven by changes in cost base and revenues recognised during the period.

The Group's interim period operating expenses were US$955M (2009: US$937M). Compensation costs have decreased by US$133M as a result of lower Incentive Performance Bonus accruals and secondly due to lower expenses in 2010 for deferred compensation awards granted in earlier years. This is partially offset by an increase in salary expense caused by higher expenses in 2010 in respect of higher base salaries and higher deferred compensation awards granted in 2010. Also included in these numbers was a US$174M accrual for the UK bonus tax which was the result of a new legislative action in the UK. The fall in compensation costs was offset by an increase in general and administrative expenses. These rose to US$535M (2009: US$384M) predominantly as a result of an increase in overheads allocated from Group.

The effective tax rate for the six months period to June 2010 was 40%. This was primarily due to the impact of the UK bonus tax which is not deductible for tax purposes. The effective tax rate for the similar period in 2009 was 72%. The high effective tax rate for the prior period was due primarily to the volatility of FX movement on tax losses carried forward. The UK tax legislation in place for the six months ended 30 June 2009 required tax losses to be carried forward in GBP rather than the underlying currency of USD. The GBP equivalent was calculated as the USD underlying converted at the average FX rate for the period. New legislation was enacted in July 2009 such that losses are now able to be effectively carried forward in the underlying currency of the entity.

As at 30 June 2010, the Group had total assets of US$619,442M (31 December 2009: US$578,950M, as restated for the impact of amendments to IFRS 2-Group Cash-settled Share-based Payments) and total shareholders' equity of US$11,185M (31 December 2009: US$10,810M, as restated). The significant increase in total assets was predominantly driven by increased fair values of interest rate and credit derivatives due to movements on yield curves in the global markets and widening of credit spreads over the six month period.

The Credit Suisse Group AG has been recognised as Best Global Bank in 2010 by Euromoney magazine, and being named Best Emerging Markets Investment Bank. The directors believe this underlines the depth and breadth of the Credit Suisse global footprint and that despite the continued macroeconomic uncertainty, the Credit Suisse strategy is appropriate and will ensure the Group is well positioned to succeed in the evolving industry landscape.

Capital Resources

Throughout the year the Bank has accessed funding from CS group to ensure ongoing stability and support of its business activities. The Bank continues to closely monitor its capital and funding requirements on a daily basis. CS group has confirmed that it will ensure that the Bank is able to meet its debt obligations and maintain a sound financial position over the foreseeable future.

CS group continues to benefit from a conservative funding structure and a position as one of the world's best capitalised banks with a Tier 1 ratio of 16.3% as at 30 June 2010 (30 June 2009:15.5%).

Issuances of medium and long term debt are set out in Note 11 to the Financial Statements.

The Bank must at all times monitor and demonstrate compliance with the relevant regulatory capital requirements of the FSA. The Bank has processes and controls in place to monitor and manage its capital adequacy.

Involvement with Special Purpose Entities ('SPEs')

The Group enters into transactions with, and makes use of, SPEs in the normal course of business. Transactions with SPEs are generally executed to facilitate securitisation activities or to meet specific client needs, such as providing liquidity or investment opportunities, and, as part of these activities, CSi may hold interests in the SPEs. Securitisation-related transactions with SPEs involve selling or purchasing assets and entering into related derivatives with those SPEs, providing liquidity, credit or other support. Other transactions with SPEs include derivative transactions in CSi's capacity as the prime broker for entities qualifying as SPEs. CSi also enters into lending arrangements with SPEs for the purpose of financing client projects or the acquisition of assets. Further, CSi is involved with SPEs which were formed for the purpose of offering alternative investment solutions to clients. Such SPEs relate primarily to fund-linked vehicles or fund of funds, where CSi acts as structurer, manager, distributor, broker, market maker or liquidity provider. The economic risks associated with SPE exposures held by CSi, together with all relevant risk mitigation initiatives, are included in the CS group risk management framework.

Investing or financing needs, or those of the Group's clients, determine the structure of each transaction, which in turn determines whether sale accounting and subsequent derecognition of the transferred assets under IAS 39 applies. In addition, SPEs are entities that are often created with legal arrangements that impose strict limits on the decision making powers of its governing body or frequently operate in a predetermined way such that virtually all rights, obligations and aspects of activities are controlled through legal/contractual provisions determined at inception. Such entities are required to be assessed for consolidation under IAS 27 and its associated interpretation, SIC-12. Application of the accounting requirements for consolidation of SPEs may require the exercise of significant management judgement.

The Group has not provided financial or other support to consolidated or unconsolidated VIEs that it was not previously contractually required to provide.

Structured Investment Vehicles ('SIVs')

SIVs are unconsolidated entities that issue various capital notes and debt instruments to fund the purchase of assets. CSi does not sponsor or serve as asset manager to any SIVs.

Subsidiary Undertakings and Branches

Credit Suisse First Boston International Warrants Limited was put into members' voluntary liquidation during 2005 by the Bank, and remains in liquidation.

Dividends

No dividends have been paid for the period ended 30 June 2010 (2009: US$Nil).

Directors

There have been following changes to the directorate since 31 December 2009:

Gael de Boissard resigned from the Board on 12 April 2010.
Renato Fassbind resigned form the Board on 7 June 2010.
Eraj Shirvani was appointed to the Board on 12 April 2010.
Rudolf Anton Bless was appointed to the Board on 7 June 2010.

None of the directors who held office at the end of the period was directly beneficially interested, at any time during the year, in the shares of the Bank.

Directors of the Group benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Subsequent events

Eric Varvel, Chairman of the Board, resigned from the Board on 1 July 2010. Fawzi Sami Kyriakos-Saad was appointed to the Board and as its Chairman on 1 July 2010.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- The Interim Management Report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board of Directors on 26 August 2010:

Costas P. Michaelides
Director

CREDIT SUISSE INTERNATIONAL

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

	Note	30 June 2010 US$M	30 June 2009 (restated)[1] US$M
Interest and dividend income	4	519	899
Interest expense	4	(435)	(1,169)
Net interest Income/(expense)		84	(270)
Provision for credit losses	8	25	(194)
Commission and fee expense	5	(13)	(60)
Net gains from financial assets/liabilities at fair value through profit or loss	9	1,937	1,169
Revenue sharing agreements expense	6	(458)	(192)
Net Revenues		**1,575**	**453**
Compensation and benefits	7	(420)	(553)
General and administrative expenses	8	(535)	(384)
Net operating expenses		**(955)**	**(937)**
Profit/(Loss) before taxes		**620**	**(484)**
Income tax (Charge)/credit	10	(245)	349
Net income/(loss)		**375**	**(135)**
Net income/(loss) attributable to:			
Equity holders of the parent		**375**	**(135)**

[1] On 1 January 2010, the Group adopted amendments to IFRS 2-Group Cash-settled Share-based Payment Transactions. Comparative information has been restated accordingly (See Note 2).

All profits and losses for both 2010 and 2009 are from Continuing Operations.

The notes on pages 11 to 22 form an integral part of these Condensed Consolidated Interim Financial Statements.

CREDIT SUISSE INTERNATIONAL

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010 (UNAUDITED)

	Note	30 June 2010	31 December 2009 (restated)[1]
		US$M	US$M
Assets			
Cash and due from banks		18,881	19,130
Interest-bearing deposits with banks		237	255
Securities purchased under resale agreements and securities borrowing transactions		12,837	19,337
Trading financial assets at fair value through profit or loss	9	499,028	459,520
Financial assets designated at fair value through profit or loss		26,148	29,681
Other loans and receivables		5,652	6,234
Other Investments		672	-
Repossessed collateral		88	34
Current tax assets		139	224
Deferred tax assets		1,904	2,148
Other assets		53,311	41,856
Intangible assets		283	256
Property and equipment		262	275
Total assets		**619,442**	**578,950**
Liabilities			
Deposits		1,845	2,231
Securities sold under repurchase agreements and securities lending transactions		8,995	4,120
Trading financial liabilities at fair value through profit or loss	9	473,511	437,653
Financial liabilities designated at fair value through profit or loss		35,436	43,071
Short term borrowings		13,006	28,038
Other liabilities		47,592	40,199
Provisions		18	40
Long term debt	11	27,854	12,788
Total liabilities		**608,257**	**568,140**
Shareholders' equity			
Called-up share capital	13	9,125	9,125
Share premium account		4,868	4,868
Retained earnings		(2,808)	(3,183)
Total shareholders' equity		**11,185**	**10,810**
Total liabilities and shareholders' equity		**619,442**	**578,950**

[1] On 1 January 2010, the Group adopted amendments to IFRS 2-Group Cash-settled Share-based Payment Transactions. Comparative information has been restated accordingly (See Note 2).

The notes on pages 11 to 22 form an integral part of these Condensed Consolidated Interim Financial Statements.

Approved by the Board of Directors on 26 August 2010 and signed on its behalf by:

Costas P. Michaelides

CREDIT SUISSE INTERNATIONAL

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

	Share Capital	Share Premium	Retained Earnings	Share-based Payment Reserve	Total
	US$M	US$M	US$M (restated)[1]	US$M (restated)[1]	US$M (restated)[1]
Balance at 1 January 2010	**9,125**	**4,868**	**(3,104)**	**146**	**11,035**
Transition adjustment for IFRS-2, pre-tax (Note 2)	-	-	(119)	(110)	(229)
Transition adjustment for IFRS-2, tax	-	-	40	(36)	4
Balance at 1 January 2010, restated	**9,125**	**4,868**	**(3,183)**	**-**	**10,810**
Share-based compensation, pre-tax	-	-	-	-	-
Share-based compensation, tax	-	-	-	-	-
Net loss recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Profit for the period and total recognised income and expense for the period	-	-	375	-	375
Issue of shares	-	-	-	-	-
Redemption of shares	-	-	-	-	-
Balance at 30 June 2010	**9,125**	**4,868**	**(2,808)**	**-**	**11,185**

	Share Capital	Share Premium	Retained Earnings	Share-based Payment Reserve	Total
	US$M	US$M	US$M (restated)[1]	US$M (restated)[1]	US$M (restated)[1]
Balance at 1 January 2009	**8,542**	**4,126**	**(3,286)**	**191**	**9,573**
Transition adjustment for IFRS-2, pre-tax (Note 2)	-	-	40	(180)	(140)
Transition adjustment for IFRS-2, tax	-	-	8	(11)	(3)
Balance at 1 January 2009, restated	**8,542**	**4,126**	**(3,238)**	**-**	**9,430**
Share-based compensation, pre-tax	-	-	-	-	-
Share-based compensation, tax	-	-	-	-	-
Net loss recognised directly in equity	**-**	**-**	**-**	**-**	**-**
Loss for the period and total recognised income and expense for the period	-	-	(135)	-	(135)
Issue of shares	958	742	-	-	1,700
Redemption of shares	(375)	-	-	-	(375)
Balance at 30 June 2009	**9,125**	**4,868**	**(3,373)**	**-**	**10,620**

[1] On 1 January 2010, the Group adopted amendments to IFRS 2-Group Cash-settled Share-based Payment Transactions. Comparative information has been restated accordingly (See Note 2).

There were no dividends paid during the six months ended 30 June 2010 (30 June 2009 Nil).

The notes on pages 11 to 22 form an integral part of these Condensed Consolidated Interim Financial Statements.

CREDIT SUISSE INTERNATIONAL

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

	Note	30 June 2010 US$M	30 June 2009 US$M (restated)[1]
Cash flows from operating activities			
Profit/(Loss) before tax for the period		620	(484)
Adjustments to reconcile net income to net cash provided by/(used in) operating activities			
Non-cash items included in net income/(loss) before tax and other adjustments:			
Impairment, depreciation and amortisation		75	75
Disposal of property and equipment		1	-
Accrued Interest		159	202
Provision for credit losses		(25)	194
(Reversal)/Impairment on loan commitments		(3)	(1)
Impairment on Repossessed Collateral		11	-
Foreign exchange (losses)		(113)	(66)
Provisions		18	25
Total Adjustments		123	429
Cash generated before changes in operating assets and liabilities		**743**	**(55)**
Net (increase)/decrease in operating assets:			
Interest bearing deposits with banks		18	301
Securities purchased under resale agreements and securities borrowing transactions		6,500	(7,749)
Trading financial assets at fair value through profit or loss		(39,508)	212,975
Financial assets designated at fair value through profit or loss		3,533	3,422
Other loans and receivables		607	(9,604)
Repossessed Collateral		(65)	-
Other Investments		(672)	-
Other assets		(11,455)	8,529
Net (increase)/decrease in operating assets		(41,042)	207,874
Net increase/(decrease) in operating liabilities:			
Deposits		10	(137)
Securities sold under resale agreements and securities lending transactions		4,875	(115)
Trading financial liabilities		35,858	(205,145)
Financial liabilities designated at fair value through profit or loss		(7,635)	4,806
Short term borrowings		(15,032)	(20,029)
Other liabilities and provisions		7,369	(16,340)
Net increase/(decrease) in operating liabilities		25,445	(236,960)
Net cash used in operating activities		**(14,854)**	**(29,141)**
Income taxes refund		77	333
Income taxes paid		(6)	-
Net cash used in operating activities		**(14,783)**	**(28,808)**
Cash flows from investing activities			
Capital expenditure for property and equipment and intangible assets		(90)	(65)
Net cash used in investing activities		**(90)**	**(65)**
Cash flow from financing activities			
Issuance of long term debt (including long term debt at fair value through profit or loss)	11	15,093	1,900
Repayment of long term debt (including long term debt at fair value through profit or loss)	11	(73)	(91)
Issue of shares	13	-	1,700
Redemption of shares	13	-	(375)
Net cash flow provided by financing activities		**15,020**	**3,134**
Net increase/(decrease) in cash and due from banks		**147**	**(25,739)**
Cash and due from banks at beginning of period		16,903	61,717
Cash and due from banks at end of period		**17,050**	**35,978**
Cash and due from banks		18,881	37,950
Demand deposits		(1,831)	(1,972)
Cash and due from banks at end of period		**17,050**	**35,978**

[1] On 1 January 2010, the Group adopted amendments to IFRS-2. Comparative information has been restated accordingly (See Note 2).

1. General

CSi is a bank domiciled in the United Kingdom. The address of the Bank's registered office is One Cabot Square, London, E14 4QJ. The Condensed Consolidated Interim Financial Statements were authorised for issue by the directors on 26 August 2010.

2. Significant Accounting Policies

a) Basis of preparation

The Group's Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2009. Except as described below, the accounting policies applied by the Group in these Condensed Consolidated Interim Financial Statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

The Consolidated Financial Statements are presented in United States dollars (US$) rounded to the nearest million. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments that are hedged as part of a designated hedging relationship and financial instruments designated by the Group as at fair value through profit or loss.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision has a significant effect on both current and future periods.

The Group and Bank have unrestricted and direct access to funding sources of Credit Suisse Group. After making enquiries of the Credit Suisse Group, the Directors of the bank have received a confirmation that Credit Suisse Group will ensure that the bank maintains a sound financial position and is able to meet its debt obligations for the foreseeable future. Accordingly the Directors have prepared these accounts on a going concern basis.

Recently adopted accounting standards

The following provides the most relevant recently adopted accounting standards. For a complete description of recently adopted accounting standards, please refer to Note 2b – Basis of Preparation for the Credit Suisse International Annual Report 2009.

- IAS 32 Amendments to Financial Instruments - Presentation: Classification of Rights Issues. The amendment provides guidance on the classification of rights issues denominated in a currency other than the functional currency of the issuer. The amendment was effective for annual periods beginning on or after February 1, 2010. The adoption of the amendment did not have a material impact on the Group's financial condition, results of operations or cash flows.

- Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions: The amendment now clarified the approach to be taken in classifying group share based payment transactions as cash or equity settled in the subsidiaries accounts where the subsidiary has the obligation to settle the arrangement with the employee upon vesting. The new guidance requires CSi to measure the services received and account for the transactions with its employees as a cash-settled share-based payment transaction. This includes

2. Significant Accounting Policies (continued)

the recognition of a liability, incurred and related to share-based payments, over the service life and in proportion to the service delivered at fair value. The fair value of the liability is remeasured until the liability is settled and the changes in fair value are recognised in the income statement. The guidance resulted in a reclassification and remeasurement of the share-based payment related component from equity to liability. The amendments to IFRS 2 are effective for annual periods beginning on or after 1 January 2010 and CSi has adopted the guidance retrospectively for the interim financial statements as at 30 June 2010. The adoption resulted in an (increase)/reduction in retained earnings on 31 December 2008 and 31 December 2009 for the amount of US$(40)M (pre-tax) and US$119M respectively, and a reduction in profit before tax six months ended 30 June 2009 and the twelve months ended 31 December 2009 of, US$52M and US$159M, respectively. Further, the adoption resulted in the recognition of a liability in the amount of US$140M as of 31 December 2008, US$156M as of 30 June 2009 and US$230M as of 31 December 2009.

Standards to be adopted in future periods

- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement. The amendments correct an unintended consequence of IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This is where entities were in some circumstances not permitted to recognise as an asset voluntary prepayments of minimum funding contributions. The amendments to IFRIC 14 are effective for January 1, 2011. The Group is currently evaluating the impact of the amendments to IFRIC 14.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. This interpretation provides guidance on how an entity should account for a transaction, where a creditor agrees to accept an entity's shares or other equity instruments to partially or fully settle a financial liability in accordance with IAS 39 Financial Instruments: Recognition and Measurement, and IAS 32 Financial Instruments: Presentation. IFRIC 19 is effective for annual periods beginning on or after July 1 2010. The Group is currently evaluating the impact of IFRIC 19.

The accounting policies have been applied consistently by Group entities.

b) Other

The financial information included in these Condensed Consolidated Interim Financial Statements does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the directors on 21 April 2010 and were delivered to the Registrar of Companies following publication. The auditors' report on these accounts was unqualified and did not include a statement under sections 237(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(3) (failure to obtain necessary information and explanations) of the Companies Act 2006.

3. Segmental Analysis

The bank adopted IFRS 8 – 'Operating Segments' during 2009 and determined that there are three reportable segments that are regularly reviewed by the Chief Operating Decision Maker when assessing the performance and allocation of resources. These segments are based on products and services offerings of the Group:

3. Segmental Analysis (continued)

Fixed Income:	The fixed income division (FID) operates in rates, foreign exchange, credit, structured products trading and emerging markets, and commodities markets. The operations also include ongoing management and wind-down of legacy businesses in CDOs, RMBS origination, CMBS and Commodities.
Equities:	The activities of the equities division include sales, trading, financing, prime brokerage services and market-making in global equity and equity-related securities, options, futures, risk management and hedging products. Activities cover both exchange-traded and over-the counter traded securities, including American Depositary Receipts, restricted stocks, equity repurchases, block trade executions, program trading executions, equity derivatives and convertible securities.
Investment banking	The investment banking division (IBD) service offering includes mergers and acquisitions, debt, equity and other capital raising activities.

Segment performance is assessed by management based on the Monthly Board Summary report, which details revenues by segment. CSi assets and liabilities are not managed by segment. Expenses are managed as part of the wider CS Group management processes and therefore, while the CODM does assess the overall expense base for CSi, it does not manage the expenses at a CSi segment level.

Similarly certain revenue items are not directly allocated to the above business segments at a CSi company level. These items include transfer pricing, certain credit risk allocations, treasury and corporate centre allocations. These are not included as an operating segment as they are not separate business activities from which CSi may earn revenues. Transactions between reportable segments are recorded at an arms length basis and are included in the segment result.

The following table shows the external revenue of each operating segment during the year:

	30 June 2010 US$M	30 June 2009 US$M
Revenues		
Fixed Income	1,446	1,035
Equities	511	642
Investment banking	113	204
Total	**2,070**	**1,881**

The following table shows the Group's revenue by managed region which generates the revenue:

	30 June 2010 US$M	30 June 2009 US$M
Revenues		
EMEA	1,274	1,447
Americas	466	372
Switzerland	7	6
Asia	323	56
Total	**2,070**	**1,881**

Group Assets:

Non current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contacts, consist of Property Plant and Equipment, Investments and Intangible assets totalling US$545M (2009: US$549M), all of which are located in EMEA.

3. Segmental Analysis (continued)

Reconciliation of reportable segment revenues

Reconciliation	30 June 2010 US$M	30 June 2009 US$M
IFRS statement of income		
Net interest expense	84	(270)
Net revenues	1,491	723
Group revenues	**1,575**	**453**
Total revenues for reportable segments	2,070	1,881
Revenue sharing agreement expense	(458)	(192)
Expansion of market credit risk adjustment(1)	-	(692)
Treasury funding	(162)	(312)
Other corporate items	1	58
Provisions for credit losses	25	(194)
CS Group to Primary reporting reconciliations(2)	99	(96)
Group Revenues	**1,575**	**453**

Notes:
(1) Market credit risk provisions introduced against investment grade counterparties driven by market conditions
(2) This is the difference between the monthly board summaries which are prepared on a US GAAP basis and the CSi accounts prepared in accordance with IFRS.

4. Net Interest Expense

	30 June 2010 US$M	30 June 2009 US$M
Loans and receivables	344	364
Securities purchased under resale agreements and securities borrowing transactions	39	71
Cash collateral paid on OTC derivatives transactions	70	183
Interest income on cash and cash equivalents	66	281
Interest and dividend income	**519**	**899**
Deposits	(1)	(38)
Short term borrowings	(101)	(578)
Securities sold under resale agreements and securities lending transactions	(24)	(51)
Long term debt	(239)	(265)
Cash collateral received on OTC derivatives transactions	(70)	(237)
Interest expense	**(435)**	**(1,169)**
Net interest expense	**84**	**(270)**

5. Commissions and Fee Income

	30 June 2010 US$M	30 June 2009 US$M
Lending business	59	14
Other customer services	(72)	(74)
Net commission and fee income	**(13)**	**(60)**
Total commission and fee income	63	18
Total commission and fee expense	(76)	(78)
Net commission and fee income	**(13)**	**(60)**

6. Revenue Sharing Agreements

Revenue sharing agreements expense of US$458M (2009: US$192M) principally relates to amounts allocated to CSi from other companies in the CS group.

7. Compensation and Benefits

	30 June 2010 US$M	30 June 2009 US$M (restated)[1]
Salaries and variable compensations	239	496
Social security	171	50
Pensions	8	6
Other	2	1
Compensation and benefits	**420**	**553**

[1] On 1 January 2010, the Group adopted amendments to IFRS 2-Group Cash-settled Share-based Payment Transactions. Comparative information has been restated accordingly (See Note 2).

8. General and Administrative Expenses

The impairment charge on loans and receivables of US$25M (2009: US$194M) comprises additional allowance for loan losses of US$11M (2009:321M) and a release of allowances for loan losses of US$36M (2009: US$127M).

	30 June 2010 US$M	30 June 2009 US$M
Occupancy expenses	10	6
IT and machinery	23	21
Amortisation expenses	40	26
Depreciation expenses	43	49
Litigation	-	28
Commission expenses	168	149
Travel and entertainment	6	4
Audit fees of the Group	1	1
Professional services	17	13
Net overheads allocated from other CS group entities	198	77
Other	29	10
Other expenses	**535**	**384**

The 2009 litigation charge relates to settlement of the class actions brought by the Parmalat Bondholders in Italy. Expenses incurred on behalf of the Group are recharged through 'Net overheads allocated from other CS group entities'.

9. Net Gains From Financial Assets/Liabilities At Fair Value Through Profit or Loss

	30 June 2010 US$M	30 June 2009 US$M
Interest rate	729	940
Foreign exchange	106	123
Equity	515	841
Commodity	80	139
Credit	517	(860)
Other	(10)	(14)
Total net gains from financial assets/liabilities at fair value through profit or loss	**1,937**	**1,169**

9. Net Gains/(Losses) From Financial Assets/Liabilities At Fair Value Through Profit or Loss (continued)

	30 June 2010 US$M	31 December 2009 US$M
Trading financial assets at fair value through profit or loss		
Debt instruments	23,841	26,515
Equity instruments	15,873	16,607
Positive replacement values of derivative trading positions	453,324	409,873
Loans and other receivables	5,990	6,525
Trading financial assets at fair value through profit or loss	**499,028**	**459,520**

	30 June 2010 US$M	31 December 2009 US$M
Trading financial liabilities at fair value through profit or loss		
Short positions	14,096	17,585
Negative replacement values of derivative trading positions	459,415	420,068
Total trading financial liabilities at fair value through profit or loss	**473,511**	**437,653**

10. Income Tax

	30 June 2010 US$M	30 June 2009 US$M (restated)[1]
Current tax	(2)	(10)
Deferred tax	(243)	359
Income Tax (Charge)/Credit	**(245)**	**349**

The income tax charge for the period can be reconciled to the profit per the statement of comprehensive income as follows:

	30 June 2010 US$M	30 June 2009 US$M (restated)[1]
Profit/(Loss) before tax	620	(484)
Profit/(Loss) before tax multiplied by the UK statutory rate of corporation tax at the rate of 28% (30 June 2009: 28%)	(173)	136
Effect of different tax rates of operations/subsidiaries operating in other jurisdictions	(17)	(8)
Other permanent differences	(53)	18
Adjustments to current tax in respect of previous periods	(1)	(17)
Adjustments to deferred tax in respect of previous periods	(1)	(3)
FX movements on losses carried forward	-	223
Income Tax (Charge)/Credit	**(245)**	**349**

[1] On 1 January 2010, the Group adopted amendments to IFRS 2-Group Cash-settled Share-based Payment Transactions. Comparative information has been restated accordingly (See Note 2).

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was enacted on 27th July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by USD$59M. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate

10. Income Tax (continued)

reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liabilities/assets accordingly.

The deferred tax asset has been recognised in full on the basis that there is sufficient probability that future taxable profit will be available against which the Group can utilise these benefits. This is based on management's assessment that it is probable that the Group will have taxable profits against which the unused tax losses and deductible temporary differences can be utilised. Generally, in determining the amounts of deferred tax assets to be recognised, management considers available evidence including forecast operating income and, where applicable, a review of the eligible carry-forward periods, tax planning opportunities and other relevant considerations.

11. Long Term Debt

	Balance as at 1 January 2010 US$M	Issuances US$M	Repayments and other movements US$M	Translation FX and MTM adjustments US$M	Balance as at 30 June 2010 US$M
Senior debt	2,238	15,093	(73)	(113)	17,145
Subordinated debt	10,550	-		159	10,709
Total Long Term Debt	**12,788**	**15,093**	**(73)**	**46**	**27,854**

	Balance as at 1 January 2009 US$M	Issuances US$M	Repayments and other movements US$M	Translation, FX and MTM adjustments US$M	Balance as at 31 December 2009 US$M
Senior debt	453	1,723	(28)	90	2,238
Subordinated debt	10,183	-	367	-	10,550
Total Long Term Debt	**10,636**	**1,723**	**339**	**90**	**12,788**

12. Derivatives and Hedging Activities

As at 30 June 2010

	Trading		**Hedging**	
Group	Positive fair value **US$M**	Negative fair value **US$M**	Positive fair value **US$M**	Negative fair value **US$M**
Interest rate products	634,558	627,502	-	-
Foreign exchange products	52,271	60,627	-	1
Precious metals products	2,221	1,994	-	-
Equity/indexed-related products	37,695	40,201	-	-
Credit products	68,056	65,938	19	-
Other products	7,362	7,192	-	-
Total Derivative Instruments	**802,163**	**803,454**	**19**	**1**

	30 June 2010		**31 December 2009**	
Group	Positive fair value **US$M**	Negative fair value **US$M**	Positive fair value **US$M**	Negative fair value **US$M**
Fair values (trading and hedging) before netting	802,182	803,455	670,758	674,804
Fair values (trading and hedging) after netting	453,344	459,418	409,905	420,074

12. Derivatives and Hedging Activities (continued)

As at 31 December 2009

	Trading		Hedging	
Group	Positive fair value **US$M**	Negative fair value **US$M**	Positive fair value **US$M**	Negative fair value **US$M**
Interest rate products	513,593	507,538	-	6
Foreign exchange products	44,993	50,591	-	-
Precious metals products	1,781	1,905	-	-
Equity/indexed-related products	21,646	26,707	-	-
Credit products	82,368	80,232	33	-
Other products	6,344	7,825	-	-
Total Derivative Instruments	**670,725**	**674,798**	**33**	**6**

13. Called-up Share Capital and Share Premium

Authorised:	**30 June 2010 US$**	**31 December 2009 US$**
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	7,224,999,375	7,224,999,375
Class A Participating non-voting shares of US$1 each	500	500
Preference Shares of US$25,000,000 each	275,000,000	275,000,000
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	600,000,000	600,000,000
Class C Preference Shares of US$1 each	800,000,000	800,000,000
Class D Preference Shares of US$1 each	600,000,000	600,000,000
Class E Preference Shares of US$1 each	700,000,000	700,000,000
Class F Preference Shares of US$1 each	750,000,000	750,000,000
Class G Preference Shares of US$1 each	800,000,000	800,000,000
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of US$1 each	200,000,000	200,000,000
	15,800,000,000	**15,800,000,000**

Allotted, called up and fully paid:	**30 June 2010 US$**	**31 December 2009 US$**
Ordinary voting shares of US$1 each	125	125
Participating non-voting shares of US$1 each	3,889,568,088	3,889,568,088
Class A Participating non-voting shares of US$1 each	200	200
Class A Preference Shares of US$1 each	250,000,000	250,000,000
Class B Preference Shares of US$1 each	-	-
Class C Preference Shares of US$1 each	350,000,000	350,000,000
Class D Preference Shares of US$1 each	300,000,000	300,000,000
Class E Preference Shares of US$1 each	535,000,000	535,000,000
Class H Preference Shares of US$1 each	700,000,000	700,000,000
Class I Preference Shares of US$1 each	1,500,000,000	1,500,000,000
Class J Preference Shares of US$1 each	1,400,000,000	1,400,000,000
Class K Preference Shares of US$1 each	200,000,000	200,000,000
	9,124,568,413	**9,124,568,413**

14. Contingent Liabilities and Commitments

The Group has contingent liabilities and commitments, entered into in the ordinary course of business, in respect of forward rate agreements, OTC futures, interest rate and currency swaps, options, spot and forward foreign exchange contracts and other OTC off-balance sheet instruments.

The following contingent liabilities and commitments were entered into since 31 December 2009:

On 26 January 2010, Csi registered a Securities and Cash Pledge Agreement with AXA Life Insurance Co Ltd for all monies due or to be come due from Credit Suisse Securities (Europe) limited on any account under the terms of agreement.

On 25 February 2010, Csi registered a Trust Deed with CITICorp Trustee Company Limited for all obligations and liabilities due or become due to the note holders, the trustee and the agents on any account whatsoever under the terms of the deed.

On 10 March 2010, Csi registered a Securities and Pledge Agreement with AXA Belgium SA for all monies due or to become due from Credit Suisse Securities (Europe) Limited to the charge on any account whatsoever under the terms of the agreement.

On 09 March 2010, Csi registered a Euroclear Pledge Agreement with Taishin International Bank for all monies due or to become due under the terms of the agreement.

On 09 March 2010, Csi registered a Euroclear Pledge Agreement with Entie Commercial Bank for all monies due or to become due under the terms of the agreement.

On 26 March 2010, Csi registered a Securities and Cash Pledge Agreement with AXA Life Insurance Company Limited for all monies due or to become due under the terms of the agreement.

On 22 April 2010, Csi registered a Securities and Cash Pledge Agreement with Dekabank Deutsche Girozentrale for all monies due or to become due under the terms of the agreement.

On 22 April 2010, Csi registered a Securities and Cash Pledge Agreement with Dekabank Deutsche Girozentrale for all monies due or to become due under the terms of the agreement.

On 05 May 2010, Csi registered a debenture with The Bank of New York Mellon having a floating charge over the securities, the deposits and any other assets now or at any time thereafter together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the forgoing, property, assets and income for all monies due or to become due under the terms of the instrument.

On 07 May 2010, Csi registered a Security Assignment with Inteligo Bank Limited on all present and future right in the assigned contracts being deed of charge over the shares in RP Finance for all monies due or to become due under the terms of the agreement.

On 07 May 2010, Csi registered a Security Assignment with Inteligo Bank Ltd having full title guarantee on all present and future right title and interest in and to the assigned assets including all monies payable to the assignor and any claims awards and judgements in favour of the assignor under in connection with the assigned assets on all present and future right in the assigned contract for all monies due or to become due under the terms of the instrument.

On 10 May 2010, Csi registered a Deed of Assignment with Aberdeen Asset Management Gestion S.N.C. for all monies due or to become due under the terms of the instrument.

14. Contingent Liabilities and Commitments (continued)

On 11 June 2010, Csi registered a Credit Support Deed with BNY Fund Management (Cayman) Limited, in its capacity as trustee of the trust, for all monies due or to become due under the terms of the instrument.

15. Related Party

The Group is controlled by Credit Suisse Group AG, its ultimate parent, which is incorporated in Switzerland. The Group's parent company, who holds a majority of the voting rights in the undertaking, is Credit Suisse, which is incorporated in Switzerland.

The Group has significant related party balances with subsidiaries and affiliates of CSG. These transactions largely comprise derivative trades, as the Bank is the principal risk taker for derivatives within the CS group, as well as funding trades via the use of loans/deposits and repurchase/resale agreements. The Group is also charged by other CS group companies for operating costs which mainly relate to employee-related services and other business expenses.

The Group generally enters into the above transactions in the ordinary course of business on market terms that could be obtained from unrelated parties.

The nature of related party transactions remained consistent for the six months ended 30 June 2010 compared to the year ended 31 December 2009.

16. Financial Instruments Risk Position

The CS group, of which CSi is a part, manages its risks under global policies. The CS group risk management process is designed to ensure that there are sufficient controls to measure, monitor and control risks in accordance with CS group's control framework and in consideration of industry best practices. The primary responsibility for risk management lies with CS group's senior business line managers. They are held accountable for all risks associated with their businesses, including counterparty risk, market risk, liquidity risk, operational risk, legal risk and reputational risk.

There have been no material changes in the risk management policies since the year ended 31 December 2009.

16. Financial Instruments Risk Position (continued)

The following tables give an update on the VaR results, mark to market exposures and interest rate sensitivity position as at 30 June 2010.

period	Interest rate and credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Total (Non-Scaled)	Total (Scaled)	Ratio (Scaled vs Non-Scaled)
end of 30 June 2010 US$M								
Average	**62**	**19**	**20**	**21**	**(68)**	**54**	**54**	**1.0**
Minimum	46	9	9	11	1)	41	41	5)
Maximum	77	47	28	54	1)	83	83	5)
End of period	57	29	12	22	(66)	54	54	1.0
in 2009 US$M								
Average	**66**	**19**	**13**	**23**	**(62)**	**59**	**73**	**1.2**
Minimum	36	9	4	11	3)	43	49	5)
Maximum	97	52	28	70	3)	89	105	5)
End of period	68	10	22	48	(97)	51	51	1.0
Moves 30 Jun 10 - 2009 US$M								
Average	**(4)**	**-**	**7**	**(2)**	**(6)**	**(5)**	**(19)**	
Minimum	10	-	5	-	1)	(2)	(8)	
Maximum	(20)	(5)	-	(16)	1)	(6)	(22)	
End of period	(11)	19	(10)	(26)	31	3	3	

Note:

1) VaR estimates are calculated separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99% percentile loss.
2) All figures above are 1 Day scaled VaR (from 10 Day VaR) for trading book only positions.
3) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
4) Daily VaR is used in all calculations.
5) As the minimum and maximum may occur on different days for scaled and non-scaled, it is not meaningful to calculate a ratio.

Interest rate sensitivity position in the non-trading portfolio

Interest rate risk on non-trading positions is shown below using sensitivity analysis that estimates the potential change in value resulting from defined changes in interest rate yield curves. The impact of a one-basis-point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of US$1.5M as of 30 June 2010 and US$1.3M as of 31 December 2009. Non-trading interest rate risk is assessed using other measures including the potential value change resulting from a significant change in yield curves. As of 30 June 2010, the fair value impacts of an adverse 200-basis-point move in yield curves and of a statistical one-year, 99% adverse change in yield curves were a decrease of US$211M and a decrease of US$167M, respectively. These amounts are significantly below the threshold of 20% of regulatory capital used by regulators to identify firms that potentially run excessive levels of non-trading interest rate risk.

16. Financial Instruments Risk Position (continued)

Net Counterparty Exposure before Collateral by Internal Rating

	30 June 2010		31 December 2009	
	US$M	**%**	**US$M**	**%**
AAA	6,221	6	6,445	8
AA+ to AA-	20,703	23	17,779	21
A+ to A-	33,231	36	28,579	34
BBB+ to BBB-	14,386	16	14,179	17
BB+ to BB-	6,277	7	4,990	6
B+ and below	10,518	12	11,584	14
	91,336	**100**	**83,556**	**100**

Net Unsecured Exposure by Internal Rating (including provisions)

	30 June 2010		31 December 2009	
	US$M	**%**	**US$M**	**%**
AAA	4,775	13	4,709	13
AA+ to AA-	7,149	20	6,885	19
A+ to A-	12,091	34	10,986	31
BBB+ to BBB-	4,299	12	4,499	13
BB+ and below	7,349	21	8,342	24
	35,663	**100**	**35,421**	**100**

CREDIT SUISSE INTERNATIONAL

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF CREDIT SUISSE INTERNATIONAL

Introduction

We have been engaged by Credit Suisse International ('the Company') to review the financial information for the six months ended 30 June 2010 which comprise the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of financial position, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows, and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Rules and Transparency Rules ('DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA. As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the EU. The condensed financial statements included in the half-yearly financial report, have been prepared in accordance with IAS 34 Interim Financial Reporting adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed financial statement in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain an assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2010 is not prepared in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Iain Cummings
for and on behalf of KPMG Audit Plc
Chartered Accountants

London, 08. September 2010

Credit Suisse Securities (Europe) Limited

Alexandra Nesselrodt

Marco Diesing