CREDIT SUISSE GROUP AG
Form 20-F
March 25, 2011

As filed with the Securities and Exchange Commission on March 25, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010.

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

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report
For the transition period from to .

Commission file number: 001-15244
Credit Suisse Group AG

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

david.mathers@credit-suisse.com
Telephone: +41 44 333 6607
Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434
Credit Suisse AG

(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, CH 8070 Zurich, Switzerland
(Address of principal executive offices)
David R. Mathers
Chief Financial Officer
Paradeplatz 8, P.O. Box 1, CH 8070 Zurich, Switzerland
david.mathers@credit-suisse.com
Telephone: +41 44 333 6607
Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Title of each class of securities of Credit Suisse Group AG	Name of each exchange on which registered
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Title of each class of securities of Credit Suisse AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
7.9% Tier 1 Capital Notes	New York Stock Exchange
Buffered Accelerated Return Equity Securities (BARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
Accelerated Return Equity Securities (ARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
ELEMENTS due April 10, 2023 Linked to the Credit Suisse Global Warming Index, Exchange Series	NYSE Arca
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due March 13, 2031 Linked on a Leveraged Basis to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
VelocityShares Daily Inverse VIX Short Term ETN linked to the S&P 500 VIX Short-Term Futures™ Index due	NYSE Arca

December 4, 2030	
VelocityShares Daily Inverse VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Short Term ETN linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
Exchange Traded Notes due October 6, 2020 Linked to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due April 2020 Linked to the Cushing® 30 MLP Index	NYSE Arca
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca

Title of each class of securities of Credit Suisse (USA), Inc.	
6 1/8% Notes due 2011	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2010: 1,186,174,442 shares of Credit Suisse Group AG

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

Yes No

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

Yes No

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

Yes No

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

Large accelerated filers Accelerated filers Non-accelerated filers

Indicate by check mark which basis of accounting the Registrants have used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards Other

as issued by the
International Accounting Standards Board

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18
If this is an annual report, indicate by check mark whether the Registrants are shell companies
(as defined in Rule 12b-2 of the Exchange Act)

Yes No
* Not for trading, but only in connection with the registration of the American Depositary Shares

Definitions

For the purposes of this Form 20-F and the attached Annual Report 2010, unless the context otherwise requires, the terms "Credit Suisse Group," "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries and the term "the Bank" means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

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

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Annual Report 2010.

Sources

Throughout this Form 20-F and the attached Annual Report 2010, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor's, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody's Investors Service and Fitch Ratings.

Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on page 518 of the attached Annual Report 2010.

Part I

Item 1. Identity of directors, senior management and advisers.

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

Item 2. Offer statistics and expected timetable.

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

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information – Selected information – Group on page 476 of the attached Annual Report 2010. For the Bank, please see IX – Additional information – Statistical information – Selected information – Bank on page 477 of the attached Annual Report 2010.

B – Capitalization and indebtedness.

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

C – Reasons for the offer and use of proceeds.

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

D – Risk factors.

For Credit Suisse and the Bank, please see IX – Additional information – Risk factors on pages 496 to 502 of the attached Annual Report 2010.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Credit Suisse at a glance on pages 12 to 13, – Credit Suisse in the World on pages 14 to 15 and – Vision on page 16, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on pages 147 to 148 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 235 of the attached Annual Report 2010 and, for the Bank, please see Note 3 – Business developments in VII – Consolidated financial statements – Credit Suisse (Bank) on page 388 of the attached Annual Report 2010.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 12 to 42 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 237 to 239 of the attached Annual Report 2010 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 389 to 390 of the attached Annual Report 2010.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 33 to 34 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on page 49 of the attached Annual Report 2010. For a list of Credit Suisse's significant subsidiaries, please see Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 338 to 340 of the attached Annual Report 2010 and, for a list of the Bank's significant subsidiaries, please see Note 36 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 454 to 456 of the attached Annual Report 2010.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 507 of the attached Annual Report 2010.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information – Group on pages 478 to 494 of the attached Annual Report 2010. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans – Impaired loans on pages 134 to 136 and – Provision for credit losses on page 136 of the attached Annual Report 2010.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 44 to 94 of the attached Annual Report 2010. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 35 to 42 of the attached Annual Report 2010 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Foreign exchange exposure and interest rate management on page 118.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management on pages 96 to 118 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 256 to 257 and Note 35 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on pages 329 to 330 of the attached Annual Report 2010 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 404 and Note 34 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 453 of the attached Annual Report 2010.

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

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F. In addition, for Credit Suisse and the Bank, please see I – Information on the Company – Our business on pages 20 to 32 of the attached Annual Report 2010.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 141 to 144 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 30 – Derivatives and hedging activities, Note 31 – Guarantees and commitments and Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 284 to 308 of the attached Annual Report 2010 and, for the Bank, please see Note 29 – Derivatives and hedging activities, Note 30 – Guarantees and commitments and Note 31 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 425 to 439 of the attached Annual Report 2010.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 143 to 144 of the attached Annual Report 2010.

Item 6. Directors, senior management and employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board Members, – Executive Board and – Biographies of the Executive Board Members on pages 159 to 176 of the attached Annual Report 2010.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 181 to 210 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 241, Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 264 to 271 and Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 273 to 284, and Note 3 – Compensation to members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 361 to 369 of the attached Annual Report 2010 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 393, Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 411 to 414 and Note 28 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 417 to 425 of the attached Annual Report 2010.

C – Board practices.

For Credit Suisse and the Bank, please see IV –Corporate Governance and Compensation – Corporate Governance on pages 146 to 180 of the attached Annual Report 2010.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview –Employees on page 148. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Results overview on pages 84 to 85 of the attached Annual Report 2010.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 181 to 210 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 27, Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 264 to 271, and Note 3 – Compensation to members of the Executive Board and Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 361 to 369 of the attached Annual Report 2010. For the Bank, please see Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 411 to 414 of the attached Annual Report 2010.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Shareholders on pages 149 to 152 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 235, Note 5 – Own shares held by the company and by group companies and Note 6 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 370 of the attached Annual Report 2010. Credit Suisse’s major shareholders do not have different voting rights. The Bank has 43,996,652 shares outstanding and is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 181 to 210 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 272 to 273 and Note 3 – Compensation to members of the Executive Board and the Board of Directors – Loans to members of the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on page 369 of the attached Annual Report 2010 and, for the Bank, please see Note 27 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 415 to 416 of the attached Annual Report 2010.

C – Interests of experts and counsel.

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

Item 8. Financial information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's and the Bank's legal or arbitration proceedings, please see IX – Additional information – Legal proceedings on page 495 of the attached Annual Report 2010. In addition, for Credit Suisse, please see Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 331 to 337 of the attached Annual Report 2010 and, for the Bank, please see Note 35 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 454 of the attached Annual Report 2010.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Regulatory capital developments and proposals – Dividends and dividend policy on pages 114 to 115 of the attached Annual Report 2010.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on pages 506 to 507 of the attached Annual Report 2010. Shares of the Bank are not listed.

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

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

Item 10. Additional information.

A – Share capital.

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

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview, – Shareholders and – Board of Directors on pages 146 to 156 and – Additional information – Changes of control and defense measures on page 178 and – Liquidation on page 180 of the attached Annual Report 2010. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 503 of the attached Annual Report 2010. Shares of the Bank are not listed.

C – Material contracts.

Neither Credit Suisse nor the Bank has any contract that would constitute a material contract for the two years immediately preceding this Form 20-F.

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 503 of the attached Annual Report 2010.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 503 to 506 of the attached Annual Report 2010. The Bank does not have any public shareholders.

F – Dividends and paying agents.

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

G – Statement by experts.

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

H – Documents on display.

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

The information Credit Suisse or the Bank files with the SEC may also be found on the Credit Suisse website at www.credit-suisse.com. In addition, our website also contains corporate governance policies and other documents of

Credit Suisse and the Bank. Information contained on our website is not incorporated by reference into this Form 20-F.

In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 359 to 372 of the attached Annual Report 2010 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 463 to 474 of the attached Annual Report 2010 and incorporated by reference herein.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 119 to 139 of the attached Annual Report 2010.

Item 12. Description of securities other than equity securities.

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

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

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional information – American Depositary Share fees on pages 179 to 180 of the attached Annual Report 2010. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

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

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 353 to 354 of the attached Annual Report 2010. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 457 to 458 of the attached Annual Report 2010.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on pages 157 to 158 of the attached Annual Report 2010.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on pages 146 to 147 of the attached Annual Report 2010.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Internal and external auditors on pages 178 to 179 of the attached Annual Report 2010.

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

None.

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

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Share repurchase activities on pages 113 to 114 of the attached Annual Report 2010. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Complying with rules and regulations on page 146 of the attached Annual Report 2010. Shares of the Bank are not listed.

Part III

Item 17. Financial statements.

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 213 to 354 of the attached Annual Report 2010 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 377 to 458 of the attached Annual Report 2010 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of January 31, 2011.

1.2 Articles of association (Statuten) of Credit Suisse AG as of August 5, 2010.

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG (OGR) as of December 8, 2010.

7.1 Computations of ratios of earnings to fixed charges of Credit Suisse and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to fixed charges – Bank on page 494 of the attached Annual Report 2010 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 338 to 340, and significant subsidiaries of the Bank are set forth in Note 36 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 454 to 456 in the attached Annual Report 2010 and incorporated by reference herein.

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

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

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

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

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

101.1 Interactive Data Files (XBRL-Related Documents).

SIGNATURES

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

CREDIT SUISSE GROUP AG

(Registrant)

Date: March 25, 2011

/s/ Brady W. Dougan	/s/ David R. Mathers
Name: Brady W. Dougan	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 25, 2011

/s/ Brady W. Dougan	/s/ David R. Mathers
Name: Brady W. Dougan	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

Annual Report 2010

Annual Report

The Annual Report is a detailed presentation of the Group's annual financial statements, company structure, corporate governance and compensation practices, treasury and risk management framework and an in-depth review of our operating and financial results.
Cover London-based Marianna Pomazkova works in the Credit Suisse Private Banking division, helping family offices for ultra-high-net-worth clients in the Europe, Middle East and Africa region to find individualized solutions. Insights into her work can be found in the Company Profile.

Company Profile

For insights about the activities of each of the Group's divisions, regions and other shared services functions, refer to the Company Profile. The Business Review, a summary of the Group's financial performance during the year, is included in the publication.

Corporate Responsibility Report and Chronicle

For a detailed presentation on how the Group addresses its diverse social and environmental responsibilities when conducting its business activities, refer to the Corporate Responsibility Report. This publication is complemented by an online Chronicle that adds a multimedia dimension by providing a selection of reports, videos and picture galleries that focus on our international projects and initiatives. www.credit-suisse.com/chronicle

Financial highlights

			in / end of	% change	
	2010	2009	2008	10 / 09	09 / 08
Net income (CHF million)					
Net income/(loss) attributable to shareholders	5,098	6,724	(8,218)	(24)	–
of which from continuing operations	5,117	6,555	(7,687)	(22)	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	3.93	5.14	(7.51)	(24)	–
Basic earnings/(loss) per share	3.91	5.28	(8.01)	(26)	–
Diluted earnings/(loss) per share from continuing operations	3.91	5.01	(7.51)	(22)	–
	3.89	5.14	(8.01)	(24)	–

Diluted earnings/(loss) per share					
Return on equity (%)					
Return on equity attributable to shareholders	14.4	18.3	(21.1)	–	–
Core Results (CHF million)					
Net revenues	30,625	33,617	11,862	(9)	183
Provision for credit losses	(79)	506	813	–	(38)
Total operating expenses	23,904	24,528	23,212	(3)	6
Income/(loss) from continuing operations before taxes	6,800	8,583	(12,163)	(21)	–
Core Results statement of operations metrics (%)					
Cost/income ratio	78.1	73.0	195.7	–	–
Pre-tax income margin	22.2	25.5	(102.5)	–	–
Effective tax rate	22.8	21.4	37.8	–	–
Net income margin [1]	16.6	20.0	(69.3)	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,253.0	1,229.0	1,106.1	2.0	11.1
Net new assets	69.0	44.2	(3.0)	–	–
Balance sheet statistics (CHF million)					
Total assets	1,032,005	1,031,427	1,170,350	0	(12)
Net loans	218,842	237,180	235,797	(8)	1
Total shareholders' equity	33,282	37,517	32,302	(11)	16
Tangible shareholders' equity [2]	24,385	27,922	22,549	(13)	24
Book value per share outstanding (CHF)					
Total book value per share	28.35	32.09	27.75	(12)	16
Shares outstanding (million)					
Common shares issued	1,186.1	1,185.4	1,184.6	0	0
Treasury shares	(12.2)	(16.2)	(20.7)	(25)	(22)
Shares outstanding	1,173.9	1,169.2	1,163.9	0	0
Market capitalization					
Market capitalization (CHF million)	44,683	60,691	33,762	(26)	80
Market capitalization (USD million)	47,933	58,273	33,478	(18)	74
BIS statistics					
Risk-weighted assets (CHF million)	218,702	221,609	257,467	(1)	(14)

Tier 1 ratio (%)	17.2	16.3	13.3	–	–
Total capital ratio (%)	21.9	20.6	17.9	–	–
Dividend per share (CHF)					
Dividend per share	1.30[3]	2.00	0.10	–	–
Number of employees (full-time equivalents)					
Number of employees	50,100	47,600	47,800	5	0

1 Based on amounts attributable to shareholders. 2 Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. 3 Proposal of the Board of Directors to the Annual General Meeting on April 29, 2011. Paid out of reserves from capital contributions.

Brady W.Dougan, Chief Executive Officer (left), Hans-Ulrich Doerig, Chairman of the Board of Directors.

Message from the Chairman and the Chief Executive Officer

Dear shareholders, clients and colleagues

Our integrated business model with its balanced portfolio of income streams has proven resilient in the volatile market environment in 2010. We continued to be well capitalized, gained market share across our businesses and generated solid earnings, reporting net income of CHF 5.1 billion, net new assets of CHF 69.0 billion and a tier 1 ratio of 17.2%. We also continued to achieve an industry leading return on equity of 14.4%. The Board of Directors will propose a tax privileged distribution out of reserves from capital contributions of CHF 1.30 per share for 2010.

Execution of our strategy in 2010

Our client-focused and capital-efficient business strategy, strong capital position and ability to provide clients globally with best-in-class integrated banking services served us well through 2010. Clients continued to place their trust in Credit Suisse, and our Private Banking division attracted a remarkable CHF 54.6 billion of net new assets compared to CHF 41.6 billion in 2009. To follow the continuing evolution of our clients' needs, we continued to invest in our international growth strategy and expanded our onshore business in diverse locations, including emerging markets platforms in Russia, the Middle East, Asia Pacific and Latin America. In Switzerland, we continued to grow our business across most client segments through focused growth initiatives. Consistently implementing our strategy, we focused on four additional topics: client centricity; integrating the banking business; best people; and productivity and financial performance. In client centricity, we continued to implement our ultra-high-net-worth strategy, generating CHF 24.9 billion of net new assets from ultra-high-net-worth clients across all regions in 2010. To further leverage the strength of the integrated bank, Private Banking collaborated closely with Investment Banking and Asset Management in more than 90% of the total of CHF 4.4 billion in collaboration revenues. To fuel our international growth we hired talented relationship managers and, as part of our efforts to attract, develop and retain the best people, enhanced our global training and certification program for all client-facing employees. Finally, in the area of productivity and financial performance, we continued to outperform our peers in a market environment characterized by declining margins, and implemented cost initiatives to achieve a resilient pre-tax income margin of 29.5%.

In Investment Banking, we continued to position the business in line with the ongoing changes in the competitive landscape, as regulatory measures for more stringent supervision of financial institutions gained momentum around the world. We executed several key initiatives in 2010 to further our client-focused, capital-efficient strategy, and we extended our market share gains across our businesses as we built our distribution platform and enhanced our electronic capabilities for clients. In particular, we significantly expanded our distribution capabilities in fixed income flow businesses, had market-leading positions in equities, with continued market share gains in cash equities and prime services, increased focus on growing our leading emerging markets platform with key onshore hires and strengthened our underwriting and advisory franchises by shifting focus to a more large cap-oriented strategy in developed markets. Finally, we continued to reallocate resources, including capital, headcount and technology resources, to our high-return, client-focused businesses. As evidence of the successful implementation of our strategy, substantially all of our revenues arose from direct client activity.

In Asset Management, we sustained the implementation of our strategy focused on alternative investment strategies, emerging markets, asset allocation and the traditional businesses in Switzerland. We specifically focused on: delivering leading investment performance capabilities through our in-house funds and partnerships; building higher margin, capital-efficient businesses, including through restructuring and outsourcing; leveraging the integrated banking model; growing asset inflows through our multi-channel distribution network; and expanding our emerging markets franchise across alternative investment and traditional products. The disciplined implementation of our business strategy was reflected in CHF 20.6 billion of net new assets in 2010. Other key examples of our progress include the expansion of our ranges of exchange traded funds to over 50 across fixed income, equity, commodity and emerging markets products. In collaboration with Private Banking, we also launched the first Swiss real estate fund that invests in diversified hospitality properties throughout Switzerland. The fund had strong demand from investors, raising CHF 900 million. In addition, we closed a new Brazilian corporate credit fund, raising almost CHF 800 million, closed an emerging markets fund to pursue credit investments in global emerging markets, launched the Credit Suisse Long/Short Liquid Index and Credit Suisse Merger Arbitrage Liquid Index and successfully spun off our real estate private equity fund and our credit hedge fund Candlewood Investments.

2010 financial performance

In 2010, we recorded net income attributable to shareholders of CHF 5,098 million, compared to CHF 6,724 million in 2009. Core Results net revenues were CHF 30,625 million, down 9% compared to 2009. Integrated bank collaboration revenues were CHF 4.4 billion for 2010.

Private Banking reported income before taxes of CHF 3,426 million for 2010, down 6% compared to 2009. Net revenues of CHF 11,631 million were stable compared to 2009, and results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009, adversely affecting Wealth Management Clients revenues by approximately CHF 350 million and income before taxes by approximately CHF 250 million. We attracted net new assets of CHF 54.6 billion in Private Banking, up 31.3% compared to 2009, with strong inflows in both the international and the Swiss regions. The Wealth Management Clients business reported pre-tax income of CHF 2,528 million, down 13% compared to 2009. The Swiss Corporate & Institutional Clients business, which is an important provider of financial products and services in Switzerland, achieved income before taxes of CHF 898 million, up 19% compared to 2009. Investment Banking reported income before taxes of CHF 3,531 million and net revenues of CHF 16,214 million in 2010, compared to income before taxes of CHF 6,845 million and net revenues of CHF 20,537 million in 2009. Our Investment Banking results were impacted by subdued client flows compared with 2009, but we had continued market share momentum across products and geographies. Net revenues reflected strong underwriting and advisory results and solid equity sales and trading results. Fixed income sales and trading revenues were resilient in spite of macroeconomic uncertainties. In Asset Management, income before taxes was CHF 503 million, compared to CHF 35 million in 2009. Net revenues of CHF 2,332 million were up 27% compared to 2009, primarily reflecting investment-related gains compared to losses in 2009, partially offset by lower income from equity participations. Investment-related gains were CHF 420 million, compared to losses of CHF 365 million in 2009, reflecting improved equity markets.

Improving the strength of the financial system

2010 has been a year of transition towards a new regulatory environment. In September 2010, the Basel Committee on Banking Supervision (BCBS) announced the Basel III framework with new capital standards that are designed to strengthen the resilience of the banking sector. Under the new capital standards, banks are required to hold more capital than before, mainly in the form of common equity. In November, the G-20 endorsed the BCBS agreement and reaffirmed the view that no financial institution may be too big or too interconnected to fail.

In Switzerland, our home market, the Expert Commission appointed by the Swiss Federal Council addressed the “Too Big to Fail” issue relating to large Swiss banks. Credit Suisse took an active part in these discussions, advocating the concept of convertible contingent capital – a debt that converts into equity at a time of stress. The conversion of the contingent capital debt provides the new equity required to absorb losses and recapitalize the bank.

Credit Suisse has successfully issued contingent capital buffer capital notes. In February, we announced that we reached a definitive agreement with strategic investors, Qatar Holding LLC and The Olayan Group, to issue an aggregate of CHF 5.9 billion tier 1 buffer capital notes. In February, we also placed USD 2 billion tier 2 buffer capital notes in a public offering. The combined transactions have already secured more than 70% of the maximum potential issuance of high-trigger contingent capital suggested under the proposed Swiss “Too Big to Fail” regulations, positioning Credit Suisse well ahead of schedule to meet the new capital requirements by 2019.

Strategic priorities for 2011

Our aspiration is to become one of the world’s most admired banks. We strive to achieve this aspiration by providing our clients with sustainable solutions to all their financial needs and by generating lasting value for them, our investors and employees and the communities in which we operate. It is of critical importance that we achieve this goal in a manner compliant with all applicable laws, regulations and internal policies. We are committed to observing the highest standards of integrity and regulatory compliance in all aspects of our work. We are confident that we have a sound control framework that will enable us to remain a trusted financial partner to all our clients. Within this frame of reference, we will focus on the following priorities in 2011: client focus; collaboration; employees; capital and risk management; efficiency; and corporate responsibility.

At Credit Suisse, we are very much aware that clients are at the heart of our success. We aspire to be a consistent, reliable, flexible and long-term partner to all of them, whether they are individuals, large and mid-sized companies, entrepreneurs, institutional clients or hedge funds. To consistently provide them with the best our three business lines have to offer, we place great emphasis on collaboration and on delivering the best of our products and services across our organization. In 2010, we recorded collaboration revenues of CHF 4.4 billion, and going forward we will target collaboration revenues of 18% to 20% of net revenues. Only the best talent is able to deliver on these goals. We therefore continue to undertake efforts to attract, develop and retain top talent in order to deliver an outstanding integrated value proposition to our clients. In terms of capital and risk management, we believe that it is fundamental to our business that we maintain a conservative framework to manage liquidity and capital while taking appropriate risk in line with our strategic priorities. Finally while we continue to strive for top-quartile efficiency levels, we will continue to be careful not to compromise growth or reputation.

In addition to these priorities – which enable us to operate profitably and successfully in even the most challenging market environment – we are also aware of our responsibilities beyond banking. In fact, we firmly believe that being a responsible corporate citizen plays an integral role in our long-term success, and we strive to incorporate our approach to corporate responsibility into every aspect of our work.

Nominations to the Board of Directors

The Board of Directors proposes the following members be re-elected to the Board, Peter Brabeck-Letmathe, Jean Lanier and Anton van Rossum, subject to their election by the shareholders.

Well-positioned in a new operating environment

We have a strong balance sheet, our capital base is solid and we have been transparent on how we will meet the new capital requirements. We have remained focused on cost management and have demonstrated the ability to adjust quickly to the changing market environment. Our businesses have maintained good market share momentum and we are in a very strong position to deliver sustainable returns and consistent book value accretion for shareholders and clients. With the Expert Commission proposals in Switzerland, we have more clarity on our home country future regulatory environment and we are well advanced on implementing the required measures. We feel well positioned to succeed in the changing operating environment.

In conclusion, we would like to sincerely thank all our employees and management at all levels throughout our global organization for their exceptional contributions and continued commitment to the success of our business. We would also like to thank the members of our Board of Directors for their good cooperation throughout this past year.

Yours sincerely

Hans-Ulrich Doerig	Brady W. Dougan
Chairman of the Board of Directors	Chief Executive Officer

March 2011

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

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

In various tables, use of “–” indicates not meaningful or not applicable.

Information on the company

Credit Suisse at a glance

We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today’s rapidly changing and highly competitive marketplace.

We operate as an integrated bank, combining our strengths and expertise in Private Banking, Investment Banking and Asset Management to offer our clients advisory services and customized products. Our three global divisions are supported by our Shared Services functions, which provide corporate services and business solutions while ensuring a strong compliance culture. Our global structure comprises four regions: Switzerland, Europe, Middle East and Africa, Americas and Asia Pacific. With our local presence and global approach, we are well positioned to respond to changing client needs and market trends.

Divisions

Private Banking

In Private Banking, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses. In Wealth Management Clients, we serve more than two million clients, including ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland, making us one of the largest global players. Our network comprises 370 office locations in 48 countries. Our Corporate & Institutional Clients business serves the needs of over 100,000 corporations and institutions, mainly in Switzerland, and is an important provider of financial products and services.

Investment Banking

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

Asset Management

Asset Management offers products across a wide range of asset classes, including alternative investments such as hedge funds, private equity, real estate and credit, and multi-asset class solutions, which includes equities and fixed income products. The division manages portfolios, mutual funds and other investment vehicles for governments, institutions, corporations and private clients worldwide. With offices in 19 countries, we collaborate with clients to develop and deliver innovative investment products and solutions to meet their specific needs. Asset Management operates as a global integrated network in close collaboration with Private Banking and Investment Banking.

Shared Services

Shared Services provides centralized corporate services and business support for Private Banking, Investment Banking and Asset Management, with services in the following areas: finance, legal and compliance, risk management, information technology, talent, corporate communications, corporate branding, corporate development and public policy. Shared Services acts as an independent control function and provides services and support from a handful of regional hubs.

Regions

Switzerland

Our home market is Switzerland, where we are a leading bank for private, corporate and institutional clients. Relationship managers at more than 200 branches in the German, French and Italian-speaking areas offer clients a full range of private banking services. We service corporate and institutional clients at 36 locations. The Investment Bank offers a broad range of financial services to its Swiss client base, while Asset Management offers traditional and alternative investment products, and multi-asset class solutions.

Europe, Middle East and Africa

Credit Suisse is active in 26 countries across the EMEA region with offices in 78 cities. Our regional headquarters are in the UK, but we have an onshore presence in every major EMEA country. The region encompasses both developed markets such as France, Germany, Italy, Spain and the UK, as well as emerging markets including Russia, Poland, Turkey and the Middle East. In 2010, we opened our first office in the Nordic region in Stockholm and expanded our presence in South Africa.

Americas

The Americas region comprises our operations in the US, Canada, the Caribbean and Latin America. Our three divisions are strongly represented across the region. With offices in 44 cities spanning 14 countries, we offer our clients local access to our global resources in their home markets. In 2010, we enhanced our Investment Banking platform in Canada, and our Private Banking and Asset Management capabilities across the region.

Asia Pacific

The Asia Pacific region comprises 18 offices in 12 markets. Singapore is home to our largest Private Banking operations outside Switzerland. The region is also our fastest-growing Private Banking market globally. Our integrated banking platform has a strong presence in the region’s largest markets, such as Australia, Hong Kong and Japan, complemented by long-standing leadership in Southeast Asia and a rapidly growing franchise in China and India.

Credit Suisse in the World

We have a presence in all major financial centers across the globe. With operations in over 50 countries and booking capabilities in every region, we are well positioned to deliver the advantages of our integrated business model to all our clients worldwide.

Private Banking offers holistic solutions to both onshore and offshore clients. We have established an award-winning advisory process that enables us to provide comprehensive financial products and a high level of service to private clients around the globe. Investment Banking has an international platform of services that it delivers through regional hubs, while Asset Management operates as a globally integrated network. The collaboration between our businesses enables us to offer clients around the world the combined capabilities of our integrated businesses.

Our global reach creates the basis for the generation of a geographically balanced stream of revenues and net new assets. It also allows us to capture growth opportunities wherever they exist.

In 2010, we continued to strengthen our international footprint with the opening of an office in Stockholm – our first in Scandinavia – and we expanded our activities in South Africa. In India, we were granted a license to establish a bank branch in Mumbai. We also acquired stock exchange trading rights in the Philippines.

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Vision

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

To present a distinctive, single face to clients, we run a regional structure comprising four regions – Switzerland, Europe, Middle East and Africa, Americas and Asia Pacific, Our local presence ensures responsiveness to the ongoing evolution of client needs and market trends, while our global footprint positions us as a solid and trusted partner offering integrated advice and global resources.

In the face of volatile markets, our integrated business model has proven to be both resilient and flexible. It allowed us to focus our energy and resources on our clients and help them to invest in growth and manage difficult restructuring and liquidity situations.

Strong net new assets demonstrate the trust that clients around the world place in Credit Suisse and provide us with a strong foundation that we can build on in the future.

Building on the momentum we have established, we are focusing on the implementation of our client-focused and capital-efficient integrated bank strategy, on gaining further market share and on strengthening our geographic footprint. We are also striving to derive the maximum benefits from our operational excellence and efficiency programs, as well as from our comprehensive human capital strategy, which is geared toward attracting, developing and retaining the best talent.

Strategy

Industry trends and competition

In 2010, the financial services industry experienced a volatile market environment and continued uncertainties about regulatory developments and proposals, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. For information on the liquidity principles agreed with the Swiss Financial Market Supervisory Authority (FINMA), the liquidity and capital standards under the Basel Committee on Banking Supervision (BCBS) Basel III framework, the report of the Swiss Expert Commission on "Too Big to Fail" issues relating to big banks, and the revisions to the >>>Basel II market risk framework (Basel II.5), refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management*. For information on other regulatory developments and proposals, refer to *I – Information on the company – Regulation and supervision*.

We hope that these regulatory changes will be implemented by national regulators in a way that contributes to a more level playing field and a stronger and more sustainable global banking system over time.

As many financial institutions weathered the turbulence of the financial crisis and returned to growth, 2010 was also characterized by increased competitive pressure. With established markets in the US and Europe affected by ongoing sovereign debt concerns and slow economic recovery, we expect vibrant economies in Asia and Latin America to be important growth drivers for the banking industry in the near term. In response to regulatory trends, banks are expected to shift away from proprietary trading towards client-facing business models which will increase competition in client flows. We believe, however, that strongly capitalized banks with a clear and demonstrated client focus will have a competitive advantage.

Group priorities

Our aspiration is to become one of the world's most admired banks. We are confident that our strong capital position and our ability to provide clients globally with best-in-class integrated banking services provide a strong value proposition for our clients and shareholders. Early in the financial crisis we took decisive action to ensure the trust of our clients, to reduce our risk exposures and to become more capital-efficient. We reduced >>>risk-weighted assets by 32% since the end of 2007 and exited most proprietary trading businesses. In 2010, we delivered sound net income attributable to shareholders of CHF 5,098 million and achieved CHF 69 billion of net new assets. Our client-focused and capital-efficient integrated business model with its balanced portfolio of businesses has proven resilient and we have continued to gain market share across our businesses. We expect our client-focused, capital-efficient strategy to benefit from a more constructive market environment while limiting our risk exposure in down markets. We believe that our strategy is consistent with both emerging client needs and regulatory trends. We have increased clarity on our future regulatory environment, and we are well advanced on implementation.

We feel well positioned to succeed in the changing operating environment and target an annual after-tax return on equity of greater than 15% over the next three to five years. Building on the momentum we have established, we aim to further grow our client business with gains in market share and a strengthened geographic footprint. To achieve our goals, we are focused on the following priorities.

Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as >>>ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering them superior solutions, we empower them to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to ensure that we consistently help our clients realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. On the back of a strong capital position and high levels of client satisfaction and brand recognition, we achieved significant gains in market share. Our strong client momentum is well recognized. We were awarded "Best Global Bank 2010", "Best Bank in Switzerland 2010", "Best Private Bank Globally" for 2011 for the second consecutive year and "Best Emerging Markets Investment Bank 2010" by *Euromoney* and "Best Bank in Switzerland" and "Most Innovative Investment Bank 2010" by *The Banker*. In addition, we maintained our strong brand recognition and continued to feature among the Top 3 "Most Admired Megabanks" in *Fortune* magazine's annual rankings.

Employees

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

Collaboration

We help our clients thrive by delivering the best of our products and services across our organization and divisions. We have established a dedicated governance structure in order to drive, measure and manage collaboration between our divisions. In 2010, we recorded collaboration revenues of CHF 4.4 billion. Going forward we will target collaboration revenues of 18% to 20% of net revenues. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for wealthy private clients by Investment Banking, a new suite of managed investment products developed by Asset Management for Private Banking, and strengthened client management coordination by our alternative investments distribution team in Asset Management with the securities distribution team in Investment Banking. Benefitting from our programs for cross-divisional management development and lateral recruiting, we believe collaboration revenues, including cross-selling and client referrals, to be a resilient source of both revenues and assets.

Capital and risk management

While the prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank, we maintain a conservative framework to manage liquidity and capital. As of the end of 2010, our tier 1 ratio under >>>Basel II stood at 17.2%, up from 16.3% the year before. Consistent with the Swiss Expert Commission's recommendations, we took action to raise tier 1 and tier 2 contingent buffer capital in February 2011. We have revised our liquidity risk management, which is in line with the BCBS Basel III liquidity framework and the liquidity principles of FINMA. We continue to deploy capital in a disciplined manner based on our economic capital model, assessing our aggregated risk taking in relation to our client needs and our financial resources. For further information refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management.*

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. For our core activities we targeted a cost/income ratio of 65%. Going forward, we will target a pre-tax income margin above 28%. Efficiency measures implemented with strong involvement of senior management have generated cost savings while helping to build an efficiency culture. We have five Centers of Excellence (CoE) in Pune, Raleigh Durham, Singapore, Wroclaw and Mumbai in which we have deployed more than 10,000 roles, improving productivity. We continue to focus on our Operational Excellence program, which has strengthened our culture of continuous improvement and client focus.

To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and capital to be achieved across market cycles. For a more detailed description of our businesses and our performance in 2010 against the defined targets, refer to *II — Operating and financial review — Key performance indicators*.

Corporate responsibility and Code of Conduct

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

During 2010 we reviewed our ethical values and professional standards against the backdrop of regulatory trends. As a result, we amended our Code of Conduct to ensure that all employees operate within a commonly shared framework. Additionally, we reviewed, simplified and formalized our approach to compensation, which is reflected in our Compensation Policy.

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

Our businesses

Private Banking

Business profile

In Private Banking we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses, and had total assets under management of CHF 932.9 billion as of the end of 2010. In Wealth Management Clients, we serve more than two million clients, including >>>ultra-high-net-worth and >>>high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of over 100,000 corporations and institutions, mainly in Switzerland, and is an important provider of financial products and services.

Our Wealth Management Clients business is one of the largest in the wealth management industry globally. We offer our clients a distinct value proposition, combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services. We deliver innovative and integrated solutions in close collaboration with Investment Banking and Asset Management. As of the end of 2010, our Wealth Management Clients business had CHF 808.0 billion of assets under management. Our global network comprises 48 countries with 370 office locations, more than 130 outside Switzerland. Wealth Management Clients has 4,200 relationship managers and 24 >>>booking centers, reflecting our multi-shore strategy.

Our Corporate & Institutional Clients business provides premium advice and solutions across a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, investment solutions, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations and commodity traders, banks, insurance companies and Swiss pension funds. As of the end of 2010, the business volume of our Corporate & Institutional Clients business was CHF 235.1 billion, with CHF 182.7 billion of client assets and CHF 52.4 billion of net loans. In Switzerland, we cover large corporations out of four locations and we serve small and medium-sized enterprises through relationship managers based in 36 branches.

Key data - Private Banking

			in / end of
	2010	2009	2008
Key data			
Net revenues (CHF million)	11,631	11,662	12,907
Income before taxes (CHF million)	3,426	3,651	3,850
Assets under management (CHF billion)	932.9	914.9	788.9
Number of employees	25,600	24,300	24,400

Strategy

Trends and competition

The wealth management industry globally has good growth prospects. Assets of high-net-worth individuals globally are projected to grow approximately 9% per year. While gross margins reflect historically low interest rates, cautious investor behavior and the impact of the sovereign debt crisis and economic uncertainty, the long-term trends remain positive.

Structurally, the industry is facing a number of changes. Regional wealth will continue to shift towards emerging markets, with higher growth rates fueled by entrepreneurial activity and relatively strong economic development. Mature markets, with around two thirds of world wealth located in the US, Japan and Western Europe, will see continued but relatively lower growth, driven by further wealth accumulation and a generational transfer of wealth. New and evolving international treaties and regulation will lead to increased regulation of cross-border banking for clients domiciled in selected countries. At the same time, Switzerland – which combines political and economic stability with a heritage in wealth management – remains highly attractive as a financial center. Finally, regulatory requirements for investment advisory services are increasing, including suitability and appropriateness of advice, client information and documentation. Competition in the industry remains intense, in particular as some competitors have recovered from a period of client asset outflows and restructuring. Attracting and retaining the best talent continues to be a key success factor. As a result of the structural industry trends, we expect industry consolidation to continue.

The Swiss market for Corporate & Institutional Clients continues to offer growth prospects in line with general economic development. Swiss corporations performed relatively well over recent years due to solid business models and conservative financing. A growing number of Swiss companies have to address succession planning, a trend which increasingly creates business opportunities in this market, particularly for banks that can offer a tailored combination of private and investment banking services. Furthermore, in light of fluctuating exchange rates and commodity prices, we expect ongoing demand for hedging solutions.

Key initiatives
Our aspiration is to become the most admired bank for Wealth Management Clients globally and for Corporate & Institutional Clients in Switzerland. We want to be an industry leader in terms of client satisfaction, employee engagement, profitability and growth. With our consistent strategy and our value proposition, combining comprehensive advice, needs-based solutions, integrated bank capabilities and a global reach, we are well positioned to succeed in a changing market environment.

We continue our long-term strategy to invest in international growth by hiring and developing experienced relationship managers, expanding our solutions offering on international platforms, and further building a domestic presence in select markets. We offer both onshore and offshore services in compliance with local laws, rules and regulations, with investments focused on growth markets, including emerging markets and the ultra-high-net-worth segment. The continued proactive development of our compliance framework positions us well to respond to evolving regulation in the markets in which we operate.

In Switzerland, our home market, we aim to gain market share in the Wealth Management Clients business. In the private client segment, we expect to accomplish this by being closer to the client, improving our advisory quality as well as continuously optimizing our branch network. In the wealth management business, we provide superior needs-oriented services to high-net-worth and ultra-high-net-worth individuals by leveraging our competence in advice, in-depth expertise and our capabilities as an integrated bank. The targeted growth segments in the Swiss corporate and institutional business include large corporations, institutional investors, financial institutions and small and medium-sized enterprises with an international focus. Regular client surveys confirm a high degree of client satisfaction, which we believe are reflected in significant net new asset inflows.

To further improve client centricity, we survey and systematically measure client satisfaction by region and segment to understand the existing and emerging needs of clients. We focus on our advisory approach and on segment-specific client solutions, for example, for ultra-high-net-worth clients or entrepreneurs. We have invested over CHF 400 million in our award-winning advisory process in the last ten years. We continue to develop our range of solutions based on client needs and in-depth monitoring of investment opportunities by a team of skilled research and investment professionals. Selection of either internal or third party solutions is based on comprehensive due diligence, including our market view, client profiles, quality assessment and applicable rules and regulations.

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

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

We drive efficiency and productivity, building on our programs for efficiency management and our CoE in Wroclaw, Mumbai and Singapore.

Achievements
Key achievements and measures of our progress in 2010 include:

– **International growth**: In 2010, we generated CHF 37.0 billion of net new assets in our international businesses, comprising CHF 15.1 billion from EMEA, CHF 9.5 billion from the Americas and CHF 12.4 billion from Asia Pacific. As part of our international growth strategy, we expanded our onshore business in emerging markets, including Russia, the Middle East, India, Asia Pacific and Latin America.

– **Market share gains in Switzerland**: With CHF 17.6 billion of net new assets, we continued to grow our Swiss business across most client segments through focused growth initiatives. In particular, we continued to increase the number of branches with affluent capabilities, adding 50 branches in 2010, for a total of 132 branches. In addition, we generated significant internal referral volumes within Private Banking and between divisions through our integrated bank model.

– **Client centricity**: We have continued to implement our ultra-high-net-worth strategy, generating CHF 24.9 billion of net new assets from ultra-high-net-worth clients across all regions in 2010. We have expanded our dedicated coverage of ultra-high-net-worth individuals across regions and our service offering in the areas of prime services and dedicated lending facilities. In addition, we further enhanced our advisory approach, including the global rollout of our Portfolio Risk Analyzer, and implemented various measures to better monitor and increase portfolio quality. We increased discretionary mandates and further expanded our range of solutions.

– **Integrating the banking businesses**: In 2010, we generated solid revenues from integrated solutions transactions, primarily in cooperation with Investment Banking, especially in the ultra-high-net-worth segment. In collaboration with Asset Management, we expanded our range of products, for example in exchange-traded funds (ETFs). Overall, Private Banking was involved in more than 90% of Group collaboration revenues of CHF 4.4 billion.

– **Best people**: International hiring and appointments reflected our continued investment in international growth. In 2010, we hired 470 relationship managers, with a share of senior hires of 54%, increasing the number of relationship managers by 120 to a total of 4,690. We initiated an enhanced global training and certification program for all client-facing staff.

– **Productivity and financial performance**: We achieved a gross margin of 120 basis points in Wealth Management Clients in a market environment characterized by declining margins, and a resilient Private Banking pre-tax income margin of 29.5%, reflecting efficiency initiatives and cost savings through the deployment of more than 1,800 CoE roles.

Awards

We received numerous industry awards, including:

– “Best Private Bank Globally” and in Switzerland, Western Europe, Central and Eastern Europe, the Middle East, Australia, Egypt, Guernsey, Italy, Lebanon, Russia, Singapore and the United Arab Emirates in the “Private Banking Survey 2011” by *Euromoney* magazine;

– “Outstanding Global Private Bank” by *Private Banker International* magazine;

– “World’s Best Private Bank” by *Global Finance* magazine for the third consecutive year;

– “Magna cum laude” for Credit Suisse Germany and Credit Suisse Switzerland in *Handelsblatt’s* Elite Report and ranked first in *Fuchsbriefe’s* “all-time best list” in Germany;

– “Best Private Bank in the Middle East” by *emeafinance*;

– “Best Private Bank Asia” and “Best Private Bank Singapore” for the second consecutive year in *The Asset’s* Triple A Investment Awards;

– “Overall Best Private Bank” in Singapore in *Asiamoney’s* awards, as voted by high-net-worth individuals with over USD 25 million in assets under management; and

– “Best Private Bank in Hong Kong” by *CAPITAL* magazine.

Products and services

Wealth Management Clients

In Wealth Management Clients, our service offering is based on the globally applied Structured Advisory Process, client segment specific value propositions, comprehensive investment services and our multi-shore platform:

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

– *Client segment specific value propositions*: We offer a range of wealth management solutions tailored to specific client segments. The global market segments we serve are ultra-high-net-worth and high-net-worth clients, and, in Switzerland, private clients. Ultra-high-net-worth and high-net-worth clients contributed a substantial part of assets under management in Wealth Management Clients at the end of 2010. For entrepreneurs, we offer solutions targeted at a range of private and corporate wealth management needs, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse’s experienced corporate finance advisors, immediate access to a network of international investors and the preparation and coordination of financial transactions to maximize company value. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions for our ultra-high-net-worth clients.

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

– *Multi-shore platform*: With global operations comprising 23 international booking centers in addition to our operations in Switzerland, we are able to offer our clients booking capabilities in their home country as well as in international hubs. Our multi-shore offering is designed to serve clients who are focused on geographical risk diversification, have multiple domiciles, seek access to global execution services or are interested in a wider range of products than would be available to them onshore. Of the CHF 45 billion in Wealth Management Clients net new assets recorded in 2010, 68% were booked outside Switzerland. We expect international clients will continue to drive our growth in assets under management.

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

Corporate & Institutional Clients

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

Investment Banking

Business profile

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

Key data - Investment Banking

			in / end of
	2010	2009	2008
Key data			
Net revenues (CHF million)	16,214	20,537	(1,971)
Income/(loss) before taxes (CHF million)	3,531	6,845	(13,792)
Number of employees	20,700	19,400	19,600

Strategy

Trends and competition

The competitive landscape for financial institutions changed significantly in 2010, as legislative and regulatory measures for more stringent supervision of financial institutions gained momentum around the world. Significant regulatory developments during the year include the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the US, which considerably increases oversight of financial institutions, creates an extensive framework for regulating >>>over-the-counter (OTC) >>>derivatives, and limits the ability of banking entities to invest in private equity and hedge funds and to engage in proprietary trading. In Europe, the EU proposed rules to regulate derivatives trading and adopted proposals to restrict short sales and regulate >>>credit default swaps (CDS). In addition, new Basel III capital, leverage and liquidity standards for financial institutions will increase both the level and quality of capital to be held by banks and prescribe more stringent criteria for counterparty credit risk exposures arising from derivatives, repos and securities financing activities.

While many of these regulatory measures require further detailed rule-making and will be implemented over several years, we expect increased capital requirements and regulation of derivatives to ultimately result in reduced risk taking and increased transparency in the industry. We view the proposed regulations as largely strengthening Credit Suisse's competitive position given our anticipation of the regulatory changes, the accelerated implementation of our client-focused, capital-efficient strategy in late 2008, our capital strength and our emphasis on flow-based business.

Our client-focused, capital-efficient business model is intended to generate results that are less vulnerable to fluctuations in asset prices, and consequently, less volatile over time. However, as a result of our emphasis on flow-business, our revenues and profitability are likely to be highly dependent on client activity levels and market volumes. We believe that we are particularly well-positioned to capitalize on increased client activity and market volumes as, throughout 2010, we extended our leading market positions in equities, expanded our flow businesses in fixed income, continued to gain market share in advisory and underwriting and strengthened our position in emerging markets.

Finally, we expect increased capital requirements resulting from various regulatory changes, particularly the Basel III standards and the implementation of Basel II.5 standards relating to market risk. We expect an increase in >>>risk-weighted assets (RWAs) in our emerging markets, rates, credit trading, equity derivatives and structured products businesses. However, we expect a substantial portion of the increase in RWAs to be offset by various mitigating actions, including continued reduction of assets in our exit businesses; shifting the asset mix in our structured products businesses towards more highly-rated assets; continued implementation of a flow-based business model in our emerging markets businesses; and the maturing of uncollateralized derivatives exposures, and collateralizing or hedging of remaining uncollateralized exposures, combined with the shift of OTC derivatives to collateralized, central counterparties clearing. For more information on regulatory capital developments and proposals, refer to *III – Treasury, Risk, Balance Sheet and Off-balance sheet – Treasury management – Capital management.*

Key initiatives
We executed several key initiatives in 2010 to further our client-focused, capital-efficient strategy, and we continue to have a significant opportunity to extend market share gains across our businesses as we build our distribution platform and enhance our electronic capabilities for clients. Key initiatives in 2010 included:

– Significant expansion of our distribution capabilities in fixed income flow businesses. During the year, we significantly increased our flow sales force in our credit, rates and foreign exchange businesses. These investments are increasing our penetration with our key clients and improving breadth and intensity of coverage. Our objective is to be ranked top five in all regions in foreign exchange and top five in the Americas and EMEA in credit and rates.

– Sustained market-leading positions in equities, with continued market share improvement in cash equities and prime services. We expanded >>>Advanced Execution Services® (AES®) product offerings in Asia and entered into an agreement to acquire the prime fund solutions business from Fortis Bank Nederland, a global leader in hedge fund administration services. Upon closing, this acquisition will further strengthen our prime services franchise by enabling us to offer a more complete product suite to our hedge fund clients. In addition, we expanded our flow and corporate derivatives business.

– Increased focus on growing our leading emerging markets platform with key onshore hires and significant progress in the expansion of our business in India. We continue to maintain leading franchises in Brazil and Indonesia and are focused on building strong onshore presence in other key emerging markets.

– Strengthened our underwriting and advisory franchises by making key strategic hires and shifting focus to a more large cap-oriented strategy in the developed markets.

– Continued reallocation of resources, including capital, headcount and technology resources, to our high-return, client-focused businesses. We further invested in building our electronic capabilities in our key fixed income businesses and made significant progress, including a fourfold increase in electronic trading volumes in foreign exchange during the year.

As evidence of the successful implementation of our strategy, substantially all of our revenues arose from client activity. In 2010, over 90% of our revenues were derived from direct client activity, while the remainder arose from indirect client activity and arbitrage trading. Direct client revenues consist primarily of fees and commissions, gains and losses from matching of client trades and revenues from client financing activities. Indirect client revenues consist of gains, losses and financing on inventory positions held for market making activities.

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

– Credit Suisse received a license from the Reserve Bank of India to establish a bank branch in Mumbai. This branch will allow us to significantly enhance our client service and product offering capabilities and marks an important milestone in the development of our India franchise.

– Credit Suisse strengthened its investment banking services in Poland by re-establishing its local equity trading business in Warsaw and increasing research coverage for Polish companies. Poland represents a key market in our growth strategy for Central Europe. The investment will significantly strengthen our current position as an active member of the Warsaw Stock Exchange and a leading trader among international financial institutions.

We executed a number of significant transactions in 2010, reflecting the breadth and diversity of our investment banking franchise:

– **Debt capital markets**: We arranged key financings for a diverse set of clients, including Reynolds and Rank Group Limited (New Zealand packaging company), Weather Investments SpA (Italy-based telecommunications investment company), PPL Corporation (US electricity and natural gas supplier) and NXP B.V. (Dutch semiconductor manufacturer).

– **Equity capital markets**: We executed IPOs for Westfield Retail Trust (Australia and New Zealand REIT), HRT Participacoes em Petroleo (Brazil-based offshore exploration and production company), United Company RUSAL Limited (a Russian aluminum producer) and QR National (Australian rail freight operator) and a rights offering for BBVA (Spanish banking group). Credit Suisse was also involved in all three large financial institution capital raisings in China (Bank of China, Industrial and Commercial Bank of China, and China Construction Bank).

– **Mergers and acquisitions**: We advised on a number of key transactions that were announced during the year, including the acquisition by Heineken NV (Dutch brewing company) of Fomento Económico Mexicano, S.A.B. de C.V (Mexican beverage company), the acquisition by Reynolds Group Holdings Ltd. (New Zealand consumer products manufacturer) of Pactiv Corporation (US consumer products packaging manufacturer), the acquisition by Coca-Cola Enterprises, Inc. (US beverage company) of Coca-Cola Company's (US beverage company) bottling operations in Norway, Sweden and Germany and the sale of Coca-Cola Enterprises' North American bottling operations to Coca-Cola Company, the acquisition of King Pharmaceuticals Inc. (US diversified specialty pharmaceutical company) by Pfizer Inc. (global pharmaceutical company) and the acquisition by MetLife, Inc. (US insurance company) of American Life Insurance Company (US life insurance company).

Market share momentum:

– We were ranked number one in market share in global cash products in a recent survey conducted by a leading market share analysis provider. We were recognized for our leading equities program trading and electronic trading capabilities by US and European institutions in recent surveys conducted by *Greenwich Associates*. We were ranked number one in "Portfolio Trading Penetration" and "Self-Directed Electronic Trading Penetration"

– We were ranked second in *Greenwich Associates'* annual US Convertibles survey with a 14% market share. For the second consecutive year, we posted the largest market share gain of any firm, with a nearly 1,000 basis point gain since 2008.

– Our overall prime brokerage market share ranking in Europe improved from number two to number one in *EuroHedge*'s Annual Prime Brokerage Survey. According to the survey, Credit Suisse Prime Services has a 15% market share in the region based on assets and was one of two firms to show asset growth over the past year. We were also ranked number one in macro, fixed income and futures strategies based on assets.

– Credit Suisse Prime Services ranked number one in *Global Custodian*'s OTC Derivatives Prime Brokerage Survey.

– We made significant progress in *Euromoney*'s 2010 FX Survey. Our overall market share ranking improved to eighth, and we registered the largest market share increase among the top ten banks. We were also named the "Most Improved Market Share by region" in North America, ranked sixth in Western Europe and in the top three in "Most Improved Market Share by institution" for banks.

– Ranked fourth in *Risk* magazine's 2010 Institutional Investors Ranking of derivative providers, moving up six positions from last year. We were the most improved dealer and increased our rankings in six of the nine "overall" fixed income categories. In Swiss francs, we ranked number one in interest rate swaps, interest rate options and forward rate agreements. We also ranked first in all US dollar/Swiss franc currency categories.

– We were recognized for our leading Asian equities client trading and execution services by US Institutions in a recent survey conducted by *Greenwich Associates*. The survey ranked Credit Suisse number one in "Overall Trading Penetration", "Sales Trading Capability", "Electronic Trading Penetration" and "Program Trading Penetration" for Asia (ex-Japan). We were also ranked number two for "Overall Trading Penetration" and "Sales Trading Capability" and number one for "Electronic Trading Penetration" and "Program Trading Penetration" in Japan.

– We were ranked third by *Thomson* in global completed M&A market share for 2010, compared to eighth in 2009.

– We were ranked third by *Thomson* in global high yield market share for 2010, compared to fourth in 2009.

– We maintained our #5 global rank in share of wallet for 2010 according to *Dealogic*, while improving market share to 6.3% compared to 5.9% in 2009.

– We improved our share of wallet according to *Dealogic* in the Americas to fifth in 2010 with 6.4% market share, from sixth in 2009 with 4.8% market share.

– We improved to fourth in global M&A in 2010 according to *Dealogic* with 6.4% share of wallet, compared to seventh in 2009 with 5.4% share of wallet.

Awards
We received numerous industry awards in 2010:

– Awarded “Most Innovative Bank of the Year” by *The Banker*. We were also awarded “Most Innovative in Equity Linked”, “Most Innovative in Equity Derivatives” and “Most Innovative in Bank Capital”.

– Awarded “Best Global Bank” and “Best Emerging Markets Investment Bank” by *Euromoney*. We also received fourteen regional and country awards in EMEA, Asia-Pacific, Latin America and Switzerland, underscoring the depth and breadth of our global footprint. Strengths highlighted included our strong capital position, credit rating and notable performances in Investment Banking and Private Banking.

– Awarded “Best Bank for High Yield Corporate Bonds” for the Americas by *Credit* magazine, based on a broad survey of buy-side credit market participants. Credit Suisse gained more market share than any other bank, and was the only one of the top-three bookrunners to increase market share. We were also awarded “Best Euro High Yield Bond,” “Best Dollar High Yield Bond,” “Best Asian Local Currency Bond,” “Best Bond from a Supranational or Development Agency Issuer,” “Best Dollar Investment Grade Bond (corporate)” and “Best Euro Investment Grade Bond (financial)” in a *Credit* magazine poll.

– Awarded “Euro Bond of the Year” by the International Financing Review for our work with UniCredit. We were also awarded “EMEA High-Yield Bond of the Year” for our work with Ziggo, “Leveraged Loan of the Year” for our work with the Reynolds Group, “Latin America Loan of the Year” for our work with Americas Mining Corporation, “Emerging Asia Bond of the Year” for our work with the Republic of the Philippines, “SSAR Bond of the Year” for our work with the Canadian government,” “Americas Equity Issue of the Year” for our work with the PPL corporation and “Swiss Franc Bond House of the Year.”

– Awarded “Credit Derivatives House of the Year” by *Risk* magazine.

– Ranked number one for the second consecutive year in the 2010 Global Custodian’s Prime Brokerage survey, earning more “Best in Class” awards than any bank. Among the clients surveyed for the 17th annual survey, Credit Suisse emerged as a leader in scores awarded for reputation. We also ranked number one in the global league tables, as well as number one for funds with USD 5 billion to USD 10 billion of assets under management and funds with over USD 10 billion of assets under management.

– Named “Cash Equities” and “Prime Brokerage” House of the Year by *Financial News* in its annual European Investment Banking Awards. We were also named “Financial Institutions Bond House of the Year” and awarded “FIG Investment Banking Team of the Year” in its Awards for Excellence in Investment Banking.

– Ranked third among web-based analytical tools in *Institutional Investor*’s 2010 All-American Fixed-Income Research Team Survey for Locus, our eAnalytics and Live Market Data platform. Locus provides analytics and research across rates, foreign exchange, emerging markets, credit, structured products, equities and commodities. Our ranking in the survey, which is an annual review of the top US fixed-income analysts and tools, demonstrates our commitment to delivering innovative solutions to our clients.

– Awarded “Best Algorithmic Trading Technology (Bank)” by *FX week* and “Best Algorithmic Trading Service” by *Financial News* in its Awards for Excellence in Trading & Technology Europe 2010.

– In Asia, we were awarded “Best Equity Brokerage House” by *FinanceAsia* in its 2010 Achievement Awards, “Best Sell Side Broker” by *Asian Investor* in its 2010 Service Provider Awards, “Equity Derivatives House of the Year” in *Structured Products*’ 2010 Asia Awards and “Equity Derivatives House of the Year” by *AsiaRisk*. We also achieved a number one ranking in *Institutional Investor*’s All-Asia Research Team survey, improving from number four in 2009.

– Awarded “Deals of the Year” by *The Banker* in financial institutions capital raising in Africa (Standard Bank), equities and structured finance in America (Santander Brazil and American General), equities in Asia-Pacific (China Pacific Insurance), corporate bonds in Europe (Roche Holding) and SSA bonds in the Middle East (government of Qatar).

– Ranked number two in *The Wall Street Journal*’s “Best on the Street” analyst survey, moving up from tenth place last year, demonstrating the continuing momentum of our equity research franchise.

– Ranked number one in *Institutional Investor*’s All Europe Research Team Survey.

Products and services

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

Investment banking
Equity and debt underwriting
Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues. Debt capital markets originates, syndicates and underwrites corporate and sovereign debt.

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

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

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

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

– Structured products trades, securitizes, syndicates, underwrites and provides research for various forms of securities, primarily >>>residential mortgage-backed securities and asset-backed securities (ABS), that are based on underlying pools of assets. The underwriting business handles securitizations for clients in most industry sectors. Our structured products business also includes secondary trading in >>>commercial mortgage-backed securities (CMBS). Further, in response to client needs, we are considering proposals to re-enter CMBS origination in a limited and conservative manner.

– Emerging markets offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.

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

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

Equity

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

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

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

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

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

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

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

Arbitrage trading

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

Other

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

Research and HOLT

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

Equity research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 3,000 companies worldwide and provides macroeconomic insights into this constantly changing environment.

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

Asset Management

Business profile

Asset Management offers investment solutions and services globally to a wide range of clients, including pension funds, governments, foundations and endowments, corporations and individuals. We invest across a broad range of asset classes with a focus on alternative investment strategies, emerging markets, asset allocation and traditional investment strategies. Our investment professionals deliver strong investment performance that can be accessed through best-in-class products and holistic client solutions. We had CHF 425.8 billion of assets under management as of the end of 2010.

We are an industry leader in alternative investment strategies, with CHF 195.6 billion of assets under management as of the end of 2010. Alternative investment strategies include hedge fund strategies, private equity, real estate & commodities, credit investments, ETFs and index strategies. Our alternative investments business also has a strong footprint in emerging markets, including Brazil and China.

Traditional investment strategies, with assets under management of CHF 229.4 billion, include multi-asset class solutions and other traditional investment strategies, primarily in Switzerland, where we are an industry leader. In multi-asset class solutions, we provide tailored asset allocation products to clients around the world and have CHF 114.9 billion of assets under management. In other traditional investment strategies, with CHF 114.5 billion of assets under management, we invest in fixed income and equity markets and provide institutional pension advisory services.

We pursue partnerships with leading investment managers globally, and our strategic alliances and joint ventures allow us to provide our clients with strong investment capabilities across a broad array of asset classes. As part of our client-focused integrated business model, we are increasingly coordinating and leveraging our activities with Private Banking and Investment Banking. Through collaboration with both internal and external partners, we aspire to deliver best-in-class solutions to our clients.

We have made direct investments as well as investments in partnerships that make private equity and other investments in various portfolio companies and funds. We offer our employees opportunities to invest side by side with our clients in certain investments.

Key data - Asset Management

			in / end of
	2010	2009	2008
Key data			
Net revenues (CHF million)	2,332	1,842	632
Income/(loss) before taxes (CHF million)	503	35	(1,185)
Assets under management (CHF billion)	425.8	416.0	411.5
Number of employees	2,900	3,100	3,100

Strategy

Trends and competition

The asset management industry continued to recover from the global financial crisis during 2010. Investors remained cautious and hesitant to invest in riskier asset classes, and fundraising varied considerably across asset classes. In alternative investments, the hedge fund industry began to see renewed investor demand, particularly in the second half of 2010, with top-performing, brand-name managers capturing the majority of asset inflows. Credit strategies continued to attract client inflows due to the strong performance of most fixed income and credit markets. Illiquid fundraising remained challenging, particularly in private equity and real estate. Within traditional asset classes, investors withdrew cash from money market products and primarily re-invested in fixed income products. The demand for passive vehicles like ETFs and index products remained robust in 2010, while emerging markets debt and equity products continued their strong momentum.

The regulatory environment continued to evolve throughout 2010 as the US passed new regulations that limit a bank's ability to invest in certain hedge funds and private equity, and the amount of banks' capital in illiquid investment funds. These changes, in addition to proposed changes in the alternative investments industry in Europe, have accelerated the trend towards simpler, more regulated fund structures, reinforced by investor appetite for better transparency and risk management. While many of these regulatory measures have a multi-year implementation period, we view the proposed regulations as enhancing Credit Suisse's competitive position given the alignment of proposed measures with our client-focused and capital-efficient strategy that we began implementing in 2008.

As capital markets strengthened, asset managers across the industry began to reinvest in their businesses and in new strategic initiatives. Expanding emerging markets capabilities, particularly in alternative investments, was a key initiative for many of our competitors. Alternative investment managers sought to broaden their product offerings and continued expanding into the traditional investment sector through the launch of long-only products and acquisitions. Long-term assets under management rose across the industry as most asset classes generated positive returns and investors began to reinvest accumulated cash holdings. Many hedge funds industry-wide reclaimed their high water marks and again generated performance fees.

Key initiatives

In 2010, we continued to implement our strategy focused on alternative investment strategies, emerging markets, asset allocation and the traditional businesses in Switzerland. We focused on:

– delivering leading investment performance capabilities through our in-house funds and partnerships;

– building higher margin, capital-efficient businesses;

– leveraging the integrated banking model;

– growing asset inflows through our multi-channel distribution network; and

– expanding our emerging markets franchise across alternative investment and traditional products.

Key examples of our progress include:

– six consecutive quarters of positive asset inflows;

– acquiring a significant noncontrolling interest in York Capital Management, a premier global event driven hedge fund manager with a 19 year track record and broad-based product platform;

– expanding our ranges of ETFs to over 50 across fixed income, equity, commodity and emerging markets products. Through our partnership with Investment Banking, we expanded trading to the London Stock Exchange and launched new products on the SIX Swiss Exchange, Xetra in Germany and Borsa Italiana in Italy;

– the launching, in collaboration with Private Banking, of the first Swiss real estate fund that invests in diversified hospitality properties throughout Switzerland. The fund had strong demand from investors, raising CHF 900 million;

– a new Brazilian corporate credit fund, raising almost CHF 800 million;

– an emerging markets fund to pursue credit investments in global emerging markets;

– spinning off our real estate private equity fund and our credit hedge fund Candlewood Investments, and selling our Australian property and credit funds;

– launching the Credit Suisse Long/Short Liquid Index and Credit Suisse Merger Ard Index;

– receiving the awards “Best Large Fixed-Interest Fund House in Switzerland”, runner-up in “Best Large Equity Fund House Switzerland” and runner-up in “Best Multi-asset Fund House Switzerland” by *Morningstar*; and

– receiving two awards for our commodities platform. *Futures and Options World* recognized our commodity index products with the Silver Award for Best Innovation by a bank, broker or futures commission merchant. Additionally, the Credit Suisse Glencore Active Index Strategy Funds received the award for Commodity Deal of the Year from the Commodity Business Awards.

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

– providing clients with customized advice and solutions;

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

– expanding our real estate product offering as opportunities emerge;

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

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

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

– expanding our collaboration with Investment Banking and Private Banking on technological innovations to better serve our clients; and

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

Products and services
Asset Management offers institutional and individual clients a range of products, such as alternative and traditional products. We reach our clients through our own distribution teams, the Private Banking and Investment Banking divisions and through our and third-party distribution channels. We also offer investment strategies through joint ventures with external managers across various regions and asset classes to enhance results for shareholders and clients in new or strategic areas.

Alternative investment strategies
We are a market leader in alternative investments, with a range of products including private equity, real estate and liquid strategies, including single-manager hedge funds, multi-manager hedge funds, credit strategies and ETF and index strategies. We also offer a range of strategies focused on emerging markets where we target significant growth potential through a range of products including hedge funds, private equity, real assets, index strategies, fixed income and equity solutions.

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

Our real estate core business aims to provide investors with stable and attractive cash flows, applying active portfolio management to reduce volatility.

In liquid strategies, we offer access to a number of assets through both active and constrained investment strategies. Among our active strategies, our single-manager hedge fund platform provides access to leading in-house hedge fund managers and through partnerships with best-in-class partners. We also provide actively managed hedge funds of funds across several strategies, including event-driven, emerging markets, convertible arbitrage, fixed income arbitrage, global macro, managed futures, volatility arbitrage and long/short investing.

In addition, we offer highly liquid, systematic market exposure to equity, fixed income, real estate, commodity, volatility and hedge fund markets through constrained or passive investment strategies. Our indexed solutions business and ETF franchise allow institutions and individual clients to access a wide variety of asset classes in a cost-effective manner. Liquid strategies also includes the Dow Jones Credit Suisse Hedge Fund Index, one of the world’s leading hedge fund indices.

Our credit strategies business focuses on the volatility of credit risk premiums of various debt instruments, capitalizing on economic fluctuations that impact premiums. Our performing credit strategies group specializes in the management of leveraged financial assets such as loans, high yield bonds and structured products.

In emerging markets we offer a range of Brazil-focused products through Credit Suisse Asset Management Brazil and Credit Suisse Hedging Griffo. Our Brazilian platform provides a range of institutional-quality products, including fixed income, equities and hedge solutions. Through our relationship with ICBC in China, we offer investment products to local clients through ICBC's strong distribution network.

Traditional investment strategies

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

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

Organizational and regional structure

Organizational structure

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

– The CFO area comprises 15 functions, including New Business, Product Control, Financial Accounting, Group Controlling, Tax, Treasury, Investor Relations, Corporate Real Estate & Services, Expense Management, Supply Management and Operational Excellence.

– The General Counsel area provides legal and compliance support to help protect the reputation of Credit Suisse. It does so by giving legal and regulatory advice and furnishing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.

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

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

– The Talent, Branding and Communications area comprises human resources, corporate communications, corporate branding and advertising. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment for all employees. Corporate Communications provides support in media relations, crisis management, executive and employee communications, branding and corporate sponsorship.

Other functions providing corporate services include One Bank Collaboration, Corporate Development and Public Policy. One Bank Collaboration facilitates cross-divisional collaboration initiatives throughout the Group and measures and controls collaboration revenues. Corporate Development manages the Group's strategic planning cycle, proposes strategic planning initiatives and analyzes merger and acquisition opportunities, while Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The CEOs of the divisions and regions report directly to the Group CEO, and, together with the CFO, CIO, CRO, General Counsel and Chief Talent, Branding and Communications Officer, they formed the Executive Board of Credit Suisse in 2010.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within our four regions. The regions perform a number of essential functions to coordinate and support the global operations of the three divisions. On a strategic level, they are responsible for corporate development and the establishment of regional business plans, projects and initiatives. They also have an oversight role in monitoring financial performance. Each region is responsible for the regulatory relationships within its boundaries, as well as for regulatory risk management and the resolution of significant issues in the region as a whole or its constituent countries. Other responsibilities include client and people leadership and the coordination of the delivery of Shared Services and business support in the region.

Market regions

Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ more than 21,700 people in Switzerland. The Private Banking division comprises our Wealth Management Clients and Corporate & Institutional Clients businesses. In Wealth Management Clients, we offer our clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services tailored to different client groups, from private clients to >>>ultra-high-net-worth individuals. In Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, investment solutions, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations and commodity traders, banks and Swiss pension funds. The Investment Banking division offers a full range of financial services to its Swiss client base, holding market-leading positions in the Swiss debt and capital markets as well as in mergers and acquisition advisory. The Asset Management division has a market-leading position in the Swiss traditional business, and also offers a broad range of alternative investment products and multi-asset class solutions.

EMEA

We are active in 26 countries across the EMEA region with approximately 9,200 employees working in 78 offices. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses both developed markets, such as France, Germany, Italy, Spain and the UK, and emerging markets, including Russia, Poland, Turkey and Middle East. We continue to expand our geographic footprint, opening our first office in the Nordic region in Stockholm and expanding our presence in South Africa. We implement our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. All three divisions are strongly represented in the EMEA region, with the Investment Banking division providing a full spectrum of financial advisory services with strong market shares across many key products and markets. Private Banking continues to generate strong net new asset flows in the region and continues to further develop its ultra-high-net-worth and Single Family Office offerings. The Asset Management division continues to focus on the distribution of a variety of investment products and the expansion of its ETF platform. To leverage our cross-divisional capabilities, we foster collaboration among employees across divisions to deliver innovative and tailored solutions to our clients.

Americas

Americas comprises our operations in the US, Canada, the Caribbean and Latin America with approximately 12,100 employees. In the US, our emphasis is on our core client-focused and flow-based businesses in Investment Banking, and on building on the market share gains we have achieved in a capital-efficient manner. In Private Banking, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. Continued growth of our alternative investments business is at the heart of our focused growth strategy in Asset Management. In Canada, we continue to expand our fast-growing securities businesses and leverage our banking advisory strength. In Latin America, particularly in our key markets of Brazil and Mexico, we continue to focus on providing clients with a full range of cross-divisional services.

Asia Pacific

Credit Suisse is present in 12 Asia Pacific markets with 7,100 employees, giving it one of the broadest footprints among international banks in the region. We have invested substantially in our presence in key major markets, including Australia, China, India and Japan, broadened the scope of our offerings in countries where we have built a competitive advantage and continued to grow emerging markets franchises. Private Banking has its principal centers in Singapore and Hong Kong, opening recently in key onshore wealth markets such as Australia and Japan, leveraging our Investment Banking and Asset Management activities to deliver integrated solutions to clients. The Investment Banking division continues to expand its coverage footprint in major markets, and we are one of the dominant players in Southeast Asia. We received a license from the Reserve Bank of India to establish a bank branch in Mumbai and acquired stock exchange trading rights in the Philippines. Asset Management in Asia Pacific operates as a globally integrated business in close collaboration with the Private Banking and Investment Banking divisions to deliver quality investment performance with a focus on alternative investments, asset allocation and emerging markets.

Regulation and supervision

Overview

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

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

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

Regulatory proposals and developments

Governments and regulatory authorities around the world have responded to the financial crisis by proposing and enacting numerous reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed and enacted by supranational organizations and in Switzerland, the US, the EU and the UK that could potentially have a material effect on our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to increase, we cannot predict the likely impact of proposed regulations on our businesses or results. As these and other financial reform proposals are considered, we believe the regulatory response must be closely coordinated on an international basis to provide a level playing field and must be carefully balanced to ensure a strong financial sector and global economy. These regulatory developments could result in additional costs or limit or restrict the way we conduct our business. We believe, however, that we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity.

In December 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and new conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework is designed to strengthen the resilience of the banking sector. The Basel III international framework for liquidity risk measurement, standards and monitoring includes a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The LCR, which is expected to be introduced January 1, 2015 following an observation period beginning in 2011, addresses liquidity risk over a 30-day period and is in line with our liquidity risk management framework and our revised liquidity principles with FINMA. The NSFR, which is expected to be introduced January 1, 2018 following an observation period beginning in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank’s assets and activities over a one-year horizon and is in line with our liquidity risk management framework. The ratio of available stable funding to the amount of required stable funding must be greater than 100%. The BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences. The new capital standards and capital buffers will require banks to hold more capital, mainly in the form of common equity. The new capital standards will be phased in from January 1, 2013 through January 1, 2019. The BCBS agreement was adopted by the >>>G-20 nations in November 2010. Each G-20 nation will now need to implement the rules, and stricter or different requirements may be adopted by any G-20 nation.

Under Basel III, the minimum tier 1 common equity ratio will increase from 2% to 4.5% and will be phased in from January 1, 2013 through January 1, 2015. This tier 1 common equity ratio will have certain regulatory deductions or other adjustments to common equity that will be phased in from January 1, 2014 through January 1, 2018 including deduction of deferred tax assets for tax-loss carryforwards and adjustments for unfunded pension liabilities. In addition, increases in the tier 1 capital ratio from 4% to 6% will be phased in from January 1, 2013 through January 1, 2015.

Basel III also introduces an additional 2.5% tier 1 common equity requirement, known as a capital conservation buffer, to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions. The new capital conservation buffer will be phased in from January 1, 2016 through January 1, 2019.

Basel III also provides for a countercyclical buffer that could require banks to hold up to an additional 2.5% of common equity or other capital that would be available to fully absorb losses. This requirement is expected to be imposed only rarely by national regulatory authorities based on credit exposure and certain other circumstances. Both the amount and the implementation of the countercyclical buffer require action by national regulatory authorities.

Most capital instruments that no longer meet the stricter criteria for inclusion in tier 1 common equity will be excluded beginning January 1, 2013. Capital instruments that no longer qualify as non-common tier 1 capital or tier 2 capital will be phased out over a 10-year period beginning January 1, 2013. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out.

In early October 2010, the Expert Commission appointed by the Swiss Federal Council released its report with recommendations on how to address the “too big to fail” issues relating to big banks. The recommendations include capital and liquidity requirements and proposals regarding risk diversification and emergency plans designed to maintain systemically important functions even in the event of threatened insolvency. The recommendations on capital requirements build on Basel III, but go beyond its minimum standards and the current “Swiss finish”. In December 2010, the Swiss Federal Council made a submission for legislative proposals to amend the Banking Act in 2011 based on the report by the Expert Commission. The consultation period will last until March 23, 2011. The Swiss Parliament is expected to consider many of the recommendations beginning in June 2011.

The Expert Commission proposes to add a capital buffer to the Basel III minimum requirements equal to 8.5% of RWAs, which would consist of at least 5.5% in the form of common equity and up to 3% in the form of contingent capital with a high trigger. A high trigger means the bonds could be required to convert into common equity in the event the common equity tier 1 ratio falls below an agreed threshold. The Expert Commission also proposes to add a progressive capital component equal to 6% of RWAs, which could consist entirely of contingent capital with lower triggers or other qualifying instruments. The qualifying terms of contingent capital will need to be determined by FINMA in accordance with Swiss law.

The Expert Commission recommended that the Swiss capital requirements track the phase-in of the Basel III requirements. If enacted into law, the Bank and the Group would be required to have common equity of at least 10% of RWAs and contingent capital or other qualifying capital of another 9% of RWAs by January 1, 2019. These recommended requirements may change depending on the market share and size of the big banks and the terms of the requirements enacted into law by the Swiss Parliament. Assuming the Expert Commission’s recommendations become law, Credit Suisse believes that it can meet the new requirements within the prescribed time frame by building capital through earnings and by issuing contingent capital or other instruments that qualify for the buffer and progressive capital components.

In June 2010, the BCBS announced its decision to postpone the implementation of the revisions to the >>>Basel II market risk framework to no later than December 31, 2011. On November 10, 2010, the Swiss Federal Council decided to follow the proposal of FINMA and implement the revisions to the Basel II market risk framework for FINMA regulatory capital purposes by the original implementation date of January 2011. The implementation of the Basel II.5 revisions for BIS purposes would have increased our RWAs as of the end of 2010 by approximately CHF 29 billion and reduced tier 1 capital as of the end of 2010 by approximately CHF 2.5 billion, resulting in a tier 1 ratio of 14.2% under Basel II.5 on January 1, 2011. We expect the combined Basel II.5 and Basel III revisions to increase our RWAs to approximately CHF 400 billion on January 1, 2013, before mitigation. We expect to mitigate this increase by reducing RWAs by approximately CHF 50 to 70 billion in exit businesses, structured products, emerging markets and >>>derivatives.

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

In July 2010, the US enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). Although the Dodd-Frank Act provides a broad framework for regulatory changes, implementation will require further detailed rulemaking over several years by different regulators, including the Department of the Treasury, the

Fed, the US Securities and Exchange Commission (SEC), the Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission (CFTC) and the newly created Financial Stability Oversight Council (the Council). In imposing heightened capital, leverage, liquidity and other prudential standards on foreign banking organizations such as the Group, the Fed is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the foreign bank is subject to comparable home country standards.

The Dodd-Frank Act will limit the ability of banking entities to sponsor or invest in private equity or hedge funds or to engage in certain types of proprietary trading in the US, and provides regulators with tools to provide greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk.

US regulators will also be able to restrict the size and growth of systemically significant non-bank financial companies and large interconnected bank holding companies and will be required to impose bright-line debt-to-equity ratio limits on financial companies that the Council determines pose a grave threat to financial stability. The Dodd-Frank Act will furthermore create an extensive framework for the regulation of >>>OTC derivatives and requires broader regulation of hedge funds and private equity funds, as well as credit agencies. The Dodd-Frank Act also establishes a new regime for the orderly liquidation of systemically significant financial companies and authorizes assessments on financial institutions with USD 50 billion or more in consolidated assets to repay outstanding debts owed to the Treasury in connection with a liquidation under the new insolvency regime. In addition, the Dodd-Frank Act requires issuers with listed securities, which may include foreign private issuers like the Group, to establish a claw-back policy to recoup erroneously awarded compensation in the event of an accounting restatement. The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the US with respect to violations of the antifraud provisions in the Securities Act, Exchange Act and Advisers Act. Other current reform proposals could also potentially have a material effect on our businesses. Implementation of the Dodd-Frank Act and related final regulations could result in additional costs or limit or restrict the way we conduct our business, although uncertainty remains about the details, impact and timing of these reforms.

The EU and the UK have also proposed and enacted regulations to address systemic risk, to reform compensation practices and to further regulate the securities industry. EU leaders have agreed that member states should impose a levy on financial institutions to ensure fair burden sharing and create incentives to contain systemic risks. While there is currently no consensus among member states on details of how the levies should be designed, the UK, Germany and France have said they would impose such levies. In June 2010, the UK proposed a levy attributable to the UK operations of large banks on certain funding. Under proposed legislation, the levy would come into effect from January 1, 2011 at a rate of 7.5 basis points for short-term liabilities and 3.75 basis points for long-term equity and liabilities.

In July 2010, the European Parliament approved amendments to the Capital Requirements Directive (CRD), including restrictions on the bonuses of senior management and certain other employees who could have a material impact on risk. These restrictions include limiting the portion that may be paid initially in cash and imposing deferrals and "at risk" requirements for a large portion of such bonuses. The amended directive requires member states to adopt national rules ensuring that institutions have compliant remuneration principles by January 2011, which are applicable to compensation awarded for services in 2010.

In September 2010, the EU Council of Ministers, the EU Commission and the European Parliament reached agreement on a new EU supervisory framework. The framework created four new supervisory bodies: the European Banking Authority, the European Securities and Markets Authority, the European Insurance and Occupational Pensions Authority, with responsibility for micro-prudential regulation, safeguarding financial soundness at the level of individual financial firms and protecting consumers of financial services, and the European Systemic Risk Board, with responsibility for macro-prudential oversight, monitoring potential threats to financial stability that arise from macro-economic developments.

In September 2010, the EU Commission published a proposal for a regulation on short selling and certain aspects of credit defaults swaps, which is expected to enter into force on July 1, 2012. The proposed regulation is intended to enhance disclosure obligations for short positions relating to EU shares, EU sovereign debt and >>>CDS relating to EU sovereign debt issuers and would restrict uncovered, or naked, short selling.

In September 2010, the EU Commission published its proposal for a Regulation on OTC derivatives, Central Counterparties and Trade Repositories. The proposed regulation would require certain standardized OTC derivatives contracts to be centrally cleared and require market participants to file information on non-cleared OTC derivatives trades with central trade repositories.

In October 2010, the EU Commission published a communication setting out certain proposals for the taxation of the financial sector and a communication on a proposed EU framework for crisis management in the financial sector that would apply to all credit institutions and some investment firms whose failure presents a risk to the stability of the financial system. The EU Commission intends to publish a legislative proposal on the crisis management framework in 2011.

In December 2010, the EU Commission published a consultation on a review of the Markets in Financial Instruments Directive (MiFID). The consultation sets out a number of significant proposals, including a proposal for harmonizing the conduct of cross-border business by non-EU investment firms and credit institutions and proposals relating to broker crossing systems and trading activities that are currently outside MiFID's scope, new conduct of business requirements, and enhancements to the regulation of underwriting and placing. The EU Commission plans to propose amendments to MiFID in 2011.

Other governmental bodies are considering imposing taxes on, or limiting the tax deductibility of, certain large bonuses.

Switzerland

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

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

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

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

Law, the Implementing Ordinance and FINMA regulations.

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

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

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

Banks are required to maintain a specified liquidity ratio under Swiss law. According to FINMA, the Group is required to maintain adequate levels of liquidity on a consolidated basis and is not required to comply with the detailed calculations for banks. In April 2010, we agreed on revised liquidity principles with FINMA, following its consultation with the SNB to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The principles went into effect as of the end of 2Q10. The principles may be modified to reflect the final BCBS liquidity requirements.

For further information on our capital and liquidity, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management*. For information on liquidity and capital standards under the BCBS Basel III framework, the report of the Swiss Expert Commission on "too big to fail" issues relating to big banks, and the revisions to the Basel II market risk framework (Basel II.5), refer to *Regulatory developments and proposals*.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank's eligible capital, taking into account counterparty risks and >>>risk mitigation instruments.

Under the Bank Law and SESTA, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer confidentiality laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering, terrorist financing activities, tax fraud or evasion or prevent the disclosure of information to courts and administrative authorities.

Swiss rules and regulations to combat money laundering and terrorist financing are comprehensive and require banks and other financial intermediaries to thoroughly verify and document customer identity before commencing business. In addition, these rules and regulations include obligations to maintain appropriate policies for dealings with politically exposed persons and procedures and controls to detect and prevent money laundering and terrorist financing activities, including reporting suspicious activities to authorities.

Our securities dealer activities in Switzerland are conducted primarily through the Bank and are subject to regulation under SESTA, which regulates all aspects of the securities dealer business in Switzerland, including regulatory capital, risk concentration, sales and trading practices, record-keeping requirements and procedures and periodic reporting procedures. Securities dealers are supervised by FINMA.

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

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

US

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

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

The New York Banking Law authorizes the Superintendent to take possession of the business and property of the New York Branch under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with the New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of depositors and other creditors (unaffiliated with us) that arose out of transactions with the New York Branch. After the claims of those creditors were paid out of the business and property of the Bank in New York, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver.

Under New York Banking Law, the New York Branch is generally subject to single borrower lending limits expressed as a percentage of the worldwide capital of the Bank.

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Fed in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the Fed and is subject to Fed requirements and limitations on the acceptance and maintenance of deposits and restrictions on the payment of interest on demand deposits (although the prohibition on the payment of interest on demand deposits will be removed under the Dodd-Frank Act). Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the US Federal Deposit Insurance Corporation.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. US federal banking laws also subject a state branch or agency to single borrower lending limits based on the capital of the entire foreign bank. Under the Dodd-Frank Act, lending limits will take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and >>>repurchase and

>>>reverse repurchase agreements with counterparties. In addition, regulations which the Council may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

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

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

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

Our US-based broker-dealers are subject to extensive regulation by US regulatory authorities. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies, while the CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. In addition, the Department of the Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities Rulemaking Board (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulation Authority (FINRA) (formed in July 2007 by the merger of the former National Association of Securities Dealers, Inc. and the member regulation, enforcement and arbitration functions of the New York Stock Exchange), and by state securities authorities. For futures activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association.

Our US broker-dealers are registered with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands, and our US futures commission merchants and commodity trading advisors are registered with the CFTC. Our US registered entities are subject to extensive regulatory requirements that apply to all aspects of their securities and futures activities, including: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public.

Our US broker-dealers are also subject to the SEC's net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

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

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

EU

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country. The EU has established a European Systemic Risk Board for macro-prudential oversight of the financial system, a European Banking Authority, a European Insurance and Occupational Pensions Authority and a European Securities and Markets Authority. These institutions will be responsible for promoting consistency between national regulators in the implementation of EU legislation.

The CRD, implemented in various EU countries including the UK, applies the >>>Basel II capital framework for banking groups operating in the EU. The CRD has been amended by CRD II, which governs own funds, large exposures, supervisory arrangements, qualitative standards for liquidity risk management and securitization, and which came into force on December 31, 2010, and by CRD III, which governs both the disclosure and content of remuneration policies, effective January 1, 2011, and capital requirements for trading books and re-securitizations and disclosure of securitization exposures, effective December 31, 2011.

MiFID establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, customer classification and suitability requirements for customers. MiFID sets standards for regulated markets (i.e., exchanges) and multilateral trading facilities and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other investment services and activities, MiFID provides a "passport" for investment firms, enabling them to conduct cross-border activities and establish branches throughout Europe on the basis of authorization from their home state regulator.

UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). The FSA regulates banking, insurance, investment business and the activities of mortgage intermediaries. The FSA generally adopts a risk-based approach, supervising all aspects of a firm's business, including capital resources, systems and controls and management structures, the conduct of its business, anti-money laundering and staff training. The FSA has wide investigatory and enforcement powers, including the power to require information and documents from financial services businesses, appoint investigators, apply to the court for injunctions or restitution orders, prosecute criminal offenses, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted. In June 2010, the UK Government announced that the FSA will be replaced by three new agencies: the Prudential Regulation Authority, a subsidiary of the Bank of England, which will be responsible for the prudential regulation of banks and larger investment firms; the Consumer Protection and Markets Authority which will regulate markets and the conduct of financial firms providing services to consumers; and the Financial Policy Committee of the Bank of England, which will be responsible for macro-prudential regulation.

As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate and are broadly comparable in scope and purpose to the regulatory capital and customer protection requirements imposed under US law.

The London branch of Credit Suisse (London Branch), Credit Suisse International and Credit Suisse (UK) Limited are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the FSA must first determine whether a firm satisfies the threshold conditions for authorization, including the requirement for the firm to be fit and proper. In addition to regulation by the FSA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary Code of Conduct published by the Bank of England which FSA-regulated firms are expected to follow when conducting wholesale money market business.

The London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the FSA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of "self-sufficiency", that a UK branch of European Economic Area (EEA) and non-EEA financial institutions would no longer be permitted to rely on capital held by other members of its group. The FSA, from December 1, 2009, has required UK branches of EEA and non-EEA financial institutions to maintain adequate liquidity resources, both as to quantity and quality of capital reserves. The London Branch is required to ensure that its liquidity resources are under the day-to-day supervision of the London Branch senior management, held in a custodian account in the name of the London Branch, unencumbered and attributed to the London Branch balance sheet. In addition, the FSA requires Credit Suisse International and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the Capital Requirements Directive.

Our London broker-dealer subsidiaries and asset management companies are authorized under the FSMA and are subject to regulation by the FSA. In deciding whether to authorize an investment firm in the UK, the FSA will consider threshold conditions for suitability, including the general requirement for a firm to be fit and proper. The FSA is responsible for regulating most aspects of an investment firm's business, including its regulatory capital, sales and trading practices, use and safekeeping of customer funds and securities, record-keeping, margin practices and procedures, registration standards for individuals carrying on certain functions, anti-money laundering systems and periodic reporting and settlement procedures.

On January 1, 2011, the FSA implemented the requirements of CRD III in its revised code of practice on remuneration policies became effective, requiring both EEA and non-EEA banks, building societies and investment firms to have in place remuneration policies that are consistent with effective risk management. It also includes twelve principles covering areas of governance, performance measurement and composition of remuneration, to help firms understand how the FSA will assess compliance.

Operating and financial review

Operating environment

Global economic growth continued in 2010, but with significant regional differences. European sovereign debt concerns were a dominant issue during the year and weighed on financial markets. Expansionary monetary policies were maintained in most major countries. The majority of equity markets posted positive returns over 2010 and bond yields declined. Volatility in currency markets was high, with both the Swiss franc and yen benefiting from their safe haven status.

Economic environment

The global economy continued its gradual recovery in 2010, though at a moderate pace, driven by global manufacturing gains in the first half of the year, renewed credit and equity market activity and increased US consumer spending. The improvement in economic activity varied among countries and regions, however, and the sustainability of the recovery remained uncertain as high unemployment rates continued to weigh on economies around the world.

While US consumer confidence was little changed over 2010, business confidence in manufacturing and services improved, particularly in the fourth quarter. Emerging markets, particularly in Asia, showed strong growth, especially in the first half of the year. Most EU countries, notably Germany, reported solid growth, and the expansion in the US continued. Central banks around the world, including the US Federal Reserve (Fed), Bank of England and European Central Bank (ECB), maintained historically low interest rates. However, a number of central banks, particularly in the emerging markets, began to tighten their monetary and fiscal policies. The Chinese central bank raised reserve requirement ratios and its policy rate. Policy rates were also raised in other countries including Australia, Brazil, Canada, India and Sweden. Inflationary pressures remained subdued in most developed countries. While food and energy-related effects kept headline inflation rates at elevated levels, core inflation rates reached multi-year lows in most EU countries and the US.

Sovereign debt concerns in Europe (mainly in Greece, Ireland, Portugal and Spain) dominated financial markets in 2010. European governments constructed an aid package in order to support troubled EU governments. Further support came from the ECB and the International Monetary Fund, with the resulting crisis facility contributing to stabilizing the markets.

In Switzerland, the favorable economic trend continued and the unemployment rate was lower at the end of 2010 compared to the end of 2009. Swiss consumer confidence increased in 2010, especially during the first six months of the year. The Swiss franc appreciated significantly against most major currencies, presenting some risk for Swiss exports and tourism and impacting assets under management, revenues and profits at Swiss financial institutions. The Swiss National Bank intervened heavily in the currency market in the second quarter to prevent excessive appreciation.

Based on strong earnings and a low interest rate environment, equity markets, especially in the US, performed well. The US equity market gained 13%, outperforming emerging markets in Asia and Latin America (refer to the charts "Equity markets"). European equity markets, impacted by the sovereign debt problems in some European countries, reported an average gain of 4%, but with large divergences among markets. For example, the German equity market outperformed the French equity market by more than 15%. The Swiss equity market only gained 3%, partly reflecting the underperformance of the banking sector in 2010. Volatility peaked in the second quarter and ended the year at lower levels than the end of 2009 (refer to the charts "Equity markets").

Government bond yields across most major markets declined during the first three quarters. In the third quarter, two-year US treasuries traded at a record low yield of 0.42%, and the yield on ten-year US treasuries dropped below 2.5%. Only in the fourth quarter did bond yields begin to increase after the Fed's announcement of its intention to purchase USD 600 billion of treasuries, extending its quantitative easing program (refer to the charts "Yield curves"). Credit spreads widened over the course of the year, and the European credit market suffered from the sovereign debt concerns in some European countries (refer to the charts "Credit spreads").

In currency markets, the US dollar appreciated against the euro in the first half of 2010 due to sovereign debt concerns within the EU and heightened risk aversion. The easing of sovereign debt concerns and continued low US interest rates supported the euro in the second half of 2010. The British pound depreciated against the US dollar due to weak growth in the UK. The Swiss franc appreciated against most major currencies, with the exception of the yen, which benefited from its own safe haven status and narrowing interest rate differentials. Several emerging market governments and central banks, including Brazil, Indonesia, Thailand and Turkey, also experimented with intervention or more unconventional capital-control mechanisms to dampen currency appreciation.

Most commodity prices performed strongly in 2010. Agricultural commodities reported gains of more than 40% due to crop failures in several markets and regions. Gold prices benefited from strong demand and low interest rates, and reached all-time highs above USD 1,400 per ounce in December 2010. The Credit Suisse Commodity Benchmark ended the year 15% higher.

Sector environment

2010 was a volatile year for the banking sector. European bank stocks ended the year 15% lower. Banks in the US were much stronger and outperformed the world index (refer to the charts “Equity markets”) .

Regulators and governments continued regulatory reform, including measures on capital and liquidity requirements, compensation and systemic risk mitigation. For further information, refer to *I – Information on the Company – Regulation and supervision and III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management.*

The funding situation for European banks was difficult in the first half 2010, and only improved after the Committee of European Banking Supervisors published the results of stress tests in the third quarter. But many smaller European banks still experienced ongoing difficulties and significantly higher prices in fundraising.

The **wealth management** sector benefited from better markets than a year ago, but investors remained risk-averse and continued to prefer less complex financial products. The industry faced increased regulatory scrutiny, especially relating to the international exchange of information and client data, and continued to be a focus of tax authorities, creating uncertainty for the sector. Foreign currency weakness had a negative impact for institutions reporting in strong home currencies such as the Swiss franc. The wealth management industry continued to evolve, reflecting increasing requirements relating to investment advice, client information, documentation and cross-border compliance. Interest rates in Switzerland remained at historical lows. Retail banking in Switzerland reflected strong competition in the mortgage business, resulting in continued margin pressure.

In the **investment banking** sector, 2010 had reasonably healthy volumes, particularly in the US for fixed income. Global equity market volumes showed improved activity in European stocks, but were lower in the US compared with 2009. Capital markets remained challenged due to the economic uncertainty, in particular in the first half of the year. European debt underwriting volumes declined in 2010, primarily due to lower investment grade issuance. Announced mergers and acquisitions (M&A) activity and syndicated lending rebounded significantly from the depressed levels in 2009 (refer to the table “Market volumes”). The global fee pool was above its historical average and 13% higher than in 2009, but still below the pre-crisis level of 2007. Equity capital markets contributed 31%, debt capital markets 28% and M&A activity 24% to the global fee pool. Fees from loans more than doubled compared to 2009 and accounted for 16% of the total fee pool.

In the **asset management** sector, hedge funds achieved low double-digit returns in 2010, with the Dow Jones Credit Suisse Hedge Fund Index gaining 11%. Fundraising volumes varied considerably across asset classes. In alternative investments, the hedge fund industry began to see renewed investor demand, particularly in the second half of the year, and total assets under management by hedge funds in 2010 increased 20% to USD 1.9 trillion. Credit strategies continued to attract client inflows. Within traditional asset classes, investors withdrew cash from money market products and re-invested in fixed income products. The demand for passive vehicles such as exchange-traded funds (ETFs) and index products remained robust in 2010.

Market volumes (growth in % year on year)

2010	Global	Europe
Equity trading volume [1]	5	10
Announced mergers and acquisitions [2]	23	14
Completed mergers and acquisitions [2]	–	(23)
Equity underwriting [2]	(10)	(41)
Debt underwriting [2]	5	(19)
Syndicated lending - investment-grade [2]	60	–

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

Credit Suisse

In 2010, we recorded net income attributable to shareholders of CHF 5,098 million. Diluted earnings per share were CHF 3.89. Return on equity attributable to shareholders was 14.4%. We continued to reduce risk and further strengthened our capital position with a BIS tier 1 ratio of 17.2%.

Results

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net interest income	6,541	6,891	8,536	(5)	(19)
Commissions and fees	14,078	13,750	14,812	2	(7)
Trading revenues	9,338	12,151	(9,880)	(23)	–
Other revenues	1,429	502	(4,200)	185	–
Net revenues	**31,386**	**33,294**	**9,268**	(6)	259
Provision for credit losses	**(79)**	**506**	**813**	–	(38)
Compensation and benefits	14,599	15,013	13,254	(3)	13
	7,231	7,701	7,809	(6)	(1)

General and administrative expenses					
Commission expenses	2,148	1,997	2,294	8	(13)
Total other operating expenses	9,379	9,698	10,103	(3)	(4)
Total operating expenses	**23,978**	**24,711**	**23,357**	(3)	6
Income/(loss) from continuing operations before taxes	**7,487**	**8,077**	**(14,902)**	(7)	–
Income tax expense/(benefit)	1,548	1,835	(4,596)	(16)	–
Income/(loss) from continuing operations	**5,939**	**6,242**	**(10,306)**	(5)	–
Income/(loss) from discontinued operations	(19)	169	(531)	–	–
Net income/(loss)	**5,920**	**6,411**	**(10,837)**	(8)	–
Less net income/(loss) attributable to noncontrolling interests	822	(313)	(2,619)	–	(88)
Net income/(loss) attributable to shareholders	**5,098**	**6,724**	**(8,218)**	(24)	–
of which from continuing operations	5,117	6,555	(7,687)	(22)	–
of which from discontinued operations	(19)	169	(531)	–	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	3.93	5.14	(7.51)	(24)	–
Basic earnings/(loss) per share	3.91	5.28	(8.01)	(26)	–
Diluted earnings/(loss) per share from continuing operations	3.91	5.01	(7.51)	(22)	–
Diluted earnings/(loss) per share	3.89	5.14	(8.01)	(24)	–
Return on equity (%)					
Return on equity attributable to shareholders	14.4	18.3	(21.1)	–	–
Return on tangible equity attributable to shareholders [1]	19.8	25.1	(29.3)	–	–
Number of employees (full-time equivalents)					
Number of employees	50,100	47,600	47,800	5	0

1 Based on tangible shareholders' equity attributable to shareholders, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as

it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

	Core Results			Noncontrolling interests without SEI			Credit Suisse		
in	2010	2009	2008	2010	2009	2008	2010	2009	2008
Statements of operations (CHF million)									
Net revenues	**30,625**	**33,617**	**11,862**	**761**	**(323)**	**(2,594)**	**31,386**	**33,294**	**9,268**
Provision for credit losses	**(79)**	**506**	**813**	**0**	**0**	**0**	**(79)**	**506**	**813**
Compensation and benefits	14,562	14,927	13,179	37	86	75	14,599	15,013	13,254
General and administrative expenses	7,194	7,604	7,739	37	97	70	7,231	7,701	7,809
Commission expenses	2,148	1,997	2,294	0	0	0	2,148	1,997	2,294
Total other operating expenses	9,342	9,601	10,033	37	97	70	9,379	9,698	10,103
Total operating expenses	**23,904**	**24,528**	**23,212**	**74**	**183**	**145**	**23,978**	**24,711**	**23,357**
Income/(loss) from continuing operations before taxes	**6,800**	**8,583**	**(12,163)**	**687**	**(506)**	**(2,739)**	**7,487**	**8,077**	**(14,902)**
Income tax expense/(benefit)	1,548	1,835	(4,596)	0	0	0	1,548	1,835	(4,596)
Income/(loss) from continuing operations	**5,252**	**6,748**	**(7,567)**	**687**	**(506)**	**(2,739)**	**5,939**	**6,242**	**(10,306)**
Income/(loss) from discontinued operations	(19)	169	(531)	0	0	0	(19)	169	(531)
Net income/(loss)	**5,233**	**6,917**	**(8,098)**	**687**	**(506)**	**(2,739)**	**5,920**	**6,411**	**(10,837)**
Less net income/(loss) attributable to noncontrolling interests	135	193	120	687	(506)	(2,739)	822	(313)	(2,619)
Net income/(loss) attributable to shareholders	**5,098**	**6,724**	**(8,218)**	**0**	**0**	**0**	**5,098**	**6,724**	**(8,218)**
Statement of operations metrics (%)									

Cost/income ratio	78.1	73.0	195.7	–	–	–	76.4	74.2	252.0
Pre-tax income margin	22.2	25.5	(102.5)	–	–	–	23.9	24.3	(160.8)
Effective tax rate	22.8	21.4	37.8	–	–	–	20.7	22.7	30.8
Net income margin [1]	16.6	20.0	(69.3)	–	–	–	16.2	20.2	(88.7)

1 Based on amounts attributable to shareholders.

Differences between Group and Bank

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

These operations and activities vary from period to period and give rise to differences between the Bank's assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group. For further information on the Bank refer to *Note 39 – Subsidiary guarantee information in V – Consolidated financial statements – Credit Suisse Group and VII – Consolidated financial statements – Credit Suisse (Bank).*

Differences between Group and Bank businesses

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

Comparison of consolidated statements of operations

	Group			Bank		
in	2010	2009	2008	2010	2009	2008
Statements of operations (CHF million)						
Net revenues	**31,386**	**33,294**	**9,268**	**29,598**	**31,993**	**7,305**

Total operating expenses	**23,978**	**24,711**	**23,357**	**23,451**	**24,176**	**22,347**
Income/(loss) from continuing operations before taxes	**7,487**	**8,077**	**(14,902)**	**6,271**	**7,357**	**(15,839)**
Income tax expense/(benefit)	1,548	1,835	(4,596)	1,258	1,794	(4,922)
Income/(loss) from continuing operations	**5,939**	**6,242**	**(10,306)**	**5,013**	**5,563**	**(10,917)**
Income/(loss) from discontinued operations	(19)	169	(531)	(19)	169	(531)
Net income/(loss)	**5,920**	**6,411**	**(10,837)**	**4,994**	**5,732**	**(11,448)**
Less net income/(loss) attributable to noncontrolling interests	822	(313)	(2,619)	802	(697)	(3,379)
Net income/(loss) attributable to shareholders	**5,098**	**6,724**	**(8,218)**	**4,192**	**6,429**	**(8,069)**

Comparison of consolidated balance sheets

		Group		Bank
end of	2010	2009	2010	2009
Balance sheet statistics (CHF million)				
Total assets	1,032,005	1,031,427	1,008,761	1,010,482
Total liabilities	988,990	983,099	969,597	964,731

Capitalization

		Group		Bank
end of	2010	2009	2010	2009
Capitalization (CHF million)				
Due to banks	37,493	36,214	47,675	50,081
Customer deposits	287,564	286,694	263,767	258,697
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	168,394	191,687	168,394	191,587
Long-term debt	173,752	159,365	171,140	156,676
Other liabilities	321,787	309,139	318,621	307,690
Total liabilities	**988,990**	**983,099**	**969,597**	**964,731**
Total equity	**43,015**	**48,328**	**39,164**	**45,751**
Total capitalization	**1,032,005**	**1,031,427**	**1,008,761**	**1,010,482**

Capital adequacy

	Group		Bank	
end of	2010	2009	2010	2009
Capital (CHF million)				
Tier 1 capital	37,725	36,207	35,310	34,695
of which hybrid instruments	11,098	12,198	10,589	11,617
Total eligible capital	47,799	45,728	47,569	46,320
Capital ratios (%)				
Tier 1 ratio	17.2	16.3	17.1	16.5
Total capital ratio	21.9	20.6	23.1	22.0

Dividends of the Bank to the Group

end of	2010	2009
Per share issued (CHF)		
Dividend [1, 2]	0.23	68.19

Registered shares of CHF 100.00 nominal value each. As of December 31, 2010 and 2009, total share capital consisted of 43,996,652 registered shares.
1 Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation. For more information, refer to VIII – Parent company financial statements – Credit Suisse (Bank) 2 In 2008, 2007 and 2006, dividends per share issued were CHF 0.23, CHF 59.10 and CHF 0.23, respectively.

Core Results

For 2010, net income attributable to shareholders was CHF 5,098 million. Private Banking had stable net revenues, despite a challenging operating environment, and attracted CHF 54.6 billion of net new assets, with strong inflows in both the international and the Swiss regions. Investment Banking had net revenues of CHF 16,214 million, with strong underwriting and advisory revenues and solid equity sales and trading revenues but significantly lower fixed income sales and trading revenues. Results were impacted by subdued client flows compared with 2009, but also reflected continued market share momentum across products and regions. Asset Management net revenues were up 27%, mainly reflecting significant investment-related gains in 2010 compared to significant losses in 2009, partially offset by lower gains on equity participations. Asset Management net new assets were CHF 20.6 billion, up substantially from CHF 0.4 billion in 2009.

Results

	in	% change

	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net interest income	6,474	6,763	8,409	(4)	(20)
Commissions and fees	14,131	13,702	14,755	3	(7)
Trading revenues	9,328	12,127	(9,853)	(23)	–
Other revenues	692	1,025	(1,449)	(32)	–
Net revenues	**30,625**	**33,617**	**11,862**	(9)	183
Provision for credit losses	**(79)**	**506**	**813**	–	(38)
Compensation and benefits	14,562	14,927	13,179	(2)	13
General and administrative expenses	7,194	7,604	7,739	(5)	(2)
Commission expenses	2,148	1,997	2,294	8	(13)
Total other operating expenses	9,342	9,601	10,033	(3)	(4)
Total operating expenses	**23,904**	**24,528**	**23,212**	(3)	6
Income/(loss) from continuing operations before taxes	**6,800**	**8,583**	**(12,163)**	(21)	–
Income tax expense/(benefit)	1,548	1,835	(4,596)	(16)	–
Income/(loss) from continuing operations	**5,252**	**6,748**	**(7,567)**	(22)	–
Income/(loss) from discontinued operations	(19)	169	(531)	–	–
Net income/(loss)	**5,233**	**6,917**	**(8,098)**	(24)	–
Less net income/(loss) attributable to noncontrolling interests	135	193	120	(30)	61
Net income/(loss) attributable to shareholders	**5,098**	**6,724**	**(8,218)**	(24)	–
of which from continuing operations	5,117	6,555	(7,687)	(22)	–
of which from discontinued operations	(19)	169	(531)	–	–
Statement of operations metrics (%)					
Cost/income ratio	78.1	73.0	195.7	–	–
Pre-tax income margin	22.2	25.5	(102.5)	–	–
Effective tax rate	22.8	21.4	37.8	–	–
Net income margin [1]	16.6	20.0	(69.3)	–	–
Number of employees (full-time equivalents)					
Number of employees	50,100	47,600	47,800	5	0

1 Based on amounts attributable to shareholders.

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

Our Core Results are impacted by changes in credit spreads on Credit Suisse vanilla debt carried at >>>fair value. In the second quarter of 2009, we entered into a transaction designed to reduce the volatility of these changes. In the transaction (the >>>FVOD transaction) we made loans, which we carry at fair value, to Alpine Securitization Corp. (Alpine), a multi-seller >>>commercial paper (CP) conduit administered by Credit Suisse. The FVOD transaction was designed to offset a significant portion of the volatility in credit spread movements on Credit Suisse vanilla debt. For information on the impact of accounting changes on the FVOD transaction effective the first quarter of 2010, refer to *Accounting changes adopted in first quarter 2010*.

For segment reporting purposes, the cumulative fair value gains of CHF 1.5 billion on Credit Suisse debt as of the opening 2010 balance sheet are charged to the segments on a straight-line amortization basis, and the difference between this amortization and the fair valuation on this Credit Suisse debt from changes in credit spreads is included in the Corporate Center. Our Core Results are also impacted by fair valuation gains/losses on cross currency swaps relating to our long-term debt. These fair valuation gains/losses on the cross currency swaps are recorded in the Corporate Center, reflect the volatility in the basis between the relevant currency yield curves and, over the life of the swaps, will result in no net gains/losses.

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

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

Results overview

2010 versus 2009

In 2010, we recorded net income attributable to shareholders of CHF 5,098 million, down 24% compared to 2009. Net revenues were CHF 30,625 million, down 9%, and total operating expenses were CHF 23,904 million, down 3%, compared to 2009. Our 2010 Core Results included fair value gains of CHF 341 million on Credit Suisse vanilla debt. CHF 249 million of fair value losses were charged to the segments (primarily Investment Banking), reflecting the straight-line amortization, and CHF 590 million of fair value gains were included in the Corporate Center. Provision for credit losses were net releases of CHF 79 million compared to net provisions of CHF 506 million as of the end of 2009, reflecting the improved credit environment. Total operating expenses declined slightly, mainly due to the foreign exchange translation impact and lower performance-related compensation.

In **Private Banking**, net revenues of CHF 11,631 million were stable compared to 2009. Results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009, adversely affecting net revenues in Wealth Management Clients by approximately CHF 350 million and income before taxes by approximately CHF 250 million. Recurring revenues, representing 78% of net revenues, were stable. In an ongoing low interest rate environment, stable net interest income reflected slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products, and a significant portion of assets under management in cash. Transaction-based revenues decreased slightly, reflecting lower client activity. The decline was driven by lower revenues from integrated solutions and brokerage fees and gains from the sale of real estate and >>>auction rate securities (ARS) in 2009, partially offset by higher product issuing fees and lower fair value losses on the Clock Finance transaction compared to 2009.

In **Investment Banking**, net revenues of CHF 16,214 million decreased 21% compared to 2009. Approximately CHF 1.3 billion of 2009 revenues were due to the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. In addition, 2010 results in many businesses were impacted by lower levels of client trading activity compared to 2009. We continued to make progress in the implementation of our client-focused, capital-efficient strategy and continued to increase our market share across most businesses and regions. Fixed income sales and trading revenues were resilient, although significantly lower compared to 2009, reflecting a challenging environment for the industry affected by macroeconomic uncertainties. Results were driven by >>>residential mortgage-backed securities (RMBS), credit, global rates and emerging markets trading. Revenues in global rates and credit, including leveraged finance and investment grade trading, although solid, reflected less favorable market conditions than in 2009 and market volatility triggered by sovereign debt concerns in Europe in 2010. Revenues in RMBS and leveraged finance trading benefited from an increase in investor demand for yield-driven products. Equity sales and trading results were solid, although lower compared to a strong 2009, reflecting lower levels of client trading activity. Results were driven by revenues in cash equities, prime services and >>>derivatives. In 2010, we improved our market share while maintaining our leading market share rankings in cash equities and prime services. We had strong underwriting and advisory results, reflecting an increase in industry-wide capital issuance levels, an increase in completed M&A market share and improved share of wallet with clients. We had near-record revenues in debt underwriting, driven by higher industry-wide high yield issuance volumes, and improved advisory revenues, reflecting an increase in completed M&A market share. Equity underwriting revenues were in line with lower industry-wide equity issuance levels, particularly in follow-on and convertible issuances, partially offset by a significant increase in initial public offering (IPO) volumes. Results included net fair value losses on Credit Suisse vanilla debt of CHF 232 million in 2010, compared to net fair value losses of CHF 397 million in 2009, and significant allocated funding costs.

In **Asset Management**, net revenues of CHF 2,332 million were up 27% compared to CHF 1,842 million in 2009, primarily reflecting investment-related gains compared to losses in 2009, partially offset by lower income from equity participations. Investment-related gains were CHF 420 million, compared to losses of CHF 365 million in 2009, reflecting improved equity markets. Asset management fees of CHF 1,412 million were up 3%, reflecting higher average assets under management. Average assets under management increased 2.2% to CHF 427.8 billion and were adversely impacted by foreign exchange-related movements and the spin-off of non-core businesses. Placement, transaction and other fees of CHF 143 million were down 15%, reflecting losses related to investments held by Asset Management Finance LLC (AMF) and lower revenues from integrated solutions, partially offset by higher private equity placement and real estate transaction fees. Performance fees and carried interest of CHF 187 million were down 15% from lower performance fees from Hedging-Griffo and from diversified investments relating to management of the Partner Asset Facility (PAF), partially offset by carried interest relating to realized private equity gains. Equity participations income of CHF 41 million was down 88% from 2009, which included significant gains from the sale of part of the traditional investments business to Aberdeen Asset Management (Aberdeen) and the sale of Polish and Korean joint ventures. Other revenues in 2010 and 2009 primarily reflected gains on the sale of securities purchased from money market funds and securities acquired from client securities lending portfolios. Net revenues before securities purchased from money market funds and investment-related gains of CHF 1,769 million were down 16%, primarily due to lower revenues from equity participations.

In **Corporate Center**, the decreased loss of CHF 660 million compared to CHF 1,948 million primarily reflected lower litigation provisions and fair value gains on Credit Suisse vanilla debt versus losses in 2009. The 2010 loss included a charge of CHF 404 million for the UK levy on variable compensation and CHF 216 million of litigation provisions, partly offset by CHF 590 million of fair value gains on our long-term vanilla debt, which reflected the positive difference between the straight-line amortization charged to the segments and the net impact of fair valuation adjustments on Credit Suisse debt from widening credit spreads.

Provision for credit losses were net releases of CHF 79 million, with releases of CHF 97 million in Investment Banking and net provisions of CHF 18 million in Private Banking.

Total operating expenses were CHF 23,904 million, down 3%, mainly due to the foreign exchange translation impact and lower performance-related variable compensation, partially offset by an increase in salaries and benefits, reflecting higher base salaries and increased headcount, and the CHF 404 million charge relating to the UK levy on variable compensation. 2010 performance-related variable compensation accruals reflected lower risk-adjusted profitability, the higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based, restricted cash and other awards. Compensation and benefits included significantly lower expenses relating to the PAF. General and administrative expenses decreased 5%, reflecting the foreign exchange translation impact and a significant decrease in litigation provisions and charges, offset in part by higher professional fees and IT costs.

The **Core Results effective tax rate** was 22.8% in 2010, compared to 21.4% in 2009. The effective tax rate reflected the geographical mix of results and included the recognition of additional deferred tax assets, a decrease of deferred tax liability balances in Switzerland and the release of tax contingency accruals. Overall, net deferred tax assets increased CHF 186 million to CHF 9,005 million as of the end of 2010. For further information, refer to *Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group*.

Assets under management from continuing operations were CHF 1,253.0 billion as of the end of 2010, an increase of 2.0% compared to the end of 2009. In 2010, we reported net new assets of CHF 69.0 billion, up 56.1% compared to 2009. We had net new assets of CHF 54.6 billion in Private Banking and CHF 20.6 billion in Asset Management.

2009 versus 2008

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

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

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

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

In **Asset Management**, net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to significant losses in 2008, lower investment-related losses and higher income from equity participations, including aggregate gains of CHF 286 million from the Aberdeen transaction and the sale of the two joint ventures. Net revenues before securities purchased from our money market funds and investment-related losses of CHF 2,098 million were up 6%, primarily due to the higher income from equity participations, partially offset by lower management and placement fees. Average assets under management decreased 18.7% in 2009. Asset management fees of CHF 1,376 million were down 13%, primarily from significantly lower revenues in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Placement, transaction and other fees declined 27%, reflecting the difficult fundraising environment in 2009, partially offset by higher revenues from integrated solutions. Performance fees and carried interest increased 44%, primarily from performance fees from Hedging-Griffo and from diversified investments relating to management of the PAF. Equity participations income primarily reflected the gains from the Aberdeen transaction and the sale of the two joint ventures. 2008 revenues included an impairment charge on the Korean joint venture. Other revenues in 2009 included gains on the sale of securities purchased from money market funds compared to significant losses in 2008. Other revenues in 2008 included losses associated with proprietary hedge fund positions.

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

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

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

The **Core Results effective tax rate** was 21.4% in 2009, compared to 37.8% in 2008. The effective tax rate primarily reflected foreign exchange translation gains of CHF 460 million relating to deferred tax assets on tax loss carry forwards recorded in UK entities, net release of CHF 156 million of tax contingency accruals following the favorable resolution of certain tax matters, together with the geographical mix of results. The foreign exchange movements arose due to tax loss carry-forwards denominated in British pounds, which differs from the functional currency of the reporting entities. UK tax law was enacted during 2009 which had the effect of removing these foreign exchange movements going forward. Net deferred tax assets decreased CHF 951 million, or 9.7%, to CHF 8,819 million as of the end of 2009, including foreign exchange translation impacts. For further information, refer to *Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group*.

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

Core Results reporting by division

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Net revenues (CHF million)					
Wealth Management Clients	9,829	9,871	10,697	0	(8)
Corporate & Institutional Clients	1,802	1,791	2,210	1	(19)
Private Banking	11,631	11,662	12,907	0	(10)
Investment Banking	16,214	20,537	(1,971)	(21)	–
Asset Management	2,332	1,842	632	27	191
Corporate Center	448	(424)	294	–	–
Net revenues	**30,625**	**33,617**	**11,862**	(9)	183
Provision for credit losses (CHF million)					

Wealth Management Clients	70	33	141	112	(77)
Corporate & Institutional Clients	(52)	147	(8)	–	–
Private Banking	18	180	133	(90)	35
Investment Banking	(97)	326	679	–	(52)
Corporate Center	0	0	1	–	(100)
Provision for credit losses	**(79)**	**506**	**813**	–	(38)
Total operating expenses (CHF million)					
Wealth Management Clients	7,231	6,940	8,047	4	(14)
Corporate & Institutional Clients	956	891	877	7	2
Private Banking	8,187	7,831	8,924	5	(12)
Investment Banking	12,780	13,366	11,142	(4)	20
Asset Management	1,829	1,807	1,817	1	(1)
Corporate Center	1,108	1,524	1,329	(27)	15
Total operating expenses	**23,904**	**24,528**	**23,212**	(3)	6
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	2,528	2,898	2,509	(13)	16
Corporate & Institutional Clients	898	753	1,341	19	(44)
Private Banking	3,426	3,651	3,850	(6)	(5)
Investment Banking	3,531	6,845	(13,792)	(48)	–
Asset Management	503	35	(1,185)	–	–
Corporate Center	(660)	(1,948)	(1,036)	(66)	88
Income/(loss) from continuing operations before taxes	**6,800**	**8,583**	**(12,162)**	(21)	–

Core Results reporting by region

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Net revenues (CHF million)					
Switzerland	8,416	8,800	10,096	(4)	(13)
EMEA	7,145	9,009	138	(21)	–
Americas	11,558	12,794	660	(10)	–
Asia Pacific	3,058	3,438	674	(11)	410
Corporate Center	448	(424)	294	–	–
Net revenues	**30,625**	**33,617**	**11,862**	(9)	183
Income before taxes (CHF million)					

Switzerland	2,913	3,295	4,426	(12)	(26)
EMEA	417	2,146	(6,642)	(81)	–
Americas	3,762	4,262	(6,923)	(12)	–
Asia Pacific	368	828	(1,988)	(56)	–
Corporate Center	(660)	(1,948)	(1,036)	(66)	88
Income/(loss) from continuing operations before taxes	**6,800**	**8,583**	**(12,163)**	(21)	–

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

Capital trends

Our consolidated Bank for International Settlements (BIS) tier 1 ratio under >>>Basel II was strong at 17.2% as of the end of 2010, compared to 16.3% as of the end of 2009. The increase reflected decreased risk-weighted assets and increased tier 1 capital.

Our Board of Directors will propose a distribution of CHF 1.30 per share out of reserves from capital contributions for 2010 at the annual general meeting (AGM) on April 29, 2011. Due to a change in Swiss tax law that came into force in January 2011, the distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The proposal is subject to approval by shareholders at the AGM.

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

Risk trends

In 2010, our overall >>>position risk, measured on the basis of our economic capital model, decreased 10% compared to 2009. Excluding the US dollar translation impact, position risk decreased 2%. The average >>>value-at-risk (VaR) in 2010 decreased 20% to CHF 110 million from 2009, reflecting a reduction in market volatility, partially offset by increased risk in support of our client flow businesses. For further information on risk trends, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management*.

Management and Board of Directors changes

Renato Fassbind retired as Chief Financial Officer on October 1, 2010, and David Mathers, who had served as the Chief Operating Officer and Head of Finance for Investment Banking, assumed the role. Renato Fassbind will remain with Credit Suisse as a senior advisor.

Osama S. Abbasi was appointed Chief Executive Officer (CEO) of Credit Suisse Asia Pacific and a member of the Executive Board of Credit Suisse Group and Credit Suisse, effective October 1, 2010, succeeding Kai Nargolwala, who was appointed non-executive Chairman, Credit Suisse Asia Pacific. Mr. Abbasi was head of the equities department of Investment Banking in Asia Pacific and a member of the Investment Banking Management Committee, Global Equity Management Committee and the Asia Pacific Operating Committee.

As of July 2010, Eric Varvel was appointed CEO of Investment Banking and Fawzi Kyriakos-Saad, former CEO of Russia, the countries of the Commonwealth of Independent States and Turkey, and Co-Head of the Global Emerging Markets Council, succeeded him as CEO of Europe, Middle East and Africa (EMEA). Antonio Quintella, former CEO of Brazil and Co-Head of the Global Emerging Markets Council, became CEO of Americas, succeeding Rob Shafir, who remains CEO of Asset Management.

In November, Paul Calello, Chairman of Investment Banking and a member of our Executive Board, passed away from non-Hodgkin's Lymphoma.

At our AGM in April 2010, Jassim Bin Hamad J. J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, President and CEO of American International Group were elected as new members of the Board of Directors. The Board proposes the following members be re-elected, Peter Brabeck-Letmathe, Jean Lanier and Anton van Rossum, subject to their election by the shareholders.

Regulatory proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. >>>G-20 leaders pledged to increase regulation and improve coordination of oversight of banks and financial institutions.

For information on the liquidity principles agreed with the FINMA, the liquidity and capital standards under the Basel Committee on Banking Supervision Basel III framework, the report of the Swiss Expert Commission on “Too Big to Fail” issues relating to big banks, and the revisions to the >>>Basel II market risk framework (Basel II.5), refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management*. For information on other regulatory developments and proposals, refer to *I – Information on the company – Regulation and supervision*.

Compensation and benefits

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

Our shareholders’ equity reflects the effect of share-based compensation, including the impact of related share repurchases and other hedging activities. Equity is generally unaffected by the granting and vesting of share-based awards, including through the issuance of shares from approved conditional capital. Share-based compensation expense (which is generally based on >>>fair value at the time of grant) reduces equity, however the recognition of the obligation to deliver the shares increases equity by a corresponding amount. When Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Treasury shares are managed in aggregate and are not allocated to specific obligations under any particular share-based compensation program. Shareholders' equity also includes, as additional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards. For further information, refer to the *Consolidated statements of changes in equity, Note 27 – Employee deferred compensation and Note 26 – Tax – Tax benefits associated with share-based compensation in V – Consolidated financial statements – Credit Suisse Group*.

Changes to our compensation structure

The 2010 compensation structure is based on existing compensation principles and responds to shareholder feedback, regulatory initiatives and dialogue and political as well as public concerns. Our 2010 compensation reflected changes to variable compensation awards to increase the amount of deferred compensation and to simplify the share-based and other awards. The new features of our compensation design are described below.

– The threshold for participation in variable deferred compensation awards has been lowered from CHF 125,000 to CHF 50,000, and the proportion of variable deferred compensation has been increased.

– Variable deferred compensation awards granted to employees up to and including the level of vice president will be in the form of share awards. Share awards granted as part of 2010 variable awards will vest over four years. The upside and downside potential is based solely on changes in the Group's share price over four years.

– 50% of the variable deferred awards granted to members of the Executive Board, managing directors and directors will be in the form of share awards and 50% in Adjustable Performance Plan awards. Adjustable Performance Plan awards are cash-based awards that vest over four years, on a pro rata basis. Outstanding awards will be adjusted upwards or downwards based on the Group's return on equity (ROE). For revenue-generating employees of each division, if the division is loss-making, outstanding awards for employees of that division will be adjusted downward. If the division generates a loss and the Group's ROE is negative, the greater of the two adjustments will apply. For employees in Shared Services and other support functions all outstanding Adjustable Performance Plan awards are linked to the Group ROE. Only a negative Group ROE will trigger a negative adjustment of outstanding Adjustable Performance Plan awards for these employees. This link to Group performance is intended to ensure that the compensation of employees in support functions is not directly linked to the performance of the businesses they support.

– Managing directors in Investment Banking will receive variable cash compensation in the form of restricted cash, which vests ratably over a two-year period and are subject to repayment if certain claw-back events occur.

As of January 1, 2010, we increased the fixed compensation for Executive Board members, managing directors, directors and certain vice-presidents and correspondingly decreased their variable compensation for 2010. This shift in the compensation structure was influenced by regulators to ensure a more balanced mix between fixed and variable compensation.

Recent developments

During 4Q10, Asset Management completed the acquisition of a significant noncontrolling interest in York Capital Management, a global hedge fund manager, based in New York.

As of November 17, 2010, the Group owned 99.95% of the share capital of Neue Aargauer Bank AG following its tender offer for shares not owned by the Group. The Group has applied for the cancellation of the remaining shares pursuant to Art. 33 of the Swiss Federal Act on Stock Exchanges and Securities Trading.

In February 2011, we entered into definitive agreements to issue an aggregate of CHF 5.9 billion Tier 1 Buffer Capital Notes (Tier 1 BCNs) for cash or in exchange for tier 1 capital notes issued in 2008. The purchase or exchange will occur no earlier than October 2013, the first call date of the Tier 1 Capital Notes. The Tier 1 BCNs will be converted into our ordinary shares if our reported common equity tier 1 ratio falls below 7%.

In February 2011, we issued USD 2 billion Tier 2 Buffer Capital Notes due 2041 (Tier 2 BCNs). The Tier 2 BCNs are subordinated notes and may be redeemed by the issuer at any time from August 2016. The Tier 2 BCNs will be converted into our ordinary shares if, prior to Basel III, our core tier 1 ratio falls below 7% or, under Basel III, our common equity tier 1 ratio falls below 7%.

For more information on the terms of the Tier 1 BCNs and Tier 2 BCNs, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital issuances*.

Allocations and funding

Revenue sharing and cost allocation

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

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

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

Funding

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

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

Accounting changes adopted in the first quarter 2010

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

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

Fair valuations

>>>Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs. For further information, refer to *Note 1 – Summary of significant accounting policies and Note 33 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group*.

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

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

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

As of the end of 2010, 57% and 43% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Asset Management, specifically certain private equity investments. Total assets recorded as level 3 declined by CHF 9.0 billion during 2010, primarily reflecting decreases in loans, trading assets and other investments. These decreases mainly reflected foreign exchange translation impacts and sales and transfers to level 2, partly offset by realized and unrealized gains.

Our level 3 assets, excluding noncontrolling interests and assets of consolidated VIEs that are not risk-weighted assets under >>>Basel II, were CHF 39.0 billion, compared to CHF 52.7 billion as of the end of 2009. As of the end of 2010, these assets comprised 4% of total assets and 7% of total assets measured at fair value, both adjusted on the same basis, compared to 5% and 9% as of the end of 2009, respectively.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition, however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Personnel

Headcount at the end of 2010 was 50,100, up 2,500 from the end of 2009 and up 2,300 from the end of 2008. For additional information on personnel, refer to *IV – Corporate governance and Compensation*.

Key performance indicators

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

Our key performance indicators (KPIs) are targets to be achieved over a three to five year period across market cycles. Our KPIs are assessed annually as part of our normal planning process. In the first quarter of 2011, we adjusted our KPIs and the KPIs for Private Banking and Asset Management to reflect our strategic plan, the regulatory environment and the market cycle over a three to five year period.

Growth

We targeted collaboration revenues in excess of CHF 10 billion annually by 2012. Integrated bank collaboration revenues were CHF 4.4 billion for 2010. Going forward, we will target collaboration revenues of 18% to 20% of net revenues.

For net new assets, we target a growth rate above 6%. In 2010, we recorded a net new asset growth rate of 5.6%.

Efficiency and performance

For total shareholder return, we target superior share price appreciation plus dividends compared to our peer group. For 2010, total shareholder return was negative 23.3%. The 2010 average total shareholder return of our peer group was 0.2%.

For return on equity attributable to shareholders, we targeted an annual rate of return above 18%. The return on equity attributable to shareholders was 14.4% in 2010. Going forward, in light of our strategic plan, we will target an annualized return on equity attributable to shareholders above 15%.

We targeted a Core Results cost/income ratio of 65%. Our Core Results cost/income ratio was 78.1% for 2010. Going forward, we will target a pre-tax income margin above 28%.

Capital

For the BIS tier 1 ratio, we targeted a minimum ratio of 12.5%. The BIS tier 1 ratio was 17.2% as of the end of 2010. Going forward, our capital targets will be based upon compliance with the Swiss “Too Big to Fail” and Basel III capital standards.

in / end of	Target going forward	Current target	2010	2009	2008
Growth					
Collaboration revenues (CHF billion)	18 - 20% of net revenues	CHF 10 billion annually by 2012	4.4	5.2	5.2
Net new asset growth (%)	Above 6%	Above 6%	5.6	4.0	(0.2)
Efficiency and performance (%)					
Total shareholder return (Credit Suisse) [1]	Superior return vs. peer group	Superior return vs. peer group	(23.3)	80.1	(56.1)
Total shareholder return of peer group [1, 2]	–	–	0.2	35.2	(55.0)
Return on equity attributable to shareholders	Above 15%	Above 18%	14.4	18.3	(21.1)
Core Results cost/income ratio	Pre-tax income margin above 28%	Below 65%	78.1	73.0	195.7
Capital (%)					
BIS tier 1 ratio (Basel II)	Compliance with Swiss "Too Big to Fail" and Basel III	Above 12.5%	17.2	16.3	13.3

1 Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value as of the beginning of the period. 2 The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

Private Banking

In 2010, we reported net revenues of CHF 11,631 million and income before taxes of CHF 3,426 million despite a challenging operating environment, characterized by low interest rates, low client activity and cautious investor behavior and the appreciation of the Swiss franc against the euro and the US dollar. We attracted net new assets of CHF 54.6 billion, up 31.3% compared to 2009, with strong inflows in both the international and the Swiss regions.

Results

		in / end of		% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**11,631**	**11,662**	**12,907**	0	(10)
Provision for credit losses	**18**	**180**	**133**	(90)	35
Compensation and benefits	4,737	4,651	4,260	2	9
General and administrative expenses	2,793	2,580	3,919	8	(34)
Commission expenses	657	600	745	10	(19)
Total other operating expenses	3,450	3,180	4,664	8	(32)
Total operating expenses	**8,187**	**7,831**	**8,924**	5	(12)
Income before taxes	**3,426**	**3,651**	**3,850**	(6)	(5)
of which Wealth Management Clients	2,528	2,898	2,509	(13)	16
of which Corporate & Institutional Clients	898	753	1,341	19	(44)
Statement of operations metrics (%)					
Cost/income ratio	70.4	67.1	69.1	–	–
Pre-tax income margin	29.5	31.3	29.8	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	6,493	6,151	6,030	6	2
Pre-tax return on average utilized economic capital (%) [1]	53.2	59.8	64.4	–	–
Number of employees (full-time equivalents)					
Number of employees	25,600	24,300	24,400	5	0

1 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

		in / end of		% change	

	2010	2009	2008	10 / 09	09 / 08
Net revenues (CHF million)					
Net interest income	4,931	5,000	5,157	(1)	(3)
Total non-interest income	6,700	6,662	7,750	1	(14)
Net revenues	**11,631**	**11,662**	**12,907**	0	(10)
Net revenue detail (CHF million)					
Recurring	9,036	8,980	10,041	1	(11)
Transaction-based	2,595	2,682	2,866	(3)	(6)
Net revenues	**11,631**	**11,662**	**12,907**	0	(10)
Provision for credit losses (CHF million)					
New provisions	289	419	288	(31)	45
Releases of provisions	(271)	(239)	(155)	13	54
Provision for credit losses	**18**	**180**	**133**	(90)	35
Balance sheet statistics (CHF million)					
Net loans	**182,880**	**176,009**	**174,904**	4	1
of which Wealth Management Clients [1]	130,435	125,671	123,796	4	2
of which Corporate & Institutional Clients	52,445	50,338	51,108	4	(2)
Deposits	**245,108**	**257,650**	**246,787**	(5)	4
of which Wealth Management Clients [1]	194,013	210,718	203,675	(8)	3
of which Corporate & Institutional Clients	51,095	46,932	43,112	9	9
Number of relationship managers					
Switzerland	2,020	1,980	1,980	2	0
EMEA	1,260	1,190	1,250	6	(5)
Americas	560	550	540	2	2
Asia Pacific	360	360	410	0	(12)
Wealth Management Clients	4,200	4,080	4,180	3	(2)
Corporate & Institutional Clients (Switzerland)	490	490	490	0	0
Number of relationship managers	**4,690**	**4,570**	**4,670**	3	(2)

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

Results overview

For 2010, we reported income before taxes of CHF 3,426 million, down 6% compared to 2009. Net revenues of CHF 11,631 million were stable compared to 2009. Results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009, adversely affecting net revenues in Wealth Management Clients by approximately CHF 350 million and income before taxes by approximately CHF 250 million.

Recurring revenues, representing 78% of net revenues, were stable. In an ongoing low interest rate environment, stable net interest income reflected slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products, and a significant portion of assets under management in cash. Transaction-based revenues decreased slightly, reflecting lower client activity. The decline was driven by lower revenues from integrated solutions and brokerage fees and gains from the sale of real estate and >>>ARS in 2009, partially offset by higher product issuing fees and fair value losses on the Clock Finance transaction of CHF 50 million compared to CHF 118 million in 2009. Excluding the fair value losses on the Clock Finance transaction in 2010 and 2009, transaction-based revenues decreased 6%.

We recorded substantially lower net provisions for credit losses of CHF 18 million compared to CHF 180 million in 2009, primarily reflecting net releases of CHF 52 million compared to net provisions of CHF 147 million in 2009 in Corporate & Institutional Clients.

Total operating expenses were CHF 8,187 million, up 5% compared to 2009. General and administrative expenses increased 8%, primarily reflecting insurance proceeds of CHF 100 million in 2009, higher marketing and sales expenses and ongoing investments in our client advisory services and international platforms, mainly IT investments, in 2010. Compensation and benefits increased slightly, primarily due to increases in headcount and base salaries, partially offset by lower performance-related compensation, reflecting higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based and other awards.

Assets under management as of the end of 2010 were CHF 932.9 billion, up 2.0% compared to 2009. The increase reflected strong net new assets and positive equity and bond market movements, mostly offset by adverse foreign exchange-related movements, mainly due to the weakening of the euro and the US dollar against the Swiss franc. Net new assets of CHF 54.6 billion benefited from strong inflows in all regions and were up 31.3% compared to 2009. Wealth Management Clients contributed net new assets of CHF 45.3 billion. Over 80% of these net new assets were from international regions, with particularly strong inflows from emerging markets and the >>>ultra-high-net-worth client segment. Switzerland contributed net new assets of CHF 17.6 billion, including CHF 9.3 billion from Corporate & Institutional Clients. While assets under management as of the end of 2010 were 2.0% higher, average assets under management increased 9.9% compared to 2009.

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

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

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

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

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

Assets under management - Private Banking

		in / end of		% change	
	2010	2009	2008	10 / 09	09 / 08
Assets under management by region (CHF billion)					
Switzerland	323.7	328.2	301.3	(1.4)	8.9
EMEA	268.6	277.3	243.2	(3.1)	14.0
Americas	137.2	129.6	103.2	5.9	25.6
Asia Pacific	78.5	67.7	46.5	16.0	45.6
Wealth Management Clients	808.0	802.8	694.2	0.6	15.6
Corporate & Institutional Clients (Switzerland)	124.9	112.1	94.7	11.4	18.4
Assets under management	**932.9**	**914.9**	**788.9**	2.0	16.0
Average assets under management (CHF billion)					
Average assets under management	**941.8**	857.2	916.3	9.9	(6.4)
Assets under management by currency (CHF billion)					
USD	300.9	298.2	264.8	0.9	12.6
EUR	220.7	248.4	212.1	(11.2)	17.1
CHF	292.3	269.9	229.7	8.3	17.5

Other	119.0	98.4	82.3	20.9	19.6
Assets under management	**932.9**	**914.9**	**788.9**	2.0	16.0
Net new assets by region (CHF billion)					
Switzerland	8.3	5.5	2.5	50.9	120.0
EMEA	15.1	10.3	16.4	46.6	(37.2)
Americas	9.5	8.0	16.8	18.8	(52.4)
Asia Pacific	12.4	11.5	8.2	7.8	40.2
Wealth Management Clients	45.3	35.3	43.9	28.3	(19.6)
Corporate & Institutional Clients (Switzerland)	9.3	6.3	7.0	47.6	(10.0)
Net new assets	**54.6**	**41.6**	**50.9**	31.3	(18.3)
Growth in assets under management (CHF billion)					
Net new assets	45.3	35.3	43.9	–	–
Other effects	(40.1)	73.3	(243.5)	–	–
of which market movements	36.8	83.3	(183.8)	–	–
of which currency	(70.8)	(4.1)	(54.5)	–	–
of which other	(6.1)	(5.9)	(5.2)	–	–
Wealth Management Clients	5.2	108.6	(199.6)	–	–
Corporate & Institutional Clients	12.8	17.4	(6.9)	–	–
Growth in assets under management	**18.0**	**126.0**	**(206.5)**	–	–
Growth in assets under management (%)					
Net new assets	6.0	5.3	5.1	–	–
of which Wealth Management Clients	5.6	5.1	4.9	–	–
of which Corporate & Institutional Clients	8.3	6.7	6.9	–	–
Other effects	(4.0)	10.7	(25.9)	–	–
Growth in assets under management	**2.0**	**16.0**	**(20.8)**	–	–

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles was a pre-tax income margin above 40%. In 2010, the pre-tax income margin was 29.5% compared to 31.3% in 2009 and 29.8% in 2008. Going forward, we will target over market cycles a pre-tax income margin above 35%.

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

Our target over market cycles is a growth rate over 6%. In 2010, our net new asset growth rate was 5.6%. In 2009, which included net client outflows of CHF 5.6 billion related to a tax amnesty in Italy, our net new asset growth rate was 5.1%.

Results detail

The following provides a comparison of our 2010 results versus 2009 and 2009 versus 2008.

Net revenues

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

2010 vs 2009: Stable at CHF 11,631 million
Stable net revenues reflected higher recurring commissions and fees, lower transaction-based revenues and stable net interest income. Net interest income reflected the ongoing low interest rate environment and slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. The increase in recurring commissions and fees was mainly driven by higher security account and service fees, reflecting an increase in average volumes, partially offset by lower commissions from fiduciary business, reflecting lower margins and volumes. Management fees were stable despite the 9.9% increase in average assets under management, reflecting the ongoing risk-averse asset mix. Fund management fees were positively impacted by a change in estimate for prior-year fee accruals. Transaction-based revenues declined 3% and included fair value losses of CHF 50 million on the Clock Finance portfolio in 2010 compared to fair value losses of CHF 118 million in 2009. Excluding this impact, transaction-based revenues decreased 6%, driven by lower revenues from integrated solutions, which were particularly strong in 2009, and lower brokerage fees, partially offset by higher product issuing fees. 2009 transaction-based revenues included gains on ARS positions and the sale of real estate.

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

Provision for credit losses

2010 vs 2009: Down from CHF 180 million to CHF 18 million
The change in provision for credit losses primarily reflected net releases of provisions in 2010 in Corporate & Institutional Clients compared to net provisions in 2009 in Corporate & Institutional Clients. Provision for credit losses of CHF 18 million reflected net provisions of CHF 70 million in Wealth Management Clients and net releases of CHF 52 million in Corporate & Institutional Clients. A substantial part of the provisions of CHF 289 million were in Wealth Management Clients, while a substantial part of the releases of CHF 271 million were related to our Corporate & Institutional Clients loan portfolio, despite the record level of corporate insolvencies in Switzerland during 2010. The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our corporate and institutional loan portfolio has sound quality, relatively low concentrations and is mainly collateralized by mortgages and securities. Provision for credit losses in Wealth Management Clients in 2010 and 2009 were mostly related to our Swiss consumer finance business.

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

Operating expenses

Compensation and benefits
2010 vs 2009: Up 2% from CHF 4,651 million to CHF 4,737 million
The increase was primarily due to increases in headcount and base salaries and related benefits, partially offset by lower performance-related variable compensation, reflecting the higher base salaries and the higher proportion of performance-related variable compensation deferred through share-based and other awards.

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

General and administrative expenses
2010 vs 2009: Up 8% from CHF 2,580 million to CHF 2,793 million
The increase primarily reflected insurance proceeds of CHF 100 million in 2009 and higher marketing and sales expenses and ongoing investments in our client advisory services and international platforms, mainly IT investments, in 2010.

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

Personnel

Headcount as of the end of 2010 was 25,600, compared to 24,300 as of the end of 2009 and 24,400 as of the end of 2008. The increase from 2009 was mainly due to ongoing IT investments. Further, we increased the headcount in our client-facing businesses, reflecting business investment. The increase of 120 relationship managers in Wealth Management Clients in 2010 reflected further strengthening of our front offices, mainly in EMEA and Switzerland. The increase in EMEA primarily resulted from an increase in our onshore businesses. The net decrease of 100 relationship managers in Wealth Management Clients from 2008 to 2009 reflected a talent upgrade of our relationship managers, mainly in EMEA and Asia Pacific, while the number of relationship managers was stable in Switzerland and slightly higher in the Americas.

Wealth Management Clients

Net revenues

Recurring
2010 vs 2009: Up 2% from CHF 7,310 million to CHF 7,426 million
The increase reflected slightly higher recurring commissions and fees and stable net interest income. Net interest income reflected stable margins on higher average loan volumes and stable average deposit volumes. Recurring commissions and fees were up 2% and average assets under management increased 8.7%. The increase in recurring commissions and fees was mainly driven by higher security account and service fees, reflecting an increase in average volumes, partially offset by lower commissions from fiduciary business, reflecting lower margins and volumes. Management fees were stable despite the 8.7% increase in average assets under management, reflecting the ongoing risk-averse asset mix and lower performance fees from Hedging-Griffo compared to the strong performance in 2009. Fund management fees were positively impacted by a change in estimate for prior-year fee accruals. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products.

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

Transaction-based
2010 vs 2009: Down 6% from CHF 2,561 million to CHF 2,403 million
The decrease was mainly driven by lower revenues from integrated solutions, which were particularly strong in 2009, gains from the sale of real estate and ARS in 2009 and lower brokerage fees, reflecting the low level of client activity, partly offset by higher product issuing fees.

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

Gross Margin

Our gross margin was 120 basis points in 2010, 11 basis points below 2009 and 2008. Compared to 2009, the recurring margin decreased six basis points in 2010, as recurring revenues increased 2% while average assets under management increased 8.7%. The transaction-based margin decreased five basis points, reflecting the 6% decline in transaction-based revenues and the increase in average assets under management.

Results - Wealth Management Clients

			in / end of	% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**9,829**	**9,871**	**10,697**	0	(8)
Provision for credit losses	**70**	**33**	**141**	112	(77)
Total operating expenses	**7,231**	**6,940**	**8,047**	4	(14)
Income before taxes	**2,528**	**2,898**	**2,509**	(13)	16
Statement of operations metrics (%)					
Cost/income ratio	73.6	70.3	75.2	–	–
Pre-tax income margin	25.7	29.4	23.5	–	–
Net revenue detail (CHF million)					
Net interest income	3,747	3,706	3,754	1	(1)
Total non-interest income	6,082	6,165	6,943	(1)	(11)
Net revenues	**9,829**	**9,871**	**10,697**	0	(8)
Net revenue detail (CHF million)					
Recurring	7,426	7,310	8,234	2	(11)
Transaction-based	2,403	2,561	2,463	(6)	4
Net revenues	**9,829**	**9,871**	**10,697**	0	(8)
Average assets under management (CHF billion)					
Average assets under management	820.9	755.4	816.7	8.7	(7.5)
Gross margin on assets under management (bp) [1]					
Recurring	91	97	101	–	–
Transaction-based	29	34	30	–	–
Gross margin	**120**	**131**	**131**	–	–

1 Net revenues divided by average assets under management.

Corporate & Institutional Clients

Net revenues

Net interest income
2010 vs 2009: Down 9% from CHF 1,294 million to CHF 1,184 million

The decrease was due to significantly lower deposit margins on higher average volumes and lower loan margins on stable average volumes.

2009 vs 2008: Down 8% from CHF 1,403 million to CHF 1,294 million
The decrease was primarily due to lower margins on higher average loan volumes. Net interest income on deposits was stable, reflecting lower margins on slightly lower average volumes.

Total non-interest income
2010 vs 2009: Up 24% from CHF 497 million to CHF 618 million
The increase was mainly driven by fair value losses of CHF 50 million on the Clock Finance transaction in 2010 compared to losses of CHF 118 million in 2009. Excluding the fair value losses on the Clock Finance transaction, non-interest income increased 9%, driven by higher lending commissions and asset-based fees, reflecting growth in our business with financial institutions, as other transaction-based revenues were stable.

2009 vs 2008: Down 38% from CHF 807 million to CHF 497 million
The decrease was mainly driven by fair value losses of CHF 118 million on the Clock Finance transaction in 2009, compared to fair value gains of CHF 110 million in 2008. Excluding the fair value gains and losses on the Clock Finance transaction, non-interest income decreased 12%, mainly driven by lower foreign exchange income from client transactions and small declines in certain asset-based and other transaction-based commissions and fees, partially offset by increased integrated solutions revenues.

Return on business volume

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

Return on business volume in 2010 of 78 basis points was eight basis points below 2009, as net revenues were stable and the average business volume increased 11.0%, mainly from higher average assets under management.

Excluding the fair value gains/(losses) on the Clock Finance transaction, return on business volume was 80 basis points in 2010 compared to 91 basis points in 2009, mainly reflecting lower net interest income and higher average assets under management.

Results - Corporate & Institutional Clients

		in / end of		% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**1,802**	**1,791**	**2,210**	1	(19)
Provision for credit losses	**(52)**	**147**	**(8)**	–	–
Total operating expenses	**956**	**891**	**877**	7	2
Income before taxes	**898**	**753**	**1,341**	19	(44)
Statement of operations metrics (%)					
Cost/income ratio	53.1	49.7	39.7	–	–
Pre-tax income margin	49.8	42.0	60.7	–	–
Net revenue detail (CHF million)					

Net interest income	1,184	1,294	1,403	(9)	(8)
Total non-interest income	618	497	807	24	(38)
Net revenues	**1,802**	**1,791**	**2,210**	1	(19)
Net revenue detail (CHF million)					
Recurring	1,610	1,670	1,807	(4)	(8)
Transaction-based	192	121	403	59	(70)
Net revenues	**1,802**	**1,791**	**2,210**	1	(19)
Average business volume (CHF billion)					
Average business volume	231.8	208.9	212.9	11.0	(1.9)
Business volume (CHF billion)					
Client assets	182.7	170.0	148.2	7	15
of which assets under management	124.9	112.1	94.7	11	18
of which commercial assets	50.9	51.1	49.3	0	4
of which custody assets	6.9	6.8	4.2	1	62
Net loans	52.4	50.3	51.1	4	(2)
Business volume	**235.1**	**220.3**	**199.3**	7	11
Return on business volume (bp) [1]					
Return on business volume	78	86	104	–	–

1 Net revenues divided by average business volume.

Investment Banking

During 2010, Investment Banking reported income before taxes of CHF 3,531 million and net revenues of CHF 16,214 million. Our results were impacted by subdued client flows compared with 2009, but we had continued market share momentum across products and regions. Net revenues reflected strong underwriting and advisory results and solid equity sales and trading results. Fixed income sales and trading revenues were resilient in spite of macroeconomic uncertainties.

Results

		in / end of		% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**16,214**	**20,537**	**(1,971)**	(21)	–
Provision for credit losses	**(97)**	**326**	**679**	–	(52)
Compensation and benefits	8,033	8,652	7,006	(7)	23

General and administrative expenses	3,495	3,559	2,794	(2)	27
Commission expenses	1,252	1,155	1,342	8	(14)
Total other operating expenses	4,747	4,714	4,136	1	14
Total operating expenses	**12,780**	**13,366**	**11,142**	(4)	20
Income/(loss) before taxes	**3,531**	**6,845**	**(13,792)**	(48)	–
Statement of operations metrics (%)					
Cost/income ratio	78.8	65.1	–	–	–
Pre-tax income margin	21.8	33.3	–	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	20,364	20,202	28,945	1	(30)
Pre-tax return on average utilized economic capital (%) [1]	18.0	34.5	(47.2)	–	–
Number of employees (full-time equivalents)					
Number of employees	20,700	19,400	19,600	7	(1)

1 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Net revenue detail (CHF million)					
Debt underwriting	2,015	1,141	431	77	165
Equity underwriting	901	1,190	856	(24)	39
Total underwriting	2,916	2,331	1,287	25	81
Advisory and other fees	1,090	793	1,348	37	(41)
Total underwriting and advisory	**4,006**	**3,124**	**2,635**	28	19
Fixed income trading	6,446	10,457	(5,372)	(38)	–
Equity trading	5,884	7,469	1,471	(21)	408
Total trading	**12,330**	**17,926**	**(3,901)**	(31)	–
Other	(122)	(513)	(705)	(76)	(27)
Net revenues	**16,214**	**20,537**	**(1,971)**	(21)	–
Average one-day, 99% Value-at-Risk (CHF million) [1]					
Interest rate and credit spread	121	157	206	(23)	(24)
Foreign exchange	19	16	31	19	(48)
Commodity	14	21	50	(33)	(58)
Equity	25	38	91	(34)	(58)
Diversification benefit	(68)	(98)	(131)	(31)	(25)

Average one-day, 99% Value-at-Risk	**111**	**134**	**247**	(17)	(46)
Risk-weighted assets (million) [2]					
Risk-weighted assets (CHF)	136,883	144,439	172,503	(5)	(16)
Risk-weighted assets (USD)	146,009	140,096	163,278	4	(14)

1 As part of the ongoing review to improve risk management approaches and methodologies, the average one-day, 99% risk management VaR measure was revised in 2Q10. For further information on VaR and changes in VaR methodology, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Market risk. 2 Includes additional risk-weighted asset equivalents attributable to the segment that are deducted from Group tier 1 capital.

Results overview

In 2010, we reported income before taxes of CHF 3,531 million and net revenues of CHF 16,214 million, compared to income before taxes of CHF 6,845 million and net revenues of CHF 20,537 million in 2009. Approximately CHF 1.3 billion of our revenues in 2009 were due to the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. In addition, results in many of our businesses in 2010 were impacted by lower levels of client trading activity compared to 2009. We continued to make progress in the implementation of our client-focused, capital-efficient strategy and continued to increase our market share across most businesses and regions.

Our fixed income sales and trading revenues were resilient, although significantly lower compared to 2009, reflecting a challenging environment for the industry affected by macroeconomic uncertainties. Our results were driven by >>>RMBS, credit, global rates and emerging markets trading. Revenues in global rates and credit, including leveraged finance and investment grade trading, although solid, reflected less favorable market conditions than in 2009 and market volatility triggered by sovereign debt concerns in Europe in 2010. Revenues in RMBS and leveraged finance trading benefited from an increase in investor demand for yield-driven products.

Our equity sales and trading results were solid, although lower compared to a strong 2009, reflecting lower levels of client trading activity. Our results were driven by revenues in cash equities, prime services and derivatives. In 2010, we improved our market share while maintaining our leading market share rankings in cash equities and prime services.

We had strong underwriting and advisory results, reflecting an increase in industry-wide capital issuance levels, an increase in completed M&A market share and improved share of wallet with clients. We had near-record revenues in debt underwriting, driven by higher industry-wide high yield issuance volumes, and improved advisory revenues, reflecting an increase in completed M&A market share. Our equity underwriting revenues were in line with lower industry-wide equity issuance levels, particularly in follow-on and convertible issuances, partially offset by a significant increase in IPO volumes.

Our results included net fair value losses on Credit Suisse vanilla debt of CHF 232 million in 2010, compared to net fair value losses of CHF 397 million in 2009, and significant allocated funding costs. Our results were also impacted by debit valuation adjustment (DVA) losses relating to structured note liabilities of CHF 73 million in 2010 compared to DVA losses of CHF 321 million in 2009. For further information on DVA, refer to *Note 33 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.*

We had net releases of provisions for credit losses of CHF 97 million in 2010 compared to net provisions of CHF 326 million in 2009, driven by significantly lower new provisions and higher releases and recoveries in 2010, reflecting the improved credit environment.

Total operating expenses were CHF 12,780 million, down 4%, reflecting a 7% decrease in compensation and benefits. The decrease in compensation and benefits was primarily due to lower performance-related variable compensation accruals. The 2010 performance-related variable compensation accruals reflected lower risk-adjusted profitability, higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based, restricted cash and other awards. The decrease was offset in part by an increase in salary expense, reflecting higher base salaries and increased headcount, and higher deferred compensation from prior-year share awards. General and administrative expenses decreased slightly, as a significant decline in litigation provisions was mostly offset by higher IT investments and expenses relating to an increase in client-related business activity.

The weakening of the average rate of the US dollar against the Swiss franc from 2009 adversely impacted revenues and favorably impacted expenses. In US dollars, net revenues were 17% lower and total operating expenses were 1% higher compared to 2009. For information on foreign currency translation rates, refer to *X – Investor information*.

For 2009, income before taxes was a record CHF 6,845 million compared to a loss before taxes of CHF 13,792 million for 2008. Net revenues were CHF 20,537 million compared to negative net revenues of CHF 1,971 million for 2008, as we made substantial progress in the implementation of our client-focused, capital-efficient strategy, and as a result, were well-positioned to increase our market share across various businesses and regions and to benefit from a recovery in the global financial markets. We had strong results in our fixed income and equity trading businesses compared to significant losses in 2008, mostly in exit businesses, driven by the dislocation in the structured products and credit markets, as well as the extreme volatility and the restrictions on short selling in the second half of 2008. Our 2009 fixed income trading results included valuation gains in our structured products and leveraged finance businesses, compared to net valuation reductions of CHF 10,923 million in 2008. We had losses of CHF 2.7 billion in our exit businesses, primarily driven by valuation reductions in >>>CMBS. Approximately CHF 1.3 billion of revenues in the first quarter were due to more normalized market conditions, including the narrowing of credit spreads, the reduction in the differential between cash and synthetic instruments, the reduction in market volatility and the stabilization of the convertible bond market from the fourth quarter of 2008. We also had strong revenues in our debt and equity underwriting businesses, reflecting increased industry-wide equity and debt issuance volumes and market share improvement in many products. Results included CHF 397 million of net fair value losses on Credit Suisse debt compared to CHF 4,654 million of fair value gains in 2008 and higher allocated funding costs. Provision for credit losses decreased, reflecting higher releases and recoveries. Total operating expenses increased 20%, reflecting a 23% increase in compensation and benefits and a 14% increase in total other operating expenses.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin of 25% or greater. The 2010 pre-tax income margin was 21.8 % compared to 33.3% in 2009. The 2008 pre-tax income margin was not meaningful given our losses, reflecting the extremely challenging operating environment.

Value-at-Risk

The 2010 average one-day, 99% >>>risk management VaR was CHF 111 million compared to CHF 134 million in 2009. For further information on VaR for Credit Suisse, refer to *III – Treasury, Risk, Balance sheet and Off-balance* *sheet – Risk management.*

Pre-tax return on average utilized economic capital

The 2010 pre-tax return on average utilized economic capital was 18.0% compared to 34.5% in 2009 and negative 47.2% in 2008.

Risk-weighted assets

>>>Risk-weighted assets increased 4% to USD 146 billion from the end of 2009. Risk-weighted assets in ongoing businesses increased to USD 135 billion from USD 123 billion as of the end of 2009. Risk-weighted assets in exit businesses declined from USD 17 billion as of the end of 2009 to USD 11 billion as of the end of 2010, reflecting our efforts to reallocate capital from our exit businesses to support growth in our client-focused businesses. Risk-weighted assets were USD 163 billion as of the end of 2008.

Results detail

The following provides a comparison of our 2010 results versus 2009 and 2009 results versus 2008.

Net revenues

Debt underwriting
2010 vs 2009: Up 77% from CHF 1,141 million to CHF 2,015 million
The increase was due to significantly stronger results in leveraged finance, reflecting record industry-wide high yield issuance volumes in 2010 driven by refinancings. Our 2010 results also reflected significant structuring and syndication fees related to a large private financing and increased revenues from structured lending in emerging markets. Revenues from investment grade issuance were stable, reflecting slightly lower industry-wide issuance volumes and stable market share.

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

Equity underwriting
2010 vs 2009: Down 24% from CHF 1,190 million to CHF 901 million
The decrease was driven by lower revenues from follow-on offerings, reflecting a significant decrease in industry-wide follow-on issuance volumes compared to high issuance levels in 2009, as well as lower fee margins on certain large issuances during 2010. The decrease was partly offset by higher revenues from IPOs, reflecting higher industry-wide issuance volumes in 2010, including record quarterly issuance volumes in the fourth quarter, and an increase in IPO market share. In 2010, industry-wide global equity underwriting activity shifted from a predominance of bank recapitalizations in 2009 to a resurgence of growth issuance in 2010.

2009 vs 2008: Up 39% from CHF 856 million to CHF 1,190 million

The increase was due to a significant increase in industry-wide equity issuance volumes and an increase in market share across most product categories and regions. The increase in industry-wide issuance volumes was driven by high levels of follow-on issuance volumes throughout 2009 as financial institutions sought to raise capital to strengthen their balance sheets and exit government ownership. In addition, there was a considerable increase in IPO issuance volumes in the fourth quarter.

Advisory and other fees
2010 vs 2009: Up 37% from CHF 793 million to CHF 1,090 million
The increase was due to higher M&A fees driven by a significant improvement in completed M&A market share.

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

Fixed income trading
2010 vs 2009: Down 38%from CHF 10,457 million to CHF 6,446 million
The decrease was due to lower revenues across most fixed income businesses, particularly global rates and credit, including leveraged finance and investment grade trading. Revenues in these businesses, although solid, were significantly lower compared to a strong 2009, reflecting less favorable market conditions than in 2009 and market volatility triggered by sovereign debt concerns in Europe in 2010. We also had lower revenues in global foreign exchange and corporate lending, and losses in our exit >>>CDO business and fixed income arbitrage trading, compared to revenues in 2009. Approximately CHF 1,100 million of our fixed income trading revenues in 2009 were driven by the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. The decrease in revenues was partly offset by improved results in several of our exit businesses, including significantly lower valuation reductions in our >>>CMBS exit portfolio compared to 2009, and gains in certain residential mortgage businesses compared to losses in 2009. We also had strong revenues in our US >>>RMBS business, as higher non-agency revenues offset a decline in agency revenues. In 2010, revenues in RMBS and leveraged finance benefited from strong investor demand for yield-driven products. During the year, we improved our market share in >>>flow-based businesses across products and regions. Our results also reflected net fair value losses on Credit Suisse vanilla debt of CHF 209 million compared to net fair value losses of CHF 358 million in 2009, and DVA losses related to structured note liabilities of CHF 10 million in 2010 compared to DVA losses of CHF 347 million in 2009.

2009 vs 2008: From CHF (5,372) million to CHF 10,457 million
The increase was primarily due to revenues, including valuation gains, in our combined structured products and US leveraged finance businesses compared to net valuation reductions of CHF 10,648 million in 2008, mostly in exit businesses. We had significant valuation reductions in CMBS as we reduced our risk exposures, compared to higher valuation reductions in 2008. Our results reflected positive revenues in certain businesses, compared to significant losses in 2008, due to significant adverse conditions in the second half of 2008. We also had revenues in our corporate lending and emerging markets businesses compared to losses in 2008. In addition, we had strong revenues in 2009 in many of our client and flow-based businesses, including our US RMBS secondary trading and global rates and foreign exchange businesses, and revenues in our commodities business compared to losses in 2008, mostly in exit businesses. Our results reflected significant market share gains in many of our fixed income businesses, including US RMBS secondary trading, global rates and foreign exchange, US leveraged finance trading and our emerging markets businesses as well as favorable market conditions for many products. Approximately CHF 1,100 million of fixed income trading revenues in the first quarter were driven by the narrowing of credit spreads that had widened dramatically in the fourth quarter of 2008, and the return to a more normalized relationship between the cash and synthetic markets following a period of substantial dislocation in the fourth quarter of 2008. Businesses that benefited from these trends included our corporate lending business, US RMBS secondary trading, high grade trading, US leveraged finance and emerging markets. These results were partially offset by net fair value losses of CHF 358 million on Credit Suisse debt compared to fair value gains of CHF 4,188 million in 2008.

Equity trading

2010 vs 2009: Down 21% from CHF 7,469 million to CHF 5,884 million

The decrease was due to lower revenues across most equity businesses compared to very strong results in 2009. Our results in cash equities were solid, although lower, reflecting uneven market volumes and lower client trading activity during 2010. We also reported lower revenues from equity arbitrage trading strategies and solid, but lower, revenues in convertibles and >>>derivatives. Our combined revenues from convertibles and derivatives in 2009 included approximately CHF 200 million of revenues that were driven by the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. We also had slightly lower revenues in prime services, reflecting the foreign exchange translation impact. In US dollars, we had record revenues in prime services, despite subdued levels of hedge fund leverage and activity, reflecting higher client balances and market share. In 2010, we improved our market share and maintained our leading market share rankings in cash equities and prime services. Our results reflected net fair value losses on Credit Suisse vanilla debt of CHF 23 million compared to net fair value losses of CHF 40 million in 2009, and DVA losses related to structured note liabilities of CHF 63 million in 2010 compared to DVA gains of CHF 26 million in 2009.

2009 vs 2008: Up 408% from CHF 1,471 million to CHF 7,469 million

The increase was due to significant revenues in 2009 in certain businesses compared with losses in the second half of 2008. Losses in the second half of 2008 included CHF 1,725 million in the convertibles business, CHF 1,120 million in long/short event and risk arbitrage trading strategies and CHF 1,815 million in the fourth quarter of 2008 in equity derivatives stemming from losses in the structured derivatives and corporate and flow derivatives businesses. By the end of the first quarter, we had substantially reduced our trading positions relating to illiquid equity trading strategies. In addition, we had higher revenues from our fund-linked products and prime services businesses. Results in our cash equities business continued to be strong. Equity trading results included net fair value losses of CHF 40 million on Credit Suisse debt compared to fair value gains of CHF 466 million in 2008. In the first quarter of 2009, the results included approximately CHF 200 million of equity trading revenues, primarily in our equity derivatives and convertibles businesses, that were driven by a reduction in market volatility and the stabilization of the convertible bond market.

Provision for credit losses

2010 vs 2009: From CHF 326 million to CHF (97) million

The provision release reflected significantly lower new provisions, including lower provisions relating to a guarantee provided in a prior year to a third-party bank, and higher releases and recoveries in 2010 compared to 2009, driven by the improved credit environment. Our 2009 results also included significant provisions relating to loans to a single borrower in our emerging markets business.

2009 vs 2008: Down 52% from CHF 679 million to CHF 326 million

The decrease was driven by higher releases and recoveries in 2009, as well as lower net provisions relating to a guarantee provided in a prior year to a third-party bank.

Operating expenses

Compensation and benefits

2010 vs 2009: Down 7% from CHF 8,652 million to CHF 8,033 million

The decrease was primarily due to lower performance-related variable compensation accruals, reflecting lower risk-adjusted profitability, higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based, restricted cash and other awards. The decrease was offset in part by an increase in salary expense, reflecting higher base salaries and increased headcount, and higher deferred compensation from prior-year share awards.

2009 vs 2008: Up 23% from CHF 7,006 million to CHF 8,652 million
The increase was primarily due to higher performance-related compensation, reflecting improved risk-adjusted profitability, and higher voluntary deferred compensation, offset in part by lower deferred compensation from prior-year share awards, salaries and benefits and severance costs.

General and administrative expenses
2010 vs 2009: Down 2% from CHF 3,559 million to CHF 3,495 million
The slight decrease reflected a significant decline in litigation provisions and lower occupancy expenses and professional fees, mostly offset by higher IT investments and expenses relating to recruitment and travel and entertainment driven by an increase in client-related business activity. Litigation provisions in 2009 included charges of CHF 344 million related to the settlement of litigation with Huntsman.

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

Personnel

Headcount as of the end of 2010 was 20,700, compared to 19,400 as of the end of 2009 and 19,600 as of the end of 2008. The increase from 2009 was driven by IT professionals, reflecting our investment in infrastructure in client-focused businesses, as well as the expansion of our sales force in fixed income, strategic hires across regions in our underwriting and advisory businesses and additional headcount in prime services and cash equities.

Asset Management

In 2010, we recorded income before taxes of CHF 503 million and net revenues of CHF 2,332 million. We had significant investment-related gains in 2010 compared to significant losses in 2009 and significantly lower gains on equity participations. We recorded net new assets of CHF 20.6 billion, up substantially from CHF 0.4 billion in 2009.

Results

			in / end of		% change
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**2,332**	**1,842**	**632**	27	191
Provision for credit losses	**0**	**0**	**0**	–	–
Compensation and benefits	1,082	1,090	1,055	(1)	3
General and administrative expenses	583	557	604	5	(8)

Commission expenses	164	160	158	2	1
Total other operating expenses	747	717	762	4	(6)
Total operating expenses	**1,829**	**1,807**	**1,817**	1	(1)
Income/(loss) before taxes	**503**	**35**	**(1,185)**	–	–
Statement of operations metrics (%)					
Cost/income ratio	78.4	98.1	287.5	–	–
Pre-tax income margin	21.6	1.9	(187.5)	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	3,439	3,388	3,261	2	4
Pre-tax return on average utilized economic capital (%) [1]	15.7	2.1	(35.0)	–	–
Number of employees (full-time equivalents)					
Number of employees	2,900	3,100	3,100	(6)	0

1 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Net revenue detail by type (CHF million)					
Asset management fees	1,412	1,376	1,583	3	(13)
Placement, transaction and other fees	143	169	232	(15)	(27)
Performance fees and carried interest	187	220	153	(15)	44
Equity participations	41	338	(60)	(88)	–
Investment-related gains/(losses)	420	(365)	(656)	–	(44)
Other revenues [1, 2]	129	104[3]	(620)[3]	24	–
Net revenues	**2,332**	**1,842**	**632**	27	191
Net revenue detail by investment strategies (CHF million)					
Alternative investments	1,201	1,085	1,317	11	(18)
Traditional investments	525	467	655	12	(29)
Diversified investments [4]	59	424	(30)	(86)	–
Other [2]	127	231[3]	(654)[3]	(45)	–
Net revenues before investment-related gains/(losses)	**1,912**	**2,207**	**1,288**	(13)	71
Investment-related gains/(losses)	420	(365)	(656)	–	(44)

Net revenues	**2,332**	**1,842**	**632**	27	191
Fee-based margin on assets under management (bp)					
Fee-based margin [5]	41	42	38	–	–

1 Includes allocated funding costs. 2 Includes realized and unrealized gains/(losses) on securities purchased from our money market funds of CHF 143 million, CHF 109 million and CHF (687) million in 2010, 2009 and 2008, respectively. 3 Includes realized and unrealized gains/(losses) from client securities lending portfolios. 4 Includes revenues relating to management of the PAF and income from our equity investment in Aberdeen. 5 Asset management fees, placement, transaction and other fees, performance fees and carried interest divided by average assets under management.

Results overview

In 2010, income before taxes was CHF 503 million, compared to CHF 35 million in 2009. Net revenues of CHF 2,332 million were up 27% compared to 2009, primarily reflecting investment-related gains compared to losses in 2009, partially offset by lower income from equity participations. Investment-related gains were CHF 420 million, compared to losses of CHF 365 million in 2009, reflecting improved equity markets. Asset management fees of CHF 1,412 million were up 3%, reflecting higher average assets under management. Average assets under management increased 2.2% to CHF 427.8 billion and were adversely impacted by foreign exchange-related movements and the spin-off of non-core businesses. Placement, transaction and other fees of CHF 143 million were down 15%, reflecting losses related to investments held by AMF and lower revenues from integrated solutions, partially offset by higher private equity placement and real estate transaction fees. Performance fees and carried interest of CHF 187 million were down 15% from lower performance fees from Hedging-Griffo and from diversified investments relating to management of the PAF, partially offset by carried interest relating to realized private equity gains. Equity participations income of CHF 41 million was down 88% from 2009, which included significant gains from the sale of part of our traditional investments business to Aberdeen and the sale of our Polish and Korean joint ventures. Other revenues in 2010 and 2009 primarily reflected gains on the sale of securities purchased from our money market funds and securities acquired from client securities lending portfolios. Net revenues before securities purchased from our money market funds and investment-related gains of CHF 1,769 million were down 16%, primarily due to lower revenues from equity participations. Total operating expenses of CHF 1,829 million were stable.

Assets under management were CHF 425.8 billion, up 2.4% compared to the end of 2009, primarily reflecting strong net new assets and positive market performance, partially offset by adverse foreign exchange-related movements. Net new assets in 2010 of CHF 20.6 billion included inflows of CHF 13.0 billion in alternative investments, primarily in ETFs, real estate and index strategies, and net inflows of CHF 7.7 billion in traditional investments, primarily in multi-asset class solutions.

Results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009.

We had no balance sheet exposure to securities purchased from our money market funds as of the end of 2010.

In 2009, income before taxes was CHF 35 million, compared to a loss before taxes of CHF 1,185 million in 2008. Net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to significant losses in 2008, lower investment-related losses and higher income from equity participations, including aggregate gains of CHF 286 million from the Aberdeen transaction and the sale of the two joint ventures. Net revenues before securities purchased from our money market funds and investment-related losses of CHF 2,098 million were up 6%, primarily due to the higher income from equity participations, partially offset by lower management and placement fees. Average assets under management decreased 18.7% in 2009. Asset management fees of CHF 1,376 million were down 13%, primarily from significantly lower revenues in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Placement, transaction and other fees declined 27%, reflecting the difficult fundraising environment in 2009, partially offset by higher revenues from integrated solutions. Performance fees and carried interest increased 44%, primarily from performance fees from Hedging-Griffo and from diversified investments relating to management of the PAF. Equity participations income primarily reflected the gains from the Aberdeen transaction and the sale of the two joint ventures. 2008 revenues included an impairment charge on the Korean joint venture. Other revenues in 2009 included gains from securities purchased from our money market funds compared to significant losses in 2008. Other revenues in 2008 included losses associated with proprietary hedge fund positions. Total operating expenses of CHF 1,807 million were stable, as higher performance-related compensation accruals were offset by a decline in general and administrative expenses.

Assets under management were CHF 416.0 billion as of the end of 2009, up 1.1% compared to the end of 2008, primarily reflecting positive market performance, partially offset by the transfer of the managed lending business to Investment Banking and the sale of the two joint ventures. Net new assets in 2009 of CHF 0.4 billion included net inflows of CHF 3.7 billion in alternative investments, primarily from net inflows in real estate, index strategies and ETFs, partially offset by net outflows from hedge funds, and net inflows of CHF 0.2 billion in traditional investments, as inflows in multi-asset class solutions and in Swiss advisory were mostly offset by outflows in fixed income & equities and the impact from the tax amnesty in Italy. Net new assets were impacted by outflows of CHF 4.9 billion in money market assets in the managed lending business.

Our balance sheet exposure to securities purchased from our money market funds was CHF 260 million as of the end of 2009 and CHF 567 million as of the end of 2008.

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

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles was a pre-tax income margin above 40%. The pre-tax income margin was 21.6% in 2010, compared to 1.9% in 2009 and negative 187.5% in 2008. The pre-tax income margin before securities purchased from our money market funds was 16.4% in 2010, compared to negative 4.3% in 2009 and negative 37.8% in 2008. Going forward, we will target a pre-tax income margin above 35%.

Net new asset growth rate

In 2010, the growth rate was 5.0%, compared to 0.1% in 2009, and negative 10.6% in 2008. Going forward this will be a KPI and we will target a net new asset growth rate above 6%.

Fee-based margin

The fee-based margin, which is asset management fees, placement, transaction and other fees and performance fees and carried interest divided by average assets under management, was 41 basis points in 2010, compared to 42 basis points in 2009 and 38 basis points in 2008.

Assets under management – Asset Management

		in / end of		% change	
	2010	2009	2008	10 / 09	09 / 08
Assets under management (CHF billion)					
Alternative investments	195.6	185.5	169.4	5.4	9.5
of which hedge funds	27.3	25.2	31.6	8.3	(20.3)
of which private equity	30.8	32.2	36.6	(4.3)	(12.0)
of which real estate & commodities	43.4	41.5	36.2	4.6	14.6
of which credit	18.3	18.5	15.3	(1.1)	20.9
of which ETF	14.6	10.0	6.4	46.0	56.3
of which index strategies	54.2	51.9	38.1	4.4	36.2
of which other	7.0	6.2	5.2	12.9	19.2
Traditional investments	229.4	230.2	204.3	0.0	12.7
of which multi-asset class solutions	114.9	117.4	101.2	(2.1)	16.0
of which fixed income & equities	46.4	45.1	42.7	2.9	5.6
of which Swiss advisory	68.1	67.7	60.4	0.6	12.1
Diversified investments	0.8	0.3	18.8	166.7	(98.4)
Other	0.0	0.0	19.0	–	(100.0)
Assets under management	**425.8**	**416.0**	**411.5**	2.4	1.1
Average assets under management (CHF billion)					
Average assets under management	**427.8**	**418.4**	**514.9**	2.2	(18.7)
Assets under management by currency (CHF billion)					
USD	100.8	94.8	105.9	6.3	(10.5)
EUR	58.7	61.5	56.5	(4.6)	8.8
CHF	245.1	240.3	224.6	2.0	7.0
Other	21.2	19.4	24.5	9.3	(20.8)
Assets under management	**425.8**	**416.0**	**411.5**	2.4	1.1
Growth in assets under management (CHF billion)					
Net new assets	20.6	0.4	(63.3)	–	–
Other effects	(10.8)	4.1	(124.6)	–	–
of which market movements	8.9	30.7	(78.6)	–	–
of which currency	(23.4)	0.2	(23.5)	–	–
of which other [1]	3.7	(26.8) [2]	(22.5) [3,4]	–	–

Growth in assets under management	**9.8**	**4.5**	**(187.9)**	–	–
Growth in assets under management (annualized) (%)					
Net new assets	5.0	0.1	(10.6)	–	–
Other effects	(2.6)	1.0	(20.8)	–	–
Growth in assets under management	**2.4**	**1.1**	**(31.4)**	–	–
Principal investments (CHF billion)					
Principal investments [5]	3.4	3.8	4.0	(10.5)	(5.0)

1 Includes the impact from acquisitions and divestures. 2 Includes assets under management of the managed lending business transferred to Investment Banking of CHF 13.2 billion and reductions relating to the sale of two joint ventures. 3 Includes CHF 16.6 billion of assets under management relating to the acquisition of Hedging-Griffo. 4 Includes outflows from the sale of the insurance business. 5 Includes primarily private equity investments.

Results detail

The following provides a comparison of our 2010 results versus 2009 and 2009 versus 2008.

Net revenues

Asset Management fees
2010 vs 2009: Up 3% from CHF 1,376 million to CHF 1,412 million
The increase resulted from higher fees in alternative investments and traditional investments, partially offset by lower fees from diversified investments. The increase in alternative investments was driven by higher fees from Hedging-Griffo, ETFs, index products and single manager hedge funds, reflecting higher average assets under management. The increase was partially offset by lower fees in private equity, fund of hedge funds, credit strategies and real estate, which were impacted by the spin-off of our real estate private equity fund and our credit hedge fund during 2010, and the foreign exchange translation impact. Traditional investments fees were higher in equity and fixed income products and multi-asset class solutions, partially offset by lower fees in Swiss advisory. Fees from diversified investments decreased, mainly due to lower fees from fund administration services, reflecting the transfer of the Luxembourg fund administration business to Private Banking in the first quarter of 2010, partially offset by higher fees from our agreement to service Aberdeen assets on a transitional basis.

2009 vs 2008: Down 13% from CHF 1,583 million to CHF 1,376 million
The decrease reflected lower fees in traditional investments and alternative investments, partially offset by higher fees in diversified investments. The decrease in traditional investments reflected lower average assets under management and a shift into lower margin products. The decrease in alternative investments reflected lower average assets under management, and lower revenues from fund of hedge funds, emerging markets and index strategies, partially offset by higher revenues from private equity. Fees in diversified strategies increased due to higher fees from management of the PAF and fund administration services fees.

Placement, transaction and other fees
2010 vs 2009: Down 15% from CHF 169 million to CHF 143 million

The decrease was due to losses on investments held by AMF and lower revenues from integrated solutions, partially offset by higher private equity placement fees and transaction fees from real estate funds.

2009 vs 2008: Down 27% from CHF 232 million to CHF 169 million
The decrease was primarily due to lower private equity placement fees in a challenging fundraising environment, partially offset by higher revenues from integrated solutions.

Performance fees and carried interest
2010 vs 2009: Down 15% from CHF 220 million to CHF 187 million
The decrease was mainly due to significantly lower performance fees from Hedging-Griffo and from management of the PAF, partially offset by increased carried interest in alternative investments from realized private equity gains and higher fees from single-manager hedge funds and credit strategies.

2009 vs 2008: Up 44% from CHF 153 million to CHF 220 million
The increase was mainly due to significantly higher performance fees from Hedging-Griffo and from management of the PAF, partially offset by a decrease in carried interest from realized private equity gains.

Equity participations
2010 vs 2009: Down 88% from CHF 338 million to CHF 41 million
The decrease was mainly due to the 2009 gains of CHF 228 million from the Aberdeen transaction and CHF 58 million from the sale of the two joint ventures, and lower income in 2010 resulting from the reduction of our ownership interest in Aberdeen due to the issuance of shares by Aberdeen.

2009 vs 2008: From CHF (60) million to CHF 338 million
The increase was mainly due to the gain from the Aberdeen transaction and the CHF 39 million net gain from the sale of the Polish joint venture and the CHF 19 million gain from the sale of Korean joint venture. 2008 included an impairment charge on the Korean joint venture and losses on our investment in Ospraie, which was adversely impacted by the closing of one of its major funds.

Investment-related gains/(losses)
2010 vs 2009: From CHF (365) million to CHF 420 million
In 2010, we had realized and unrealized gains in private equity investments, mainly in the energy, industrial and commodities sectors, and in credit-related investments. In 2009, we had unrealized losses in private equity investments, mainly in the real estate, financial services and energy sectors, partially offset by unrealized gains in credit-related investments.

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

Operating expenses

Compensation and benefits
2010 vs 2009: Stable at CHF 1,082 million
Compensation and benefits expenses were stable, as lower performance-related variable compensation accruals, reflecting higher base salaries and a higher proportion of variable compensation deferred through share-based and other awards, were offset by the increase in base salaries and higher deferred compensation expense from prior-year awards.

2009 vs 2008: Up 3% from CHF 1,055 million to CHF 1,090 million
The increase was mainly due to higher performance-related variable compensation accruals, due to the deferral of compensation under the CRA program in 2008, and the amortization of CRA in 2009, partially offset by lower deferred compensation from prior-year share awards and lower salaries. Compensation in 2008 included CHF 47 million of severance costs relating to realignments.

General and administrative expenses
2010 vs 2009: Up 5% from CHF 557 million to CHF 583 million
The increase mainly reflected higher fund administration costs, including the transfer of the Luxembourg fund administration business to Private Banking, and higher professional fees, partially offset by lower non-credit-related provisions.

2009 vs 2008: Down 8% from CHF 604 million to CHF 557 million
The decrease mainly reflected the CHF 41 million impairment charge on acquired intangible assets in 2008, partially offset by higher non-credit-related provisions. Other general and administrative expenses were stable, reflecting our focus on cost management.

Personnel

In 2010, headcount decreased to 2,900, down 200 from 2009 and 2008. The decrease mainly related to the transfer of the Luxembourg fund administration business to Private Banking in 2010. Headcount in 2008 included a reduction of 400 employees due to the Aberdeen transaction.

Corporate Center

In 2010, we recorded a loss from continuing operations before taxes of CHF 660 million, primarily reflecting a charge for the UK levy on variable compensation and litigation provisions, partly offset by fair value gains on Credit Suisse vanilla debt.

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

The following provides a comparison of our 2010 results versus 2009 and 2009 results versus 2008.

Loss from continuing operations before taxes

2010 vs 2009: From CHF (1,948) million to CHF (660) million
The decreased loss primarily reflected lower litigation provisions and fair value gains on Credit Suisse vanilla debt versus losses in 2009. The 2010 loss included a charge of CHF 404 million for the UK levy on variable compensation and CHF 216 million of litigation provisions, partly offset by CHF 590 million of fair value gains on our long-term vanilla debt, which reflected the positive difference between the straight-line amortization charged to the segments and the net impact of fair valuation adjustments on Credit Suisse debt from widening credit spreads. Revenues and compensation and benefits also included reclassifications relating to the PAF, as PAF gains and offsetting

compensation expense were included in Investment Banking trading revenues.

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

Results

			in	% change	
	2010	2009	2008	10 / 09	09 / 08
Statements of operations (CHF million)					
Net revenues	**448**	**(424)**	**294**	–	–
Provision for credit losses	**0**	**0**	**1**	–	(100)
Compensation and benefits	710	534	858	33	(38)
General and administrative expenses	323	908	422	(64)	115
Commission expenses	75	82	49	(9)	67
Total other operating expenses	398	990	471	(60)	110
Total operating expenses	**1,108**	**1,524**	**1,329**	(27)	15
Loss from continuing operations before taxes	**(660)**	**(1,948)**	**(1,036)**	(66)	88

Results overview

	Private Banking			Investment Banking			Asset Management				
in / end of	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2
Statements of operations (CHF million)											
Net revenues	**11,631**	**11,662**	**12,907**	**16,214**	**20,537**	**(1,971)**	**2,332**	**1,842**	**632**	**448**	(
Provision for credit losses	**18**	**180**	**133**	**(97)**	**326**	**679**	**0**	**0**	**0**	**0**	
Compensation and benefits	4,737	4,651	4,260	8,033	8,652	7,006	1,082	1,090	1,055	710	
General and administrative expenses	2,793	2,580	3,919	3,495	3,559	2,794	583	557	604	323	

Commission expenses	657	600	745	1,252	1,155	1,342	164	160	158	75	
Total other operating expenses	3,450	3,180	4,664	4,747	4,714	4,136	747	717	762	398	
Total operating expenses	**8,187**	**7,831**	**8,924**	**12,780**	**13,366**	**11,142**	**1,829**	**1,807**	**1,817**	**1,108**	**1**
Income/(loss) from continuing operations before taxes	**3,426**	**3,651**	**3,850**	**3,531**	**6,845**	**(13,792)**	**503**	**35**	**(1,185)**	**(660)**	**(1,**
Income tax expense/(benefit)	–	–	–	–	–	–	–	–	–	–	
Income/(loss) from continuing operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Income from discontinued operations	–	–	–	–	–	–	–	–	–	–	
Net income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Less net income/(loss) attributable to noncontrolling interests	–	–	–	–	–	–	–	–	–	–	
Net income/(loss) attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Statement of operations metrics (%)											
Cost/income ratio	70.4	67.1	69.1	78.8	65.1	–	78.4	98.1	287.5	–	
Pre-tax income margin	29.5	31.3	29.8	21.8	33.3	–	21.6	1.9	(187.5)	–	
Effective tax rate	–	–	–	–	–	–	–	–	–	–	
Income margin from continuing operations	–	–	–	–	–	–	–	–	–	–	
Net income margin	–	–	–	–	–	–	–	–	–	–	
Utilized economic capital and return											
Average utilized economic capital (CHF million)	6,493	6,151	6,030	20,364	20,202	28,945	3,439	3,388	3,261	1,113 [2]	
Pre-tax return on average utilized	53.2	59.8	64.4	18.0	34.5	(47.2)	15.7	2.1	(35.0)	–	

economic capital (%) [3]

Balance sheet statistics (CHF million)										
Total assets	337,496	345,488	374,771	803,613	819,081	976,713	27,986	19,289	21,580	(143,945)[4] (161,
Net loans	182,880	176,009	174,904	35,970	61,175	60,837	–	–	–	(8)
Goodwill	749	789	765	6,347	6,843	6,972	1,489	1,635	1,593	–
Number of employees (full-time equivalents)										
Number of employees	25,600	24,300	24,400	20,700	19,400	19,600	2,900	3,100	3,100	900

1 Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontr
costs for allocated goodwill. 4 Under the central treasury model, Group financing results in intra-Group balances between th

Assets under management

As of December 31, 2010, assets under management were CHF 1,253.0 billion, up 2.0% compared to December 31, 2009, primarily reflecting net new assets of CHF 54.6 billion in Private Banking and CHF 20.6 billion in Asset Management, and positive market movements, mostly offset by adverse foreign exchange-related movements.

Assets under management and client assets

			end of		% change
	2010	2009	2008	10 / 09	09 / 08
Assets under management (CHF billion)					
Private Banking	932.9	914.9	788.9	2.0	16.0
Asset Management	425.8	416.0	411.5	2.4	1.1
Assets managed by Asset Management for Private Banking clients	(105.7)	(101.9)	(94.3)	3.7	8.1
Assets under management from continuing operations	**1,253.0**	**1,229.0**	**1,106.1**	2.0	11.1
of which discretionary assets	429.1	422.3	416.1	1.6	1.5
of which advisory assets	823.9	806.7	690.0	2.1	16.9
Discontinued operations	-	-	67.9[1]	–	(100.0)
Assets under management	**1,253.0**	**1,229.0**	**1,174.0**	2.0	4.7
Client assets (CHF billion)					
Private Banking	1,087.1	1,063.4	919.9	2.2	15.6
Asset Management	452.5	444.7	425.1	1.8	4.6
Assets managed by Asset Management for Private	(105.7)	(101.9)	(94.3)	3.7	8.1

Banking clients					
Client assets from continuing operations	**1,433.9**	**1,406.2**	**1,250.7**	2.0	12.4
Discontinued operations	–	–	67.9[1]	–	(100.0)
Client assets	**1,433.9**	**1,406.2**	**1,318.6**	2.0	6.6

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

Growth in assets under management

in	2010	2009	2008
Growth in assets under management (CHF billion)			
Private Banking	54.6	41.6	50.9
Asset Management	20.6	0.4	(63.3)
Assets managed by Asset Management for Private Banking clients	(6.2)	2.2	9.4
Net new assets	**69.0**	**44.2**	**(3.0)**
Private Banking	(36.6)	84.4	(257.4)
Asset Management	(10.8)	4.1	(124.6)
Assets managed by Asset Management for Private Banking clients	2.4	(9.8)	28.3
Other effects	**(45.0)**	**78.7**	**(353.7)**
Private Banking	18.0	126.0	(206.5)
Asset Management	9.8	4.5	(187.9)
Assets managed by Asset Management for Private Banking clients	(3.8)	(7.6)	37.7
Total growth in assets under management from continuing operations	**24.0**	**122.9**	**(356.7)**
Total growth in assets under management from discontinued operations [1]	0.0	(67.9)	(24.0)
Total growth in assets under management	**24.0**	**55.0**	**(380.7)**
Growth in assets under management (%) [2]			
Private Banking	6.0	5.3	5.1
Asset Management	5.0	0.1	(10.6)
Assets managed by Asset Management for Private Banking clients	6.1	(2.3)	(7.1)
Net new assets	**5.6**	**4.0**	**(0.2)**

Private Banking	(4.0)	10.7	(25.9)
Asset Management	(2.6)	1.0	(20.8)
Assets managed by Asset Management for Private Banking clients	(2.4)	10.4	(21.4)
Other effects	**(3.7)**	**7.1**	**(24.2)**
Private Banking	2.0	16.0	(20.8)
Asset Management	2.4	1.1	(31.4)
Assets managed by Asset Management for Private Banking clients	3.7	8.1	(28.5)
Total growth in assets under management	**1.9**	**11.1**	**(24.4)**

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

Assets under management

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

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

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

As of December 31, 2010, assets under management were CHF 1,253.0 billion, up CHF 24.0 billion, or 2.0%, compared to December 31, 2009, primarily reflecting net new assets of CHF 54.6 billion in Private Banking and CHF 20.6 billion in Asset Management and positive market movements, mostly offset by adverse foreign exchange-related movements.

In Private Banking, assets under management were CHF 932.9 billion, up CHF 18.0 billion, or 2.0%, compared to the end of 2009, reflecting significant net new assets and positive equity and bond market movements, mostly offset by adverse foreign exchange-related movements. In Asset Management, assets under management were CHF 425.8 billion, up CHF 9.8 billion, or 2.4%, compared to the end of 2009, as net new assets and positive market movements were mostly offset by adverse foreign exchange-related movements. For further information, refer to *II – Operating and financial review – Private Banking and – Asset Management and Note 36 – Assets under management in V – Consolidated financial statements – Credit Suisse Group.*

Net new assets

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

Private Banking recorded net new assets of CHF 54.6 billion, with strong inflows in both the international and Swiss regions, compared to net new assets of CHF 41.6 billion in 2009. Asset Management recorded net new assets of CHF 20.6 billion including inflows of CHF 13.0 billion in alternative investments and inflows of CHF 7.7 billion in traditional investments, compared to net new assets of CHF 0.4 billion in 2009.

Client assets

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

Critical accounting estimates

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

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

Fair value

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

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

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

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

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

For further information on fair value, refer to *Note 2 – Recently issued accounting standards and Note 33 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group*.

Variable interest entities

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

For further information on VIEs, refer to *Note 1 – Summary of significant accounting policies, Note 2 – Recently issued accounting standards and Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group*.

Contingencies and loss provisions

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

Litigation contingencies

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

For further information on legal proceedings, including estimates of loss contingencies and related provisions, refer to *Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group.*

Allowance and provision for credit losses

As a normal part of our business, we are exposed to credit risk through our lending relationships, commitments and letters of credit as well as counterparty risk on >>>derivatives, foreign exchange and other transactions. Credit risk is the possibility of a loss being incurred as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a default, we generally incur 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. The allowance for loan losses is considered adequate to absorb credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

For further information on allowance for loan losses, refer to *Note 1 – Summary of significant accounting policies and Note 18 – Loans, allowance for loan losses and credit quality in V – Consolidated financial statements – Credit Suisse Group.*

Inherent loan loss allowance

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

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

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

Specific loan loss allowances

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

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

For loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk Management and Note 18 – Loans, allowance for loan losses and credit quality in V – Consolidated financial statements – Credit Suisse Group*.

Goodwill impairment

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

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

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

Based on our goodwill impairment analysis performed as of December 31, 2010, we concluded that the estimated fair value for each reporting unit substantially exceeded the related carrying value and no impairment was necessary as of December 31, 2010.

For further information on goodwill and related impairment testing, refer to *Note 20 – Goodwill and other intangible assets in V – Consolidated financial statements – Credit Suisse Group*.

Taxes

Uncertainty of income tax positions

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

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

For further information, refer to *Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group*.

Deferred tax valuation allowances

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

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

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

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

For further information on deferred tax assets, refer to *Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group*.

Pension plans

The Group

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

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

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

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs or credits are recognized in equity as a component of AOCI.

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2010 included an amount related to our assumption for future salary increases of CHF 1,052 million, compared to CHF 1,202 million as of December 31, 2009. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the fair value of plan assets and the ABO was an overfunding of CHF 255 million for 2010, compared to an overfunding of CHF 67 million for 2009.

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

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs in 2010 and 2009 was 4.8% for the Swiss plans and 7.2% and 7.5%, respectively, for the international plans. In 2010, if the expected long-term rate of return had been increased/decreased 1%, net pension expense for the Swiss plans would have decreased/increased CHF 134 million and net pension expense for the international plans would have decreased/increased CHF 23 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The average discount rate used for Swiss plans decreased 0.4 percentage point from 3.5% as of December 31, 2009, to 3.1% as of December 31, 2010, mainly due to a decrease in Swiss bond market rates. The average discount rate used for international plans decreased 0.5 percentage point from 6.0% as of December 31, 2009, to 5.5% as of December 31, 2010, mainly due to a decrease in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2010, a 1% decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,903 million and an increase in pension expense of CHF 157 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,657 million and a decrease in the pension expense of CHF 77 million. A 1% decline in the discount rate for the international plans as of December 31, 2010 would have resulted in an increase in the PBO of CHF 534 million and an increase in pension expense of CHF 52 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 424 million and a decrease in the pension expense of CHF 42 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2010, was approximately ten years for the Swiss plans and five to 27 years for the international plans. The expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2010, 2009 and 2008 was CHF 140 million, CHF 60 million and CHF 79 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2011, which is assessed at the beginning of the year, is expected to be CHF 115 million, net of tax. The amount by which the actual return on plan assets differs from our estimate of the expected return on those assets further impacts the amount of net recognized actuarial losses, resulting in a higher or lower amount of amortization expense in periods after 2011.

For further information on our pension benefits, refer to *Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group*.

The Bank

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

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

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

In 2010, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs would have been 4.8%. In 2010, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic pension cost for the international single-employer defined benefit pension plans was 7.2%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2010, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic pension cost would have been 3.1% and 3.5%, respectively. For the year ended December 31, 2010, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 5.5% and 6.0%, respectively. A 1% decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 534 million and an increase in pension expense of CHF 52 million, and a 1% increase in the discount rate would have resulted in a decrease in PBO of CHF 424 million and a decrease in pension expense by CHF 42 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2010, 2009 and 2008 was CHF 37 million, CHF 18 million and CHF 40 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2011, which is assessed at the beginning of the year, is expected to be CHF 35 million, net of tax.

For further information with respect to the Bank's pension benefits associated with the Group plan and international single-employer defined benefit and defined contribution pension plans, refer to *Note 28 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank).*

Treasury, Risk, Balance sheet and Off-balance sheet

Treasury management

Risk management

Balance sheet, off-balance sheet and other contractual obligations

Treasury management

During 2010, we further strengthened our capital, balance sheet, liquidity and funding. The majority of our unsecured funding was generated from stable client deposits and long-term debt. Our consolidated BIS tier 1 ratio was 17.2% as of the end of 2010 and our leverage ratio was 4.4%.

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

Liquidity and funding management

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

Our liquidity and funding profile reflects our strategy, risk appetite, business activities, the markets and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis and the subsequent change in our business strategy. Our liquidity risk management also reflects evolving best practice standards in light of the challenging environment. We have been an active participant in regulatory and industry forums to promote best practice standards on liquidity management.

In April 2010, we agreed on revised liquidity principles with the Swiss Financial Market Supervisory Authority (FINMA), following its consultation with the Swiss National Bank (SNB), to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The principles went into effect as of the end of the second quarter of 2010. The crisis scenario assumptions include global market dislocation, large on- and off-balance sheet outflows, no access to unsecured wholesale funding markets, a significant withdrawal of deposits, varying access to secured market funding and the impacts from fears of insolvency. The principles aim to ensure we can meet our financial obligations in an extreme scenario for a minimum of 30 days. The principles take into consideration quantitative and qualitative factors and require us to address the possibility of emergency funding costs as we manage our capital and business. The principles call for additional reporting to FINMA. The principles may be modified to reflect the final Basel Committee on Banking Supervision (BCBS) liquidity requirements.

In December 2010, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The LCR, which is expected to be introduced January 1, 2015 following an observation period beginning in 2011, addresses liquidity risk over a 30-day period and is in line with our liquidity risk management framework and our revised liquidity principles with FINMA. The NSFR, which is expected to be introduced January 1, 2018 following an observation period beginning in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon and is in line with our liquidity risk management framework. The ratio of available stable funding to the amount of required stable funding must be greater than 100%.

The BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

For more information on regulatory proposals and developments, refer to *I – Information on the company – Regulation and supervision*. For information on capital standards under the Basel III framework, the report of the Swiss Expert Commission on "Too Big to Fail" issues relating to big banks and the revisions to the >>>Basel II market risk framework (Basel II.5), refer to *Regulatory capital developments and proposals*. For information on the market environment, refer to *II – Operating and financial review – Operating environment*.

Liquidity risk management

Our internal liquidity risk management framework has been subject to review and monitoring by regulators and rating agencies for many years. Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this due to a conservative asset/liability management strategy aimed at maintaining a funding structure with long-term wholesale and stable deposit funding and cash well in excess of illiquid assets. To address short-term liquidity stress, we maintain a buffer of cash and highly liquid securities that covers unexpected needs of short-term liquidity. Our liquidity risk parameters reflect various liquidity stress assumptions, which we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event that we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time well in excess of our minimum target. We have increased our unsecured long-term debt and liquid assets in amounts greater than required for funding our businesses in response to regulatory requirements and in order to adequately manage liquidity risk. Our funding and liquidity costs have increased as a result.

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

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

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

– A two-notch downgrade in the Bank's long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations at the end of 2010, including a >>>commercial paper (CP) conduit and draw-downs on unfunded bank liabilities, including committed credit and liquidity facilities provided to clients, as well as increased collateral requirements to support >>>derivatives contracts (the BCBS liquidity framework is based on a three-notch downgrade, which would not materially impact our assessment);

– Significant withdrawals from private banking client deposits;

– Potential cash outflows associated with the prime brokerage business;

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

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

– Other money market access will be significantly reduced;

– A loss in funding value of unencumbered assets;

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

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

Treasury also manages a sizeable portfolio of liquid assets, comprised of cash, high grade bonds and other liquid securities including major market equities securities, which serve as a liquidity buffer. The bonds are eligible for repo transactions with various central banks including the SNB, the US Federal Reserve (Fed), the European Central Bank and the Bank of England. These liquid assets qualify as eligible assets under the BCBS liquidity standards.

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

– Stage I – Market disruption or Group/Bank event

– Stage II – Unsecured markets partially inaccessible

– Stage III – Unsecured funding totally inaccessible

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

Funding sources and uses

We primarily fund our balance sheet through long-term debt, shareholders' equity and core customer deposits. A substantial portion of our balance sheet is match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and value so that the liquidity and funding generated or required by the positions are substantially equivalent. Cash and due from banks is highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables, which fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities. These assets include our buffer of CHF 150 billion of cash, securities accepted under central bank facilities and other highly liquid unencumbered securities, which can be monetized in a time frame consistent with our short-term stress assumptions. Our buffer increased 11% compared to CHF 135 billion in 2009, primarily reflecting increased cash and due from banks and other liquid assets, partly offset by the foreign exchange translation impact of US dollar and euro denominated assets. Our liquidity buffer was strengthened by increasing our short-term liabilities through the issuance of US dollar-denominated certificates of deposit and CP. Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 25% as of the end of 2010. We fund other illiquid assets, including real estate, private equity and other long-term investments and a >>>haircut for the illiquid portion of securities, with long-term debt and equity, where we try to maintain a substantial funding buffer. For more information, refer to the chart "Balance sheet funding structure" and *Balance sheet, off-balance sheet and other contractual obligations Balance sheet*.

Our core customer deposits totaled CHF 266 billion as of the end of 2010, a decrease of 5% compared to the end of 2009, primarily due to the foreign exchange translation impact of the US dollar and the euro decline against the Swiss franc. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits with banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions. In 2010, due to banks and short-term debt increased to CHF 81 billion from CHF 52 billion in 2009, primarily reflecting the strengthening of the liquidity buffer. The weighted average maturity of long-term debt was 6.5 years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity). Our core customer deposit funding is supplemented by the issuance of long-term debt. In 2010, we benefitted from a strong recovery in funding markets. We were able to fully execute the 2010 funding plan despite difficult market conditions in the earlier part of the year and pre-funded a portion of our expected 2011 funding needs.

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

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

Interest expense on long-term debt, excluding structured notes, is monitored and managed relative to certain indices, such as >>>London Interbank Offered Rate, that are relevant to the financial services industry. This approach to term funding best reflects the sensitivity of both our liabilities and our assets to changes in interest rates. Funding spreads relative to such indices narrowed significantly for Credit Suisse during the second half of 2010, and the level of interest rates and indices was low. Our average funding spread, which is allocated to the divisions, increased compared to the end of 2009, however, primarily reflecting the increase in long-term debt and hybrid tier 1 capital issued in the fourth quarter of 2008 during the financial crisis.

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

We diversify our funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. We generally hedge structured notes with positions in the underlying assets or derivatives. Our liquidity planning includes settlement of structured notes. We had CHF 38.0 billion of structured notes outstanding as of the end of 2010 compared to CHF 40.9 billion as of the end of 2009, reflecting the continued change in client activity and risk aversion in 2010.

We also use collateralized financings, including >>>repurchase agreements and securities lending agreements. The level of our repurchase agreements fluctuates, reflecting market opportunities, client needs for highly liquid collateral, such as US treasuries and agency securities, and the impact of balance sheet and >>>risk-weighted asset (RWA) limits. In addition, matched book trades, under which securities are purchased under agreements to resell and are simultaneously sold under agreements to repurchase with comparable maturities, earn spreads, are relatively risk-free and are generally related to client activity.

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

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

Debt issuances and redemptions

Our long-term debt increased CHF 14.4 billion from the end of 2009, primarily due to CHF 19.7 billion non-recourse liabilities from consolidated VIEs, offset by a decrease in senior and subordinated debt. The decrease in senior and subordinated debt reflected the foreign exchange translation impact. Short-term borrowings increased to CHF 21.7 billion from CHF 7.6 billion due to the issuance of US dollar-denominated certificates of deposit and CP. The percentage of unsecured funding from long-term debt was 28% as of the end of 2010, a decrease of 2% from 2009. In 2010, we raised CHF 3.5 billion of covered bonds, CHF 17.6 billion of senior debt securities and CHF 2.8 billion of subordinated debt securities, while CHF 1.1 billion of covered bonds, CHF 10.7 billion of senior debt securities and CHF 2.0 billion of subordinated debt securities matured or were redeemed. In January 2011, we issued USD 2.1 billion of senior debt with a maturity of three years.

Credit Suisse did not participate in any government guaranteed debt issuance programs. For information on capital securities, refer to *Capital management*.

Our covered bond funding is in the form of mortgage-backed loans funded by covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss parliament to centralize the issuance of covered bonds, or from our own covered bond program, which we launched in December 2010 with a EUR 1.3 billion (CHF 1.6 billion) issuance with a maturity of five years.

For further information, refer to *Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group*.

Funds transfer pricing

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

Cash flows from operating, investing and financing activities

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

For the year ended December 31, 2010, net cash provided by operating activities of continuing operations was CHF 8.2 billion, primarily reflecting the 2010 income from continuing operations, a decrease in other assets and an increase in other liabilities, partly offset by net cash used in trading assets and liabilities. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held-to-maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2010, net cash of CHF 21.4 billion was used in investing activities from continuing operations, primarily due to the increase in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares and had no active share buyback program in 2010. In 2010, net cash provided by financing activities of continuing operations was CHF 33.0 billion, mainly reflecting the issuances of long-term debt, the increase in due to banks and customer deposits, the sale of treasury shares in connection with market making activities and the increase in short-term borrowings, partly offset by repayments of long-term debt and the repurchase of treasury shares.

Credit ratings

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

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

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions under certain of our trading and collateralized financing and derivative contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two notch downgrade in our credit ratings. The impact of a one, two and three-notch downgrade in the Bank's long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 2.1 billion, CHF 4.0 billion and CHF 4.7 billion, respectively, as of December

31, 2010 and would not be material to our liquidity and funding planning. As of the end of 2010, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

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

Capital management

Capital management framework

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

Since January 1, 2008, Credit Suisse has operated under the international capital adequacy standards known as Basel II set forth by the BCBS as implemented by FINMA (Basel II "Swiss finish"). These standards affect the measurement of both RWAs and eligible capital and are summarized below. Under this regulatory capital framework, tier 1 capital consists of shareholders' equity, qualifying noncontrolling interests and hybrid tier 1 capital, and RWAs are determined under Basel II. This regulatory capital framework and the related Bank for International Settlements (BIS) tier 1 ratios for the Group and the Bank are described in *Regulatory capital Capital structure Basel II "Swiss finish"*. Beginning in 2011, we have implemented the Basel II market risk framework (Basel II.5) for FINMA regulatory capital purposes, and we expect RWAs to increase. The BCBS has postponed the implementation of Basel II.5 for BIS purposes to no later than December 31, 2011. In December 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and new conservation and countercyclical buffers, requiring more capital in the form of common equity. In October 2010, the Swiss Expert Commission proposed capital requirements based on Basel III but which go beyond its minimum standards and the current "Swiss finish". The Basel III capital requirements and the proposed Expert Commission capital requirements, which are not yet enacted into law, are described in *Regulatory capital developments and proposals*.

Basel II

Overview

In June 2006, the BCBS published its comprehensive version of the revised framework for the international convergence of capital measurement and capital standards known as Basel II. Basel II describes the framework for measuring capital adequacy and the minimum standards to be achieved by the adopting supervisory authorities. This framework is based on three pillars, which are viewed as mutually reinforcing:

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

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

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

Information required under Pillar 3 relating to capital adequacy is available at *www.credit-suisse.com/pillar3*.

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

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

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

In addition to the Basel II requirements on VaR >>>backtesting exceptions, FINMA imposes capital requirements for trading book market risk. In the fourth quarter of 2008, FINMA revised its requirements to impose an increase in market risk capital for every regulatory VaR backtesting exception over ten in the prior rolling twelve month period, calculated using backtesting profit and loss, a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night’s positions. In 2009, we incurred significant additional incremental capital charges on trading book market RWAs under these FINMA requirements. In 2010, we had no backtesting exceptions and our market risk capital multipliers remained at FINMA and BIS minimum levels.

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

Regulatory capital

Overview
Both the Group and the Bank are subject to regulation by FINMA. The capital levels of the Group and the Bank are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. In November 2008, a decree was issued by FINMA defining new capital adequacy and leverage ratio requirements, with compliance to be phased in by 2013. The new capital adequacy target is in a range between 50% and 100% above the Pillar I requirements under Basel II. In addition, the decree includes leverage limits that require us to maintain by 2013 a leverage ratio of tier 1 capital to total assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis. Total assets are adjusted for purposes of calculating this leverage ratio. The adjustments include assets from Swiss lending activities (excluding Swiss interbank lending), cash and balances with central banks, certain Swiss franc >>>reverse repurchase agreements and certain other assets, such as goodwill and intangible assets that are excluded in determining regulatory tier 1 capital. FINMA has indicated that it expects the appropriate size of the additional capital buffer will be impacted by market conditions, but the intention is to ensure it can accommodate the procyclical aspects of this measurement tool.

The leverage ratios for the Group and the Bank as of the end of 2010 were 4.4% and 4.1%, respectively, compared to 4.2% and 4.0% as the end of 2009. The improvement in the leverage ratios was primarily due to the increase in tier 1 capital.

The following table sets forth the leverage ratio of the Group and the Bank as of December 31, 2010 and 2009, respectively.

Leverage ratio

		Group		Bank
end of	2010	2009	2010	2009
Tier 1 capital (CHF billion)				
Tier 1 capital	37.7	36.2	35.3	34.7
Adjusted average assets (CHF billion)				
Average assets [1]	1,065	1,047	1,041	1,026
Adjustments:				
Assets from Swiss lending activities [2]	(139)	(137)	(115)	(114)
Cash and balances with central banks	(40)	(32)	(39)	(32)
Other	(28)	(19)	(27)	(15)
Adjusted average assets	**858**	**859**	**860**	**865**
Leverage ratio (%)				
Leverage ratio	**4.4**	4.2	**4.1**	4.0

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

BIS statistics

			Group			Bank
end of	2010	2009	% change	2010	2009	% change
Risk-weighted assets (CHF million)						
Credit risk	158,735	164,997	(4)	147,516	154,982	(5)
Non-counterparty risk	7,380	7,141	3	6,819	6,547	4
Market risk	18,925	17,458	8	18,008	17,011	6
Operational risk	33,662	32,013	5	33,663	32,013	5
Risk-weighted assets	**218,702**	**221,609**	(1)	**206,006**	**210,553**	(2)
Eligible capital (CHF million)						
Total shareholders' equity	33,282	37,517	(11)	27,783	31,228	(11)
Goodwill and intangible assets	(9,320)	(10,140)	(8)	(8,166)	(8,983)	(9)

Qualifying noncontrolling interests	3,350	1,742	92	4,373	4,762	(8)
Capital deductions 50% from tier 1 [1]	(1,088)	(837)	30	(1,037)	(779)	33
Other adjustments [2]	403	(4,273)	–	1,768	(3,150)	–
Core tier 1 capital [1]	**26,627**	**24,009**	11	**24,721**	**23,078**	7
Hybrid instruments [3]	11,098	12,198	(9)	10,589	11,617	(9)
Tier 1 capital	**37,725**	**36,207**	4	**35,310**	**34,695**	2
Upper tier 2	1,128	1,989	(43)	1,713	2,681	(36)
Lower tier 2	10,034	8,369	20	11,583	9,723	19
Capital deductions 50% from tier 2	(1,088)	(837)	30	(1,037)	(779)	33
Tier 2 capital	**10,074**	**9,521**	6	**12,259**	**11,625**	5
Total eligible capital	**47,799**	**45,728**	5	**47,569**	**46,320**	3
Capital ratios (%)						
Core tier 1 ratio [1]	12.2	10.8	–	12.0	11.0	–
Tier 1 ratio	17.2	16.3	–	17.1	16.5	–
Total capital ratio	21.9	20.6	–	23.1	22.0	–

1 The methodology for calculating the core tier 1 capital and the core tier 1 ratio was revised in January 2011, whereby "Capital deductions 50% from tier 1" was reclassified from tier 1 capital into core tier 1 capital. 2 Includes cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans. 3 Non-cumulative perpetual preferred securities and capital notes. FINMA has advised that the Group and the Bank may continue to include as tier 1 capital CHF 1.1 billion and CHF 3.1 billion, respectively, in 2010 (2009: CH 1.7 billion and CHF 4.4 billion) of equity from special purpose entities that are deconsolidated under US GAAP. Hybrid tier 1 capital represented 28.6% and 29.1%, respectively, in 2010 (2009: 32.9% and 32.7%) of the Group's and the Bank's adjusted tier 1 capital. Under the decree with FINMA, a maximum of 35% of tier 1 capital can be in the form of these hybrid capital instruments.

Tier 1 capital

end of	2010	2009	% change
Tier 1 capital (CHF million)			
Balance at beginning of period	**36,207**	**34,208**	**6**
Net income	5,098	6,724	(24)
Adjustments for fair value gains/(losses) reversed for regulatory purposes, net of tax	466	425	10
Foreign exchange impact on tier 1 capital	(2,799)	(456)	–

Recategorization of hybrid instruments in tier 1	0	339	(100)
Other [1]	(1,247)	(5,033)	(75)
Balance at end of period	**37,725**	**36,207**	**4**

1 Reflects the issuance and redemption of tier 1 capital, the dividend accrual, the effect of share-based compensation (including the purchase of treasury shares to satisfy obligations under share-based plans) and the change in regulatory deductions.

Group

Our BIS tier 1 ratio was 17.2% as of the end of 2010, compared to 16.3% as of the end of 2009. The increase in the tier 1 ratio reflected the 4% increase in tier 1 capital. Our core tier 1 ratio was 12.2% as of the end of 2010, compared to 10.8% as of the end of 2009. For the development of RWAs and capital ratios, refer to the chart "Risk-weighted assets and capital ratios (Basel II)".

RWAs decreased CHF 2.9 billion to CHF 218.7 billion as of the end of 2010, reflecting a significant foreign exchange translation impact of CHF 14.8 billion substantially offset by increases in credit risk, market risk and operational risk. The increase in credit risk, excluding the foreign exchange translation impact, was primarily driven by increases in Investment Banking that resulted from higher levels of counterparty-related exposures from growth in our client-focused business, partially offset by reductions in exit business. The market risk increase was driven by generally higher levels of exposures particularly in >>>residential mortgage-backed securities (RMBS) and credit products. Operational risk increased over the period reflecting higher loss severity parameters, including for litigation. For further information on RWAs by division, refer to the table "Risk-weighted assets by division".

Tier 1 capital increased 4%, from CHF 36.2 billion as of the end of 2009 to CHF 37.7 billion as of the end of 2010. The increase was driven by net income (excluding the impact of fair value gains/(losses) on Credit Suisse debt, net of tax) and the issuance of USD 1.5 billion in tier 1 capital, partially offset by foreign exchange translation impacts, the dividend accrual, the effect of share-based compensation (including the purchase of treasury shares to satisfy obligations under share-based plans), the redemption of two hybrid tier 1 instruments and the increased regulatory deductions. Total eligible capital increased 5%, from CHF 45.7 billion as of the end of 2009 to CHF 47.8 billion as of the end of 2010. Tier 2 capital increased from CHF 9.5 billion to CHF 10.1 billion due to the issuances of USD 2.5 billion and CHF 200 million lower tier 2 notes partially offset by foreign exchange translation impacts, the reduction of the excess in eligible credit provisions over regulatory expected losses and regulatory amortization of lower tier 2 instruments.

Our total capital ratio was 21.9% as of the end of 2010, an increase from 20.6% as of the end of 2009, primarily reflecting the decrease in RWAs and an increase in total eligible capital.

For further information, refer to the table "BIS statistics".

Bank

The Bank's BIS tier 1 ratio was 17.1% as of the end of 2010, an increase from 16.5% as of the end of 2009. The increase in the tier 1 ratio reflected the 2% decrease in RWAs and the 2% increase in tier 1 capital. The Bank's core tier 1 ratio was 12.0% as of the end of 2010, compared to 11.0% as of the end of 2009.

RWAs decreased CHF 4.5 billion to CHF 206.0 billion as of the end of 2010 and the Bank's tier 1 capital increased from CHF 34.7 billion as of the end of 2009 to CHF 35.3 billion as of the end of 2010. The Bank's consolidated total eligible capital increased from CHF 46.3 billion as of the end of 2009 to CHF 47.6 billion as of the end of 2010.

The total capital ratio was 23.1% as of the end of 2010, an increase from 22.0% as of the end of 2009, primarily reflecting the stronger capital base.

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

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

It is not the nominal size, but the nature (including >>>risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWAs. For further information, refer to *Regulatory capital developments and proposals*.

Risk-weighted assets by division

end of	2010	2009	% change
Risk-weighted assets by division (CHF million)			
Private Banking	63,588	60,479	5
Investment Banking	131,233	136,116	(4)
Asset Management	13,544	14,549	(7)
Corporate Center	10,337	10,465	(1)
Risk-weighted assets	**218,702**	**221,609**	(1)

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

Capital issuances

Our capital position remained strong during 2010. As of December 31, 2010, we had CHF 11.1 billion of tier 1 capital hybrid instruments, of which CHF 2.9 billion were innovative instruments, and CHF 3.4 billion of qualifying noncontrolling interests, of which CHF 3.2 billion were core tier 1 capital securities secured by participation securities issued by the Bank.

In February 2011, we entered into definitive agreements with affiliates and related parties of Qatar Investment Authority and The Olayan Group (the Investors) to issue an aggregate of CHF 5.9 billion Tier 1 Buffer Capital Notes (Tier 1 BCNs). Under the agreements, the Investors will purchase USD 3.45 billion Tier 1 BCNs and CHF 2.5 billion

Tier 1 BCNs either for cash or in exchange for their holdings of USD 3.45 billion 11% Tier 1 Capital Notes and CHF 2.5 billion 10% Tier 1 Capital Notes issued in 2008 (Tier 1 Capital Notes). The purchase or exchange will occur no earlier than October 23, 2013, the first call date of the Tier 1 Capital Notes, and is subject to the implementation of Swiss regulations requiring us to maintain buffer capital, confirmation from our primary regulator FINMA that the Tier 1 BCNs will be eligible buffer capital and additional tier 1 capital, as well as receipt of all required consents and approvals from our regulators and shareholders, including approval of additional conditional capital or conversion capital. We will therefore not receive any cash or Tier 1 Capital Notes for the Tier 1 BCNs from the Investors before such time. We have worked closely with FINMA in structuring the terms of the Tier 1 BCNs so as to ensure they will qualify as contingent convertible buffer capital. In addition to the Tier 1 Capital Notes, Qatar Investment Authority and The Olayan Group have significant holdings of our shares and other financial products. The Tier 1 BCNs will be converted into our ordinary shares if our reported common equity tier 1 (CET1) ratio, as determined under BCBS regulations as the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless FINMA, at our request, has agreed on or prior to the publication of our quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The conversion price will be the higher of a floor price of USD 20/CHF 20 per share (subject to customary adjustments) or the daily volume weighted average sale price of our ordinary shares over a five day period preceding the notice of conversion. The Tier 1 BCNs will also be converted if FINMA determines that we require public sector capital support to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances. The Tier 1 BCNs are deeply subordinated, perpetual and callable by us five years from the purchase or exchange (i.e., no earlier than 2018) and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion Tier 1 BCNs and CHF 2.5 billion Tier 1 BCNs at fixed rates of 9.5% and 9%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

In February 2011, we issued USD 2 billion 7.875% Tier 2 Buffer Capital Notes due 2041 (Tier 2 BCNs). The Tier 2 BCNs are subordinated notes and may be redeemed by the issuer at any time from August 2016. The initial coupon is reset every five years from August 2016. Interest payments will not be discretionary or deferrable. The Tier 2 BCNs will be converted into our ordinary shares if, prior to Basel III, our core tier 1 ratio falls below 7% or, under Basel III, our CET1 ratio falls below 7%. The conversion price will be the higher of a floor price of USD 20 per share (subject to customary adjustments) or the daily volume weighted average sale price of our ordinary shares over a 30-day period preceding the notice of conversion. The Tier 2 BCNs will also be converted if FINMA determines that we require public sector capital support to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances.

Capital structure – Basel II “Swiss finish”

Tier 1 capital

Tier 1 capital in aggregate consists of shareholders’ equity, qualifying noncontrolling interests in subsidiaries and hybrid tier 1 capital. The components of tier 1 capital are determined by FINMA.

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

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

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

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

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

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

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

– goodwill and other intangible assets;

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

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

Tier 2 capital

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

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

Shareholders' equity

Group

Our total shareholders' equity decreased CHF 4.2 billion from the end of 2009 to CHF 33.3 billion as of the end of 2010. The decrease in total shareholders' equity reflected a decrease in other comprehensive income, due to the significant adverse impact of foreign exchange-related movements on cumulative translation adjustments, the cash dividend for 2009, the reduction in retained earnings as a result of the consolidation of Alpine Securitization Corp. on January 1, 2010 under US GAAP rules and the effect of share-based compensation (including the purchase of treasury shares to satisfy obligations under share-based plans), partially offset by net income. For further information on the Group's shareholders' equity, refer to the *Consolidated statements of changes in equity in V – Consolidated financial statements – Credit Suisse Group*.

Bank

The Bank's total shareholder's equity decreased CHF 3.4 billion from the end of 2009 to CHF 27.8 billion as of the end of 2010. The Bank's business and trends under Basel II are consistent with those for the Group. For further information on the Bank's shareholder's equity, refer to the *Consolidated statements of changes in equity in VII – Consolidated financial statements – Credit Suisse (Bank).*

Capital

	Group			Bank		
end of	2010	2009	% change	2010	2009	% change
Shares outstanding (million)						
Common shares issued	1,186.1	1,185.4	0	44.0	44.0	0
Treasury shares	(12.2)	(16.2)	(25)	–	–	–
Shares outstanding	**1,173.9**	**1,169.2**	0	**44.0**	**44.0**	0
Par value (CHF)						
Par value	0.04	0.04	0	100.00	100.00	0
Shareholders' equity (CHF million)						
Common shares	47	47	0	4,400	4,400	0
Additional paid-in capital	23,026	24,706	(7)	24,026	24,299	(1)
Retained earnings	25,316	25,258	0	10,068	11,422	(12)
Treasury shares, at cost	(552)	(856)	(36)	0	(487)[1]	100
Accumulated other comprehensive income/(loss)	(14,555)	(11,638)	25	(10,711)	(8,406)	27
Total shareholders' equity	**33,282**	**37,517**	(11)	**27,783**	**31,228**	(11)
Goodwill	(8,585)	(9,267)	(7)	(7,450)	(8,132)	(8)
Other intangible assets	(312)	(328)	(5)	(304)	(318)	(4)
Tangible shareholders' equity [2]	**24,385**	**27,922**	(13)	**20,029**	**22,778**	(12)
Book value per share (CHF)						
Total book value per share	**28.35**	**32.09**	(12)	**631.43**	**709.73**	(11)
Goodwill per share	(7.31)	(7.93)	(8)	(169.32)	(184.82)	(8)

Other intangible assets per share	(0.27)	(0.28)	(4)	(6.91)	(7.23)	(4)
Tangible book value per share	**20.77**	**23.88**	(13)	**455.20**	**517.68**	(12)

1 Reflects Group shares held to economically hedge share award obligations. 2 Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets from total shareholders' equity. Management believes that tangible shareholders' equity and tangible book value per share are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

Regulatory capital developments and proposals

In December 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and new conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and the liquidity standards discussed in *Liquidity and funding management*. The framework is designed to strengthen the resilience of the banking sector. The new capital standards and capital buffers will require banks to hold more capital, mainly in the form of common equity. The new capital standards will be phased in from January 1, 2013 through January 1, 2019. The BCBS agreement was adopted by the >>>G-20 nations in November 2010. Each G-20 nation will now need to implement the rules, and stricter or different requirements may be adopted by any G-20 nation.

Under Basel III, the minimum tier 1 common equity ratio will increase from 2% to 4.5% and will be phased in from January 1, 2013 through January 1, 2015. This tier 1 common equity ratio will have certain regulatory deductions or other adjustments to common equity that will be phased in from January 1, 2014 through January 1, 2018 including deduction of deferred tax assets for tax-loss carryforwards and adjustments for unfunded pension liabilities. In addition, increases in the tier 1 capital ratio from 4% to 6% will be phased in from January 1, 2013 through January 1, 2015.

Basel III also introduces an additional 2.5% tier 1 common equity requirement, known as a capital conservation buffer, to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions. The new capital conservation buffer will be phased in from January 1, 2016 through January 1, 2019. Refer to the chart "Comparison of capital requirements framework".

Basel III also provides for a countercyclical buffer that could require banks to hold up to an additional 2.5% of common equity or other capital that would be available to fully absorb losses. This requirement is expected to be imposed only rarely by national regulatory authorities based on credit exposure and certain other circumstances. Both the amount and the implementation of the countercyclical buffer require action by national regulatory authorities.

Capital instruments that no longer qualify as non-common tier 1 capital or tier 2 capital will be phased out over a 10-year period beginning January 1, 2013. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step up coupon. Refer to the table "BCBS Basel III phase-in arrangements".

BCBS Basel III phase-in arrangements

January 1	2013	2014	2015	2016	2017	2018	2019

Basel III phase-in arrangements

Minimum common equity capital ratio	3.5%[1]	4.0%[1]	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer				0.625%[1]	1.25%[1]	1.875%[1]	2.5%
Minimum common equity plus capital conservation buffer	3.5%[1]	4.0%[1]	4.5%[1]	5.125%[1]	5.75%[1]	6.375%[1]	7.0%
Phase-in deductions from common equity tier 1 [2]		20.0%[1]	40.0%[1]	60.0%[1]	80.0%[1]	100.0%	100.0%
Minimum tier 1 capital	4.5%[1]	5.5%[1]	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum total capital plus conservation buffer	8.0%	8.0%	8.0%	8.625%[1]	9.25%[1]	9.875%[1]	10.5%
Capital instruments that no longer qualify as non-core tier 1 capital or tier 2 capital	Phased out over ten-year horizon beginning 2013						

Source: BCBS.
1 Indicates transition period. 2 Includes amounts exceeding the limit for deferred tax assets and participations in financial institutions.

In early October 2010, the Expert Commission appointed by the Swiss Federal Council released its report with recommendations on how to address the "Too Big to Fail" issues relating to big banks. The recommendations include capital and liquidity requirements and proposals regarding risk diversification and emergency plans designed to maintain systemically important functions even in the event of threatened insolvency. The recommendations on capital requirements build on Basel III, but go beyond its minimum standards and the current "Swiss finish". In December 2010, the Swiss Federal Council made a submission for legislative proposals to amend the Banking Act in 2011 based on the report by the Expert Commission. The consultation period will last until March 23, 2011. The Swiss Parliament is expected to consider many of the recommendations beginning in June 2011.

The Expert Commission proposes to add a capital buffer to the Basel III minimum requirements equal to 8.5% of RWAs, which would consist of at least 5.5% in the form of common equity and up to 3% in the form of contingent capital with a high trigger. A high trigger means the bonds could be required to convert into common equity in the event the common equity tier 1 ratio falls below an agreed threshold. The Expert Commission also proposes to add a progressive capital component equal to 6% of RWAs, which could consist entirely of contingent capital with lower triggers or other qualifying instruments. The qualifying terms of contingent capital will need to be determined by FINMA in accordance with Swiss law.

The Expert Commission recommended that the Swiss capital requirements track the phase-in of the Basel III requirements. If enacted into law, the Group and the Bank would be required to have common equity of at least 10% of RWAs and contingent capital or other qualifying capital of another 9% of RWAs by January 1, 2019. These recommended requirements may change depending on the market share and size of the big banks and the terms of the requirements enacted into law by the Swiss Parliament. Assuming the Expert Commission's recommendations become law, Credit Suisse believes that it can meet the new requirements within the prescribed time frame by building capital through earnings and by issuing contingent capital or other instruments that qualify for the buffer and progressive capital components.

In February 2011, we entered into definitive agreements to issue an aggregate of CHF 5.9 billion Tier 1 BCNs for cash or in exchange for Tier 1 Capital Notes issued in 2008. The purchase or exchange will occur no earlier than October 2013, the first call date of the Tier 1 Capital Notes. The Tier 1 BCNs will be converted into our ordinary shares if our reported CET1 ratio falls below 7%. In February 2011, we issued USD 2 billion of Tier 2 BCN. The Tier 2 BCNs will be converted into our ordinary shares if, prior to Basel III, our core tier 1 ratio falls below 7% or, under Basel III, our CET1 ratio falls below 7%. For more information, refer to *Capital management – Capital issuances*.

In June 2010, the BCBS announced its decision to postpone the implementation of the revisions to the Basel II market risk framework (Basel II.5) to no later than December 31, 2011. On November 10, 2010, the Swiss Federal Council decided to follow the proposal of FINMA and implement the revisions to the Basel II market risk framework for FINMA regulatory capital purposes by the original implementation date of January 2011. The implementation of the Basel II.5 revisions would have increased our RWAs as of the end of 2010 by approximately CHF 29 billion and reduced our tier 1 capital as of the end of 2010 by approximately CHF 2.5 billion, resulting in a tier 1 ratio of 14.2% under Basel II.5 on January 1, 2011. We expect the combined Basel II.5 and Basel III revisions to increase our RWAs to approximately CHF 400 billion on January 1, 2013, before mitigation. We expect to mitigate this increase by reducing RWAs by approximately CHF 50 billion to CHF 70 billion in exit businesses, structured products, emerging markets and derivatives.

The following tables present simulations of the Group's core tier 1 ratio as of the end of 2011 under Basel II.5 and the Group's CET1 ratio as of January 1, 2013.

Assumptions and data used in the calculation of our projected core tier 1 ratio as of December 31, 2010 (the 2011 core tier 1 ratio) and our projected CET1 ratio as of January 1, 2013 (the 2013 CET1 ratio) are based on our current expectations and forecasts about future events and analyst consensus forecasts in the case of earnings and dividends. The information presented in the tables is subject to significant uncertainties that could cause our actual 2011 core tier 1 ratio or 2013 CET1 ratio to differ. These uncertainties include, among other things, the growth of our business and our future earnings, expected dividend payments, regulatory changes (including possible changes in regulatory capital, definitions and calculations), our ability to mitigate RWAs in exit business, structured products, emerging markets and derivatives and, more generally, the factors and uncertainties described in *IX – Additional information – Risk factors*. Any one or more of these factors could cause our actual core tier 1 ratio or CET1 ratio to differ materially from those presented in the tables. In addition, the projected 2011 core tier 1 ratio and 2013 CET1 ratio were derived in a modeling process based on certain additional underlying assumptions regarding the final rules that are expected to be adopted by FINMA regarding the implementation of Basel II.5 and Basel III, which may prove to be incorrect.

Additional uncertainties for the phase-in for Basel III capital deductions beginning in 2014 include our ability to utilize deferred tax assets on net operating losses.

Share repurchase activities

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

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

We purchased 569.5 million common shares and sold or re-issued 526.9 million common shares in 2010, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2010, the Group held 12.2 million treasury shares. For further information, refer to the table "Capital" and the *Consolidated statements of changes in equity in V – Consolidated financial statements – Credit Suisse Group*.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2010		
January	41.8	50.86
February	54.0	46.51
March	52.7	52.50
April	82.3	52.96
May	55.9	47.01
June	45.9	44.55
July	74.7	44.99
August	22.7	47.49
September	44.4	45.77
October	33.2	42.84
November	29.8	42.04
December	32.1	39.44
Total purchase of treasury shares	**569.5**[1]	–
Total sale of treasury shares	**526.9**	–

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

Dividends and dividend policy

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

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution relative to earnings. Going forward, we expect to gradually grow the dividend per share amount over time as we build capital reserves. Dividend payments in 2010, for 2009, were comprised of a cash dividend of CHF 2.00 per share.

Our Board of Directors will propose a distribution of CHF 1.30 per share out of reserves from capital contributions to the shareholders for 2010 at the AGM on April 29, 2011. The distribution is subject to shareholder approval at the AGM. Due to a change in Swiss tax law that came into force in January 2011, the distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. For further information, refer to *Proposed appropriation of retained earnings and capital distributions – Proposed distribution against reserves from capital contributions in VI – Parent company financial statements – Credit Suisse Group*.

The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

Dividend per ordinary share

end of	USD[1]	CHF
Dividend per ordinary share		
2009	1.78	2.00
2008	0.10	0.10
2007	2.40	2.50
2006 [2]	2.20	2.70
2005	1.65	2.00

1 Represents the distribution on each American depositary share. For further information, refer to www.credit-suisse.com/dividend. 2 Distribution consisted of a dividend of CHF 2.24 (USD 1.82) and a par value reduction of CHF 0.46 (USD 0.38) as approved on May 4, 2007 for the financial year 2006.

Economic capital

Overview

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

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

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

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

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

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

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. The 99% position risk methodology (for risk management purposes) has been enhanced over the year. For further information refer to *Risk management – Economic capital and position risk.*

For 99.97% position risk (for capital management purposes) we reduced the severity of the confidence level scaling factors for international lending & counterparty exposures, traded credit within fixed income trading and commercial real estate risk following last year's changes in methodology and parameters for 99% position risk. The impact of the position risk enhancements was partially mitigated by a reduction within other risks of the estimate for the impact of planned methodology changes. In addition, other risks was impacted by a number of refinements to the modeling of pension risk, primarily the inclusion of inflation risk, the shock severity for certain owned real estate assets was increased, and the economic benefit that arises in a crisis on our short equity position in own shares as a result of deferred share-based compensation awards is now reflected within the framework. Compared to 2009, we no longer include fair value gains and losses on own debt in economic adjustments within economic capital resources. Prior period balances have been restated for methodology changes in order to show meaningful trends. The total impacts of methodology changes on 2009 utilized economic capital and economic capital resources for the Group were decreases of CHF 339 million, or 1%, and CHF 1,074 million, or 3%, respectively, and a reduction in the economic capital coverage ratio as of the end of 2009 to 132% from 134%.

There are a number of other planned revisions to Basel II market risk over the coming years, such as an incremental charge to capture default risk on trading book assets. These changes already form part of our economic capital framework, and we do not expect material future impacts to our economic capital from these changes. We are assessing further implications of the BCBS proposals on the economic capital framework. For further information, refer to *I – Information on the company – Regulation and supervision and Capital management Regulatory capital developments and proposals*.

Economic capital

		Group			Bank[1]	
end of	2010	2009	% change	2010	2009	% change
Economic capital resources (CHF million)						
Tier 1 capital	37,725	36,207	4	35,310	34,695	2
Economic adjustments [2]	3,223	3,898	(17)	1,803	4,597	(61)
Economic capital resources	**40,948**	**40,105**	2	**37,113**	**39,292**	(6)
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	20,783	22,921	(9)	20,112	22,184	(9)
Operational risk	2,936	2,812	4	2,936	2,812	4
Other risks [3]	5,578	4,620	21	4,602	3,491	32
Utilized economic capital	**29,297**	**30,353**	(3)	**27,650**	**28,487**	(3)
Economic capital coverage ratio (%)						
Economic capital coverage ratio [4]	**140**	**132**	–	**134**	**138**	–

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 2 Primarily includes anticipated dividends and unrealized gains on owned real estate. Economic adjustments are made to tier 1 capital to enable comparison between capital utilization and resources. 3 Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefit and an estimate for the impacts of certain methodology changes planned for 2011. 4 Ratio between economic capital resources and utilized economic capital.

Economic capital by segment

end of	2010	2009	% change
Utilized economic capital by segment (CHF million)			
Private Banking	6,373	6,145	4
Investment Banking	18,572	19,644	(5)
Asset Management	3,276	3,329	(2)
Corporate Center [1]	1,092	1,251	(13)
Utilized economic capital - Group [2]	**29,297**	**30,353**	(3)
Utilized economic capital - Bank [3]	**27,650**	**28,487**	(3)
Average utilized economic capital by segment (CHF million)			
Private Banking	6,493	6,151	6
Investment Banking	20,364	20,202	1
Asset Management	3,439	3,388	2
Corporate Center	1,113	(31)	–
Average utilized economic capital - Group [4]	**31,392**	**29,693**	6
Average utilized economic capital - Bank [3]	**29,685**	**29,169**	2

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 Includes primarily expense risk diversification benefits from the divisions, expense risk and foreign exchange risk between economic capital resources and utilized economic capital. 2 Includes a diversification benefit of CHF 16 million in 2010 and 2009. 3 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 4 Includes a diversification benefit of CHF 17 million in 2010 and 2009.

Utilized economic capital trends

Over the course of 2010, our utilized economic capital decreased 3%, partially due to the US dollar translation impact. Excluding the US dollar translation impact, utilized economic capital decreased 1%, mainly due to reductions in position risk, mostly offset by increased pension risk associated with Credit Suisse defined benefit pension plans and interest rate risk on treasury positions.

For Private Banking, utilized economic capital increased 4%, due to higher pension risk associated with Credit Suisse defined benefit pension plans and owned real estate risk, partially offset by reduced position risk for private banking corporate & retail lending and a reduction within other risks of the estimate for the impact of planned methodology changes.

For Investment Banking, utilized economic capital decreased 5%, largely due to the US dollar translation impact. Excluding the US dollar translation impact, utilized economic capital decreased 2%, due to reductions in most position risk categories, partially offset by increases within other risks. Other risks increased due to a higher estimate for the impact of planned methodology changes, partially offset by higher economic benefits in relation to our deferred share-based compensation awards.

For Asset Management, utilized economic capital decreased 2%, primarily due to the US dollar translation impact. Excluding the US dollar translation impact, utilized economic capital increased 1%, primarily due to higher allocated interest rate risk on treasury positions, partially offset by lower equity trading & investments position risk.

Corporate Center utilized economic capital decreased 13% due to lower foreign exchange risk between utilized economic capital and economic capital resources.

Economic capital resources and coverage ratio

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

For the year ended December 31, 2010, these economic adjustments totaled CHF 3.2 billion, primarily reflecting dividends accrued but not paid of CHF 1.5 billion and unrealized gains on owned real estate of CHF 0.8 billion. Accrued dividends are not part of our tier 1 capital, but provide a significant capital buffer in a crisis. Similarly, we believe that the unrealized gains on owned real estate were capital resources that would be available to us notwithstanding that they do not qualify as tier 1 capital.

The economic capital coverage ratio increased 8 percentage points from 132% to 140% during 2010, primarily reflecting reduction in utilized economic capital from lower position risks, and the increase in economic capital resources from higher tier 1 capital, partially offset by lower economic adjustments, mainly from accrued dividends. Our coverage ratio is within our target band of 110% to 140%.

Foreign exchange exposure and interest rate management

Foreign exchange risk associated with investments in branches, subsidiaries and affiliates is managed within defined parameters that create a balance between the interests of stability of capital adequacy ratios and the preservation of Swiss franc shareholders' equity. The decisions regarding these parameters are taken by CARMC and are regularly reviewed.

Foreign exchange risk associated with the nonfunctional currency net assets of branches and subsidiaries is managed through a combination of forward and backward looking hedging activity, which is aimed at reducing the foreign exchange-rate induced volatility of reported earnings.

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

Risk management

During 2010, our overall position risk decreased 10% compared to 2009. Excluding the US dollar translation impact, position risk decreased 2%. We received approval from FINMA to implement a revised VaR methodology that is more responsive to short-term market volatility. Under this revised methodology, average risk management VaR for our trading books decreased 20% to CHF 110 million, primarily reflecting a decline in market volatility, and period-end risk management VaR decreased 16% to CHF 87 million compared to 2009.

New regulations in the banking industry

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. The G-20 pledged to increase regulation and improve coordination of oversight of banks and financial institutions. For information on the liquidity principles agreed with the Swiss Financial Market Supervisory Authority (FINMA), the liquidity and capital standards under the Basel Committee on Banking Supervision (BCBS) Basel III framework, the report of the Swiss Expert Commission on "Too Big to Fail" issues relating to big banks, and the revisions to the >>>Basel II market risk framework (Basel II.5), refer to *Treasury management – Regulatory capital developments and proposals*. For information on other regulatory developments and proposals, refer to *I – Information on the company – Regulation and supervision*.

We implemented new risk measurement models, including an >>>incremental risk charge and >>>stressed VaR, to meet the Basel II.5 market risk framework for FINMA regulatory capital purposes effective January 1, 2011. The incremental risk charge is a regulatory capital charge for default and migration risk on positions in the trading books and intended to complement additional standards being applied to the VaR modelling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reducing the pro-cyclicality of the minimum capital requirements for market risk. We continued to manage risks in a controlled and disciplined manner in line with the Group's strategy.

The changes in regulatory standards are also likely to have an impact on bank risk profiles. In particular, we expect the cost of holding credit exposure in the trading book will rise, particularly for securitization positions, which will continue to increase the attractiveness of client-focused intermediation businesses over origination and warehousing activities. In addition, we expect strengthened capital requirements for >>>OTC derivatives to increase the incentives to move such exposures to centralized exchange counterparties. We expect complex, risk-based techniques and measures in the proposed regulatory framework to result in increased risk management and information technology costs and resources.

Risk management oversight

Risk governance

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank. To meet the challenges in a fast-changing industry with new market players and innovative and complex products, we continuously strengthen our risk function, which is independent of, but closely interacts with, the trading functions to ensure the appropriate flow of information. Our risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, we have defined our risk perspective broadly. Risk management plays an important role in our business planning process and is strongly supported by senior management and the Board of Directors (Board). The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although we have implemented comprehensive risk management processes and sophisticated control systems, we work to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

Risk organization

Risks arise in all of our business activities and cannot be completely eliminated, however, we work to manage risk in our internal control environment. Our risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board, this includes the following responsibilities:

– Group/Bank Board: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk;

– Risk Committee: responsible for assisting the Board in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits; and

– Audit Committee: responsible for assisting the Board in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board and its Risk Committee. On a monthly basis, CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Board and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity, market and credit risk and operational risk/legal and compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also divisional risk management committees.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

The risk management function reports to the CRO, who is independent of the business and is a member of the Executive Board. In 2010, the function covered:

– Strategic Risk Management (SRM)

– Risk Analytics and Reporting (RAR)

– Credit Risk Management (CRM)

– Bank Operational Risk Oversight (BORO)

– Business Continuity Management

– Reputational Risk Management

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the Group's overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; RAR is responsible for risk analytics, reporting, systems implementation and policies; CRM is responsible for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional operational risk functions. The risk management function also addresses critical risk areas such as business continuity and reputational risk management.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

– Strategy risk: outcome of strategic decisions or developments; and

– Reputational risk: damage to our standing in the market.

Chosen risks:

– Market risk: changes in market factors such as prices, volatilities and correlations;

– Credit risk: changes in the creditworthiness of other entities; and

– Expense risk: difference between operating expenses and income in a crisis.

Consequential risks:

– Operational risk: inadequate or failed internal processes, people and systems or external events; and

– Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is at the Board and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. Additionally, the traditional boundaries between market risks and credit risk have become blurred. For operational risk management, we have primarily set up processes on Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 related to risk is available on our website at *www.credit-suisse.com/pillar3*.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The overall risk limits for the Group are set by the Board and its Risk Committee and are binding. Any excess of these limits will result in immediate notification to the Chairman of the Board's Risk Committee and the CEO of the Group, and written notification to the full Board at its next meeting. Following notification, the CRO can approve positions that exceed the Board limits by no more than an approved percentage with any such approval being reported to the full Board. Positions that exceed the Board limits by more than such approved percentage can only be approved by the CRO and the full Board acting jointly. In 2010 and 2009, no Board limits were exceeded.

In the context of the overall risk appetite of the Group, as defined by the limits set by the Board and its Risk Committee, CARMC is responsible for setting divisional risk limits and more specific limits deemed necessary to control the concentration of risk within individual lines of business. For this purpose, CARMC uses a detailed framework of more than 100 individual risk limits designed to control risk taking at a granular level by individual businesses and in aggregate. Limit measures used include VaR, economic capital, exposure, risk sensitivity and scenario analysis. The framework encompasses specific limits on a large number of different product and risk type concentrations. 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 allocated to lower organizational levels within the businesses also include a system of individual counterparty credit limits. CARMC limits are binding and generally set at a tight level to ensure that any meaningful increase in risk exposures is promptly escalated. The head of SRM for the relevant division or certain other members of senior management have the authority to temporarily increase the CARMC limits by an approved percentage for a period not to exceed 90 days. Any CARMC limit excess is subject to a formal escalation procedure and must be remediated or expressly approved by senior management. Senior management approval is valid for a standard period of ten days (or fewer than ten days for certain limit types) and approval has to be renewed for additional standard periods if an excess is not remediated within the initial standard period. The majority of these limits are monitored on a daily basis. Limits for which the inherent calculation time is longer (such as those for economic capital) are monitored on a weekly basis. A smaller sub-set of limits relating to exposures for which the risk profile changes more infrequently (for example, those relating to illiquid investments) is monitored on a monthly basis. In 2010, over 90% of CARMC limit excesses were resolved within the approved standard period.

In December 2010, we revised our limit framework with the objective of further strengthening the process around limit management. The new process simplifies the ownership and structure of the limit framework, further develops the policy around temporary limit increases and expands formal escalation procedures for significant limit excesses.

Economic capital and position risk

Concept

Economic capital is our core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and usage of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

>>>Position risk, which is a component of the economic capital framework, is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to *Treasury management – Economic capital.*

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In 2010, we made a number of enhancements to the position risk methodology for risk management purposes, including emerging markets and private banking corporate & retail lending position risks. For emerging market exposures, we made fundamental changes to the position risk modeling. Previously, all emerging market exposures and associated risks were modeled in a separate emerging markets risk category capturing market risk and country event risk. We now calculate and report these risks in their respective position risk categories (e.g., fixed income trading). We continue to separately report position risk for emerging markets, which captures country event risks, such as sovereign default risk. The changes to private banking corporate & retail lending reflected an increase in the granularity of the credit parameters (e.g., default rate volatilities) and increases to the severity of spread shocks for loans, reflecting observations over the market crisis. Prior-period balances have been restated for methodology changes in order to show meaningful trends. The total impact of 2010 methodology changes on year-end 2009 position risk was an increase of CHF 404 million, or 3%.

Limit management

Position risk is managed through a system of integrated risk limits to control the range of risks inherent in business activities. The limit structure restricts overall risk-taking capacity and triggers senior management risk discussions in the event of substantial changes in our overall risk profile. The calibration of limits is performed in conjunction with the annual planning process in order to ensure our risk appetite is in line with our financial resources.

The Board and senior management are regularly provided with economic capital results, trends and ratios to provide risk transparency and facilitate the decision-making process of the firm.

Key position risk trends

Compared to 2009, position risk for risk management purposes decreased 10%. Excluding the US dollar translation impact, position risk decreased 2%. In addition to the US dollar translation impact, fixed income trading decreased following a reduction in credit spread exposures, partially offset by higher foreign exchange exposures. Equity trading & investments decreased mainly due to lower traded equity derivative exposures, and private banking corporate & retail lending declined due to updated loan default and recovery parameters reflecting improved economic conditions.

These reductions were partially offset by increases in real estate & structured assets, due to higher >>>RMBS exposures, international lending & counterparty exposures (excluding the US dollar translation impact), due to higher loan and derivative exposures in Investment Banking, and emerging markets country event risk, due to higher foreign exchange exposures in Latin America and higher loan exposures in Asia.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolio.

Group position risk

			end of	% change	
	2010	2009	2008	10 / 09	09 / 08
Position risk (CHF million)					
Fixed income trading [1]	2,424	3,090	2,359	(22)	31
Equity trading & investments	2,363	2,839	2,902	(17)	(2)
Private banking corporate & retail lending	2,072	2,284	2,253	(9)	1
International lending & counterparty exposures	4,255	4,512	4,765	(6)	(5)
Emerging markets country event risk	632	512	831	23	(38)
Real estate & structured assets [2]	2,597	2,473	2,841	5	(13)
Simple sum across risk categories	**14,343**	**15,710**	**15,951**	(9)	(2)
Diversification benefit [3]	(2,692)	(2,803)	(2,891)	(4)	(3)
Position risk (99% confidence level for risk management purposes)	**11,651**	**12,907**	**13,060**	(10)	(1)
Position risk (99.97% confidence level for capital management purposes)	**20,783**	**22,921**	**23,807**	(9)	(4)

Prior balances have been restated for methodology changes in order to show meaningful trends.
1 This category comprises fixed income trading, foreign exchange and commodity exposures. 2 This category comprises commercial and residential real estate (including RMBS and CMBS), ABS exposure, real estate acquired at auction and real estate fund investments. 3 Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the >>>fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. The principal measurement methodologies are VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

VaR

>>>VaR measures the potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a ten-day holding period and a confidence level of 99% to model the risk in our trading portfolios. These assumptions are compliant with the standards published by the BCBS and other related international standards for market risk management. For some purposes, such as >>>backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are calculated to a one-day holding period level or scaled down.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. Where insufficient data is available for such an approach, an “extreme-move” methodology is used. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

To ensure the VaR model is responsive in times of market volatility, we calculate a >>>scaled VaR, which uses a scaling technique that adjusts the VaR when short-term market volatility is different than the long-term volatility in the three-year historical dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. As part of the ongoing review to improve risk management approaches and methodologies, we revised the scaled VaR methodology for >>>regulatory VaR and implemented a new scaled >>>risk management VaR measure in the first quarter of 2010, following FINMA approval. VaR has been restated for prior periods to show meaningful trends.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our regulatory VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators. In

2008, the significant market turmoil gave rise to many VaR model backtesting exceptions; since then we have made numerous enhancements to the VaR methodology to further improve the model accuracy and performance.

For both risk management VaR and regulatory VaR, we present one-day, 99% VaR, which is ten-day VaR adjusted to a one-day holding period based on a 99% confidence level. This means there is a 1-in-100 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. In order to show the aggregate market risk in our trading books, the chart entitled "Daily VaR" shows the trading-related market risk on a consolidated basis.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

– VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;

– Although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;

– VaR provides an estimate of losses at a 99% confidence level, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;

– VaR is based on either a ten-day (for internal risk management and regulatory capital purposes) or one-day (for backtesting and disclosure purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; and

– VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

Scenario analysis

We regularly perform scenario analysis to estimate the loss that could arise from extreme, but plausible, stress events in the economy or in financial markets, by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, however, as past events rarely recur in exactly the same way, we also apply business expertise to select the most meaningful scenarios and to assess the scenario results in light of current economic and market conditions. In addition to scenarios built around historically observed events, we also consider the impact of hypothetical adverse events. This is done in collaboration with our research functions based on the Group's view of possible macroeconomic developments.

Key scenarios include significant movements in credit spreads, interest rates, equity and commodity prices and foreign exchange rates, as well as adverse changes in counterparty default and recovery rates. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile within particular businesses, and limits are established if they are considered the most appropriate control. In addition, to identify areas of risk concentration and potential vulnerability to stress events across the Group, we use a set of scenarios which are consistently applied across all businesses and assess the impact of significant, simultaneous movements across a broad range of markets and asset classes. Finally, the scenario analysis framework considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and economic capital ratios.

The Board and senior management are regularly provided with scenario analysis results, trend information and supporting explanations as an integral part of the risk management framework and to support risk appetite decisions.

The scenario analysis framework is periodically reviewed and expanded to ensure that it remains relevant to evolving portfolio composition and market conditions. Although backtesting of existing scenarios applied across the Group indicated that the scenario analysis framework, which was recalibrated during 2008 and 2009, was still relevant, we implemented several new business level scenarios during 2010 in response to the evolution of our portfolio composition and market developments.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking segment. Our other segments also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including >>>derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

Development of trading portfolio risks

The table entitled "One-day, 99% VaR" shows our trading-related market risk exposure, as measured by one-day, 99% VaR. VaR has been calculated using a three-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily foreign exchange translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

One-day, 99% VaR

						Risk Management VaR	Regulatory VaR
in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi-fication benefit	Total	Total
2010 (CHF million)							
Average	122	19	14	24	(69)	110	142
Minimum	81	4	7	9	+	72	103
Maximum	165	73	28	55	+	157	205
End of period	95	21	10	18	(57)	87	124
2009 (CHF million)							

Average	161	16	21	37	(98)	137	143
Minimum	104	4	14	16	+	73	80
Maximum	269	56	33	106	+	269	269
End of period	116	5	17	41	(75)	104	131
2008 (CHF million)							
Average	207	31	50	90	(129)	249	249
Minimum	135	11	27	44	+	154	154
Maximum	318	79	84	186	+	372	372
End of period	160	24	27	59	(85)	185	185

Excludes risks associated with counterparty and own credit exposures.
1 As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Average >>>risk management VaR in 2010 decreased 20% to CHF 110 million from 2009, reflecting a decline in risk due to a reduction in market volatility. This was partially offset by increased risk in support of our client-flow businesses, primarily interest rate, foreign exchange and RMBS activity within fixed income following the 2009 risk reduction.

Period-end risk management VaR as of December 31, 2010 decreased 16% to CHF 87 million from December 31, 2009. The decrease in period-end risk management VaR reflected decreased interest rate and equity exposures combined with a reduction in market volatility.

Average >>>regulatory VaR in 2010 was CHF 142 million, a decrease of 1% from December 31, 2009. During 2010, risk decreased due to a reduction in market volatility. This was partially offset by increased risk in support of our client-flow businesses, primarily interest rate, foreign exchange and >>>RMBS activity within fixed income following the 2009 risk reduction.

Period-end regulatory VaR as of December 31, 2010 decreased 5% to CHF 124 million from 2009. The decrease in period-end regulatory VaR from 2009 reflected decreased interest rate and equity exposures.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including backtesting. In line with industry practice, we present backtesting using actual daily trading revenues. Actual daily trading revenues are compared with regulatory VaR calculated using a one-day holding period. A backtesting exception occurs when the daily loss exceeds the daily VaR estimate.

We had no backtesting exceptions in 2010 and 2009, compared with 25 in 2008. The backtesting exceptions in 2008 were primarily driven by extreme movements in US mortgage markets, particularly in the first quarter, coupled with contagion effects across the wider credit, equity, interest rate and foreign exchange markets throughout 2008. The VaR model is subject to regular assessment and evaluation to seek to maintain accuracy given current market conditions and positions.

The output of our VaR model is used in the calculation of our regulatory capital requirement for market risk. For further information, refer to *Treasury management – Capital management – Basel II – Description of regulatory approaches*.

The histogram entitled "Actual daily trading revenues" compares the actual trading revenues for 2010 with those for 2009 and 2008. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. During 2010, we had six days of trading losses, compared to 22 days in 2009, with no trading losses exceeding CHF 25 million.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and other desks running interest rate risk positions actively manage the positions within approved limits.

The impact of a one basis point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of CHF 8.5 million as of December 31, 2010, compared to an increase of CHF 7.7 million as of December 31, 2009. The increase from 2009 was mainly due to the issuance of tier 1 capital securities secured by participation securities issued by the Bank.

One-basis-point parallel increase in yield curves by currency – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2010 (CHF million)						
Fair value impact of a one-basis-point parallel increase in yield curves	0.1	7.8	0.1	0.1	0.4	8.5
2009 (CHF million)						
Fair value impact of a one-basis-point parallel increase in yield curves	1.3	6.1	(0.1)	0.2	0.2	7.7

Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves. The following table shows the impact of immediate 100 basis points and 200 basis points moves in the yield curves (as interest rates are currently very low, the downward changes are capped to ensure that the resulting interest rates remain non-negative).

Interest rate sensitivity – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2010 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	27	1,574	4	18	83	1,706
+100 basis points	(7)	687	17	14	9	720
-100 basis points	49	(642)	(30)	(13)	(3)	(639)
-200 basis points	20	(1,375)	(30)	(6)	(71)	(1,462)
2009 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	235	1,249	(70)	21	72	1,507
+100 basis points	118	617	(18)	15	31	763
-100 basis points	(155)	(620)	(15)	(20)	(17)	(827)
-200 basis points	(289)	(1,258)	(37)	(43)	(31)	(1,658)

As of December 31, 2010, the fair value impact of an adverse 200-basis-point move in yield curves was a loss of CHF 1.5 billion compared to a loss of CHF 1.7 billion as of December 31, 2009. This risk is monitored on a daily basis. The monthly analysis of the potential impact resulting from a significant change in yield curves indicated that as of the end of 2010 and 2009, the fair value impact of an adverse 200 basis point move in yield curves and adverse interest rate moves calibrated to a 1-year holding period with a 99% confidence level in relation to the total eligible regulatory capital, was significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in private equity, hedge funds, strategic investments and other instruments managed by Investment Banking. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 731 million in the value of the non-trading portfolio as of December 31, 2010, compared to a decrease of CHF 702 million in the value of the non-trading portfolio as of December 31, 2009.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 11 million in the value of the non-trading portfolio as of December 31, 2010, compared to a decrease of CHF 14 million as of December 31, 2009.

For more information, refer to *Treasury management – Foreign exchange exposure and interest rate management*.

Credit and debit value adjustments

VaR excludes the impact of changes in both counterparty and our own credit spreads on derivative products. The estimated sensitivity to a one basis point increase in credit spreads (counterparty and our own) on derivatives in Investment Banking was a CHF 0.6 million loss as of December 31, 2010. In addition, the estimated sensitivity to a one basis point increase in our own credit spreads on our fair valued structured notes was a CHF 5.6 million gain (including the impact of hedges) as of December 31, 2010.

Credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for >>>fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Our credit risk is concentrated in Private Banking and Investment Banking. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions, and may be on or off-balance sheet.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework covers virtually all of the credit exposures in the banking business and comprises the following core components:

– individual counterparty rating systems;

– transaction rating systems;

– a counterparty credit limit system;

– country concentration limits;

– risk-based pricing methodologies;

– active credit portfolio management; and

– a credit risk provisioning methodology.

We employ a set of credit rating models tailored for different client segments for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party to a loan, loan commitment or >>>OTC derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Credit rating models are validated independently prior to implementation and on a regular basis. Relevant quantitative data and qualitative factors relating to the counterparty result in the assignment of a credit rating or >>>probability of default (PD), which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, we use an internal rating scale, which we annually review and calibrate to the external rating agencies using the historical PD associated with external ratings.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the >>>loss given default (LGD) assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of business and credit portfolio management, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by FINMA for application under the >>>Basel II A-IRB approach. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Our regular review of the creditworthiness of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of >>>risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2010	2009	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	219,891	238,600	(8)

of which reported at fair value	18,552	36,246	(49)
Loans held-for-sale	24,925	14,287	74
Traded loans	4,346	5,249	(17)
Derivative instruments [1]	50,477	57,153	(12)
Total balance sheet	**299,639**	**315,289**	(5)
Off-balance sheet			
Loan commitments [2]	209,553	228,484	(8)
Credit guarantees and similar instruments	7,408	8,067	(8)
Irrevocable commitments under documentary credits	4,551	4,583	(1)
Total off-balance sheet	**221,512**	**241,134**	(8)
Total credit risk	**521,151**	**556,423**	(6)

Before risk mitigation, for example, collateral, credit hedges.
1 Positive replacement value after netting agreements. 2 Includes CHF 136,533 million and CHF 148,074 million at the end of 2010 and 2009, respectively, of unused credit limits which were revocable at our sole discretion upon notice to the client.

Selected European credit risk exposures

The following table presents our risk-based credit risk exposure to selected European countries as of December 31, 2010.

Selected European credit risk exposures

end of 2010	Sovereigns		Financial institutions		Corporates & Other	
	Gross	Net[1]	Gross	Net[1]	Gross	Net[1]
Credit risk exposure (EUR billion)						
Portugal	0.1	0.0	0.1	0.0	0.3	0.1
Italy	2.5	0.2	1.6	0.5	1.9	0.9
Ireland	0.0	0.0	0.5	0.2	0.7	0.2
Greece	0.1	0.0	0.1	0.1	0.6	0.1
Spain	0.0	0.0	0.9	0.6	1.4	0.5
Total	**2.7**	**0.2**	**3.2**	**1.4**	**4.9**	**1.8**

1 Net of collateral and CDS hedges.

On a gross basis, before taking into account collateral and CDS hedges, our risk-based sovereign credit risk exposure to Portugal, Italy, Ireland, Greece and Spain as of December 31, 2010 was EUR 2.7 billion. Our net exposure to these sovereigns was EUR 0.2 billion. Our non-sovereign risk-based credit risk exposure in these countries as of December

31, 2010 included net exposure to financial institutions of EUR 1.4 billion and to corporates and other counterparties of EUR 1.8 billion, respectively.

Loans and loan commitments

Loans where we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Loan commitments include irrevocable credit facilities for Investment Banking and Private Banking and, additionally in Private Banking, unused credit limits that can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2010	2009	% change
Loans and loan commitments (CHF million)			
Gross loans	219,891	238,600	(8)
of which Private Banking	183,664	176,925	4
of which Investment Banking	36,235	61,679	(41)
Loan commitments	209,553	228,484	(8)
Total loans and loan commitments	**429,444**	**467,084**	(8)
of which Private Banking	326,870	333,571	(2)
of which Investment Banking	102,467	133,113[1]	(23)

1 Excludes non-rated positions of CHF 108 million representing unsettled positions in non-broker-dealer entities.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges and collateral, such as cash and marketable securities. A large part of the Private Banking lending portfolio, primarily within the BBB counterparty rating classes, is collateralized by securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of >>>credit default swaps (CDS).

The following tables illustrate the effects of risk mitigation on a combined exposure of loans and loan commitments.

Loans and loan commitments - Private Banking

end of			2010			2009
Internal ratings	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)						
AAA	1,603	(78)	1,525	1,432	(19)	1,413

AA	6,879	(509)	6,370	4,431	(105)	4,326
A	18,582	(1,006)	17,576	19,106	(1,683)	17,423
BBB	223,681	(129,985)	93,696	229,767	(137,014)	92,753
BB	69,275	(6,219)	63,056	72,135	(5,261)	66,874
B	5,055	(331)	4,724	4,654	(276)	4,378
CCC	371	0	371	502	(34)	468
D	1,424	(173)	1,251	1,544	(142)	1,402
Total loans and loan commitments	**326,870**	**(138,301)**	**188,569**[1]	**333,571**	**(144,534)**	**189,037**[1]

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.
1 In addition, we have a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transfers the first loss credit risk on a CHF 4.8 billion portfolio of originated loans within Corporate & Institutional Clients to capital market investors.

Loans and loan commitments - Investment Banking

end of				2010				2009
Internal ratings	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)								
AAA	8,240	0	(124)	8,116	11,036	(4,141)	(153)	6,742
AA	8,691	(2,070)	0	6,621	22,539	(1,476)	0	21,063
A	19,237	(4,183)	0	15,054	18,310	(4,078)	(233)	13,999
BBB	24,239	(6,937)	(189)	17,113	34,398	(9,504)	(3,618)	21,276
BB	20,903	(2,469)	(2,084)	16,350	21,418	(3,038)	(877)	17,503
B	17,383	(1,316)	(135)	15,932	19,354	(2,431)	(156)	16,767
CCC	1,906	(350)	(9)	1,547	3,206	(1,002)	(114)	2,090
CC	286	(59)	0	227	449	(211)	0	238
C	246	(96)	0	150	181	(69)	0	112
D	1,336	(291)	0	1,045	2,222	(284)	(258)	1,680
Total loans and loan commitments	**102,467**	**(17,771)**	**(2,541)**	**82,155**	**133,113**[1]	**(26,234)**	**(5,409)**	**101,470**

Includes undrawn irrevocable credit facilities.
1 Excludes non-rated positions of CHF 108 million representing unsettled positions in non-broker-dealer entities.

Loss given default

The Private Banking LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated independently on a regular basis and has been approved by the regulatory authorities for application in the Basel II A-IRB approach. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking and Investment Banking.

Loans - Private Banking

end of 2010			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	893	892	295	126	216	241	2	12
AA	4,051	4,022	1,309	1,770	451	446	23	23
A	14,488	14,169	3,858	6,355	3,158	727	26	45
BBB	103,111	72,844	21,182	31,377	14,544	3,588	1,701	452
BB	55,071	52,400	8,168	21,959	15,246	3,895	1,756	1,376
B	4,415	4,146	761	1,502	1,448	391	43	1
CCC	362	362	7	325	29	1	0	0
D	1,273	1,210	111	265	452	218	109	55
Total loans	**183,664**	**150,045**	**35,691**	**63,679**	**35,544**	**9,507**	**3,660**	**1,964**

Loans - Investment Banking

end of 2010			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	2,185	2,061	0	0	1,741	320	0	0
AA	1,108	639	0	0	314	325	0	0
A	3,110	2,943	124	0	1,159	1,660	0	0
BBB	7,509	4,848	174	0	1,608	3,065	1	0
BB	13,502	9,959	19	0	6,792	3,148	0	0
B	5,863	4,876	64	0	3,159	1,647	6	0
CCC	1,148	833	0	0	573	257	3	0

CC	283	224	0	0	160	51	3	10
C	202	106	0	0	59	32	15	0
D	1,325	1,034	0	0	932	91	11	0
Total loans	**36,235**	**27,523**	**381**	**0**	**16,497**	**10,596**	**39**	**10**

Loans

Compared to the end of 2009, gross loans decreased 8% to CHF 219.9 billion. In Investment Banking, gross loans decreased 41% to CHF 36.2 billion, due to a significant decline in loans to financial institutions, primarily related to the consolidation of Alpine in the first quarter of 2010, a decline in commercial and industrial loans and the US dollar translation impact. This decrease was partially offset by a 4% increase in gross loans in Private Banking to CHF 183.7 billion, primarily due to higher exposures in consumer loans collateralized by securities and in commercial and industrial loans.

For further information on our loan portfolio, refer to *Note 18 – Loans, allowance for loan losses and credit quality in V – Consolidated financial statements – Credit Suisse Group and IX – Additional information – Statistical information*.

Impaired loans

A loan held-to-maturity, valued at amortized cost, is considered impaired when we believe it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Impaired loans exclude loans that are reported at fair value. A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. We continue to accrue interest for collection purposes; however, a corresponding provision against the accrual is booked through the consolidated statements of operations at the same time. In addition, for any accrued but unpaid interest at the date the loan is deemed non-performing, a corresponding provision is booked against the accrual through the consolidated statements of operations. At the time a loan is deemed non-performing and on a regular basis, the remaining principal is evaluated for collectability and an allowance is established for any shortfall between the net recoverable amount and the remaining principal balance.

A loan can be further downgraded to non-interest-earning when the collection of interest is so doubtful that further accrual of interest is deemed inappropriate. At that time and on a quarterly or more frequent basis thereafter depending on various risk factors, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectability and additional provisions are established as required. Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Write-offs occur due to the sale, settlement or restructuring of a loan, or when uncertainty as to the repayment of either principal or accrued interest exists. A loan may be restored to performing status when all delinquent principal and interest payments become current in accordance with the terms of the loan agreement and certain performance criteria are met.

Loans that are not already classified as non-performing or non-interest-earning but were modified in a troubled debt restructuring are reported as restructured loans. Generally, a restructured loan would have been considered impaired and an associated allowance for loan losses established prior to the restructuring. Loans that have been restructured in a troubled debt restructuring and are performing according to the new terms continue to accrue interest.

Loans

	Private Banking		Investment Banking		Credit Suisse[1]	
end of	2010	2009	2010	2009	2010	2009
Loans (CHF million)						
Mortgages	84,625	82,642	0	0	84,625	82,642
Loans collateralized by securities	24,552	21,778	0	0	24,552	21,778
Consumer finance	5,026	4,269	682	1,033	5,708	5,302
Consumer loans	114,203	108,689	682	1,033	114,885	109,722
Real estate	21,209	21,648	2,153	3,410	23,362	25,058
Commercial and industrial loans	39,812	37,081	14,861	22,535	54,673	59,616
Financial institutions	7,309	8,373	17,463	30,637	24,764	39,006
Governments and public institutions	1,131	1,134	1,076	4,064	2,207	5,198
Corporate and institutional loans	69,461[2]	68,236[2]	35,553	60,646	105,006	128,878
Gross loans	**183,664**	**176,925**	**36,235**	**61,679**	**219,891**	**238,600**
of which reported at fair value	–	–	18,552	36,246	18,552	36,246
Net (unearned income) / deferred expenses	(2)	21	(30)	(46)	(32)	(25)
Allowance for loan losses[3]	(782)	(937)	(235)	(458)	(1,017)	(1,395)
Net loans	**182,880**	**176,009**	**35,970**	**61,175**	**218,842**	**237,180**
Impaired loans (CHF million)						
Non-performing loans	626	676	335	621	961	1,297
Non-interest-earning loans	321	336	19	0	340	336
Total non-performing and non-interest-earning loans	947	1,012	354	621	1,301	1,633
Restructured loans	4	0	48	6	52	6
Potential problem loans	397	448	113	210	510	658
Total other impaired loans	401	448	161	216	562	664
Gross impaired loans[3]	**1,348**	**1,460**	**515**	**837**	**1,863**	**2,297**
of which loans with a specific allowance	1,164	1,141	487	805	1,651	1,946
of which loans without a specific allowance	184	319	28	32	212	351
Allowance for loan losses (CHF million)						
Balance at beginning of period[3]	**937**	**912**	**458**	**727**	**1,395**	**1,639**

Net movements recognized in statements of operations	26	118	(119)	197	(93)	315
Gross write-offs	(202)	(167)	(92)	(507)	(294)	(674)
Recoveries	40	43	23	20	63	63
Net write-offs	(162)	(124)	(69)	(487)	(231)	(611)
Provisions for interest	2	5	0	38	2	43
Foreign currency translation impact and other adjustments, net	(21)	26	(35)	(17)	(56)	9
Balance at end of period [3]	**782**	**937**	**235**	**458**	**1,017**	**1,395**
of which individually evaluated for impairment	585	704	164	280	749	984
of which collectively evaluated for impairment	197	233	71	178	268	411
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans [4]	0.5	0.6	2.0	2.4	0.6	0.8
Gross impaired loans / Gross loans [4]	0.7	0.8	2.9	3.3	0.9	1.1
Allowance for loan losses / Total non-performing and non-interest-earning loans [3]	82.6	92.6	66.4	73.8	78.2	85.4
Allowance for loan losses / Gross impaired loans [3]	58.0	64.2	45.6	54.7	54.6	60.7

1 Includes Asset Management and Corporate Center. 2 Of which CHF 47,912 million and CHF 47,597 million were secured by financial collateral and mortgages at the end of 2010 and 2009, respectively. 3 Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. 4 Excludes loans carried at fair value.

Potential problem loans are impaired loans not already classified as non-performing, non-interest earning or restructured loans where contractual payments have been received according to schedule, but where doubt exists as to the collection of future contractual payments. Potential problem loans are evaluated for impairment on an individual basis and an allowance for loan losses is established as necessary. Potential problem loans continue to accrue interest.

Gross impaired loans decreased CHF 434 million to CHF 1.9 billion in 2010. Total non-performing and non-interest-earning loans decreased CHF 332 million to CHF 1.3 billion and total other impaired loans decreased CHF 102 million to CHF 562 million. In Private Banking, the reduction of gross impaired loans to CHF 1.3 billion was mainly the result of reduced and written-off non-performing and non-interest-earning loans combined with the effect of fewer defaults in 2010. In Investment Banking, the reduction of CHF 322 million of gross impaired loans to CHF 515 million was mainly the result of a decline in non-performing loans, primarily relating to loan sales, repayments and reclassifications to non-impaired status.

Allowance for loan losses

We maintain valuation allowances on loans valued at amortized cost which we consider adequate to absorb losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. Allowance for loan losses are reviewed on a quarterly basis by senior management.

Allowance for inherent loan losses

In accordance with US GAAP, an inherent loss allowance is estimated for all loans not specifically identified as impaired, which, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking lending portfolio are determined based on current risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Provision for credit losses improved significantly, with releases of CHF 79 million in 2010 compared to net new provisions of CHF 506 million in 2009. In Private Banking, the net provision for credit losses in 2010 was CHF 18 million, compared to CHF 180 million in 2009. In Investment Banking, the release of provision for credit losses in 2010 was CHF 97 million, compared to net new provisions of CHF 326 million in 2009. In Investment Banking, the release of provision resulted primarily from loan sales and releases related to the reclassification of impaired loans to non-impaired status. Both in Private Banking and Investment Banking, the release of provision also resulted from a reduction of the inherent loan loss provision, partially offset by very few new or increased specific provisions due to the improved credit outlook.

Loans held-for-sale

Loans, which we have the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. As there is no liquid market for these loans, they do not meet the criteria for trading assets. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Traded loans

Traded loans are carried at fair value and meet the criteria for trading assets. These loans are secondary trading loans held with the intention to sell. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and CDS, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. Positive replacement values constitute a receivable, while >>> negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts, we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate swaps, CDS, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. CDS are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed upon notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The table below illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable >>>netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable and there is intent to settle net with the counterparty. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

	2010				2009			
end of / due within	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value
Derivative instruments (CHF billion)								
Interest rate products	38.9	175.0	269.0	482.9	51.0	204.9	269.5	525.4
Foreign exchange products	44.2	25.0	15.8	85.0	30.2	23.0	12.4	65.6
Precious metals products	1.6	0.8	0.0	2.4	1.2	0.9	0.1	2.2
Equity/index-related products	7.2	9.3	3.8	20.3	10.7	9.4	4.5	24.6
Credit derivatives	4.5	26.0	19.0	49.5	2.1	37.5	28.6	68.2
Other products	9.6	7.6	2.1	19.3	11.3	9.9	1.4	22.6
OTC derivative instruments	**106.0**	**243.7**	**309.7**	**659.4**	**106.5**	**285.6**	**316.5**	**708.6**
Exchange-traded derivative instruments				22.4				4.5
Netting agreements [1]				(631.4)				(656.0)
Total derivative instruments				**50.4**				**57.1**
of which recorded in trading assets				47.7				55.1
of which recorded in other assets				2.7				2.0

1 Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2010	2009

Derivative instruments (CHF billion)		
AAA	5.5	5.9
AA	11.9	12.3
A	15.3	13.1
BBB	7.9	9.9
BB or lower	8.2	11.8
OTC derivative instruments	48.8	53.0
Exchange-traded derivative instruments [1]	1.6	4.1
Total derivative instruments [1]	**50.4**	**57.1**

1 Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

For further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes, refer to *Note 30 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group*.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We therefore manage operational risk differently from market and credit risk. We believe that effective management of operational risk requires a common firm-wide framework with ownership residing with the management responsible for the relevant business process.

Under this framework, each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk functions at the divisional and Group levels.

The central BORO team within the CRO function focuses on the coordination of consistent policy, tools and practices throughout the firm for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations.

Business divisions and Shared Services specialist operational risk teams are responsible for the implementation of the operational risk management framework, tools, reporting and methodologies within their areas as well as working with management on any operational risk issues that arise.

Operational risk issues, metrics and exposures are discussed at the quarterly CARMC meetings covering operational risk and at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of firm-wide tools for the management and reporting of operational risk. These include risk and control self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

We have employed the same methodology to calculate economic capital for operational risk since 2000, and have approval from FINMA to use a similar methodology for the >>>advanced measurement approach (AMA) under the >>>Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating >>> haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a vetting of the proposal by senior management and, by agreement, its subsequent referral to one of the four regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Responsibility Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society.

Balance sheet, off-balance sheet and other contractual obligations

As of the end of 2010, our balance sheet was stable at CHF 1,032.0 billion compared to the end of 2009. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

			end of	% change	
	2010	2009	2008	10 / 09	09 / 08
Assets (CHF million)					
Cash and due from banks	65,467	51,857	90,035	26	(42)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	220,443	209,499	269,028	5	(22)
Trading assets	324,704	332,238	342,778	(2)	(3)
Net loans	218,842	237,180	235,797	(8)	1
Brokerage receivables	38,769	41,960	57,498	(8)	(27)
All other assets	163,780	158,693	175,214	3	(9)
Total assets	**1,032,005**	**1,031,427**	**1,170,350**	0	(12)
Liabilities and equity (CHF million)					
Due to banks	37,493	36,214	58,183	4	(38)
Customer deposits	287,564	286,694	296,986	0	(3)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	168,394	191,687	243,370	(12)	(21)
Trading liabilities	133,997	133,481	154,465	0	(14)
Long-term debt	173,752	159,365	150,714	9	6
Brokerage payables	61,746	58,965	93,323	5	(37)
All other liabilities	126,044	116,693	126,088	8	(7)
Total liabilities	**988,990**	**983,099**	**1,123,129**	1	(12)
Total shareholders' equity	**33,282**	**37,517**	**32,302**	(11)	16
Noncontrolling interests	9,733	10,811	14,919	(10)	(28)
Total equity	**43,015**	**48,328**	**47,221**	(11)	2
Total liabilities and equity	**1,032,005**	**1,031,427**	**1,170,350**	0	(12)

Balance sheet

Total assets were CHF 1,032.0 billion as of the end of 2010, stable from the end of 2009. Increases of CHF 13.6 billion, or 26%, in cash and due from banks reflected higher deposits with the Fed, partially offset by the foreign exchange translation impact of US dollar and euro denominated assets. There were increases of CHF 10.9 billion, or 5%, in central bank funds sold, securities purchased under resale agreements and securities borrowed transactions, and CHF 5.1 billion, or 3%, in all other assets. These increases were offset by declines of CHF 18.3 billion, or 8%, in net loans, reflecting significant decreases in Investment Banking that included the impact from the consolidation of Alpine in the first quarter of 2010, partially offset by increases in Private Banking, and CHF 7.5 billion, or 2%, in trading assets and CHF 3.2 billion, or 8%, in brokerage receivables.

The increase in all other assets included an increase of CHF 12.3 billion, or 85%, in assets held-for-sale, driven by the consolidation of VIEs under new accounting guidance effective January 1, 2010, partially offset by the US dollar translation impact, and an increase of CHF 4.6 billion, or 12%, in securities received as collateral, partially offset by a decline of CHF 7.5 billion, or 31%, in other investments and a decline of CHF 2.8 billion, or 25%, in investment securities.

Total liabilities were CHF 989.0 billion as of the end of 2010, stable from the end of 2009. An increase of CHF 14.4 billion, or 9%, in long-term debt was primarily due to CHF 19.7 billion of non-recourse liabilities from consolidated VIEs, partially offset by the foreign exchange translation impact. All other liabilities increased CHF 9.4 billion, or 8%. These increases were offset by declines of CHF 23.3 billion, or 12%, in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions.

The increase in all other liabilities included an increase of CHF 14.1 billion in short-term borrowings to CHF 21.7 billion from CHF 7.6 billion due to the issuance of US dollar-denominated certificates of deposit and CP, reflecting the strengthening of the liquidity buffer. The increase also included CHF 4.6 billion in obligation to return securities received as collateral. The increases were offset by decreases of CHF 4.5 billion in cash collateral on derivative instruments and CHF 1.9 billion in failed sales.

For more information, including our funding of the balance sheet and the leverage ratio, refer to *Treasury management – Funding and Treasury management – Capital management*.

Off-balance sheet

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used freestanding derivative products include interest rate, cross-currency and credit default swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. Positive replacement values constitute a receivable, while negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

For further information on derivatives, refer to *Risk management – Credit risk and Note 30 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group*.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity's failure to perform, or we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of its employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax or intellectual property matters, from the acquirer to the seller. We closely monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

For disclosure of our estimable maximum payment obligations under certain guarantees and related information, refer to *Note 31 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group*.

Representations and warranties on mortgages

In connection with Investment Banking's sale of residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac (GSEs); institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

For further information, refer to *Note 31 – Guarantees and commitments – Representations and warranties on mortgages in V – Consolidated financial statements – Credit Suisse Group*.

Involvement with special purpose entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and are generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

As a normal part of our business, we engage in various transactions that include entities which are considered VIEs and are broadly grouped into three primary categories: collateralized debt obligations, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs for which we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. At each balance sheet date, VIEs are reviewed for events that may trigger reassessment of the entities' classification and/or consolidation. Application of the accounting requirements for consolidation of VIEs may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs.

For further information, refer to *Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group*.

We have raised hybrid tier 1 capital through the issuance of trust preferred securities by SPEs that purchase subordinated debt securities issued by us. These SPEs have no assets or operations unrelated to the issuance, administration and repayment of the trust preferred securities and are not consolidated by us.

Contractual obligations and other commercial commitments

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Total long-term obligations increased CHF 13.9 billion in 2010 to CHF 179.7 billion, primarily reflecting an increase in long-term debt of CHF 14.4 billion, reflecting an increase of CHF 19.7 billion in non-recourse liabilities from consolidated VIEs, partially offset by the foreign exchange translation impact. For further information on long-term debt and the related interest commitments, refer to *Note 24 – Long-term debt in V –*

Consolidated financial statements – Credit Suisse Group. For further information on commitments, refer to *Note 31 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group*.

Short-term obligations increased CHF 19.5 billion in 2010 to CHF 542.5 billion, primarily reflecting an increase in short-term borrowings of CHF 14.1 billion to CHF 21.7 billion from CHF 7.6 billion due to the issuance of US dollar-denominated certificates of deposit and CP, reflecting the strengthening of the liquidity buffer, and an increase in brokerage payables of CHF 2.8 billion.

Contractual obligations and other commercial commitments

					2010	2009
Payments due within	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Long-term obligations (CHF million)						
Long-term debt [1]	25,589	51,513	32,263	64,387	173,752 [2]	159,365
Capital lease obligations	6	14	17	93	130	153
Operating lease obligations	583	950	723	2,234	4,490	4,546
Purchase obligations	575	667	51	14	1,307	1,744
Total long-term obligations [3]	**26,753**	**53,144**	**33,054**	**66,728**	**179,679**	**165,808**

1 For further information on long-term debt, refer to Treasury management – Debt issuances and Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group. 2 Includes non-recourse liabilities from consolidated VIEs of CHF 19,739 million. 3 Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 980 million and CHF 1,227 million as of December 31, 2010 and 2009, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. For further information on pension and other post-retirement benefits, refer to Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

Short-term obligations

end of	2010	2009
Short-term obligations (CHF million)		
Due to banks	37,493	36,214
Customer deposits	287,564	286,694
Trading liabilities	133,997	133,481
Short-term borrowings	21,683	7,645
Brokerage payables	61,746	58,965
Total short-term obligations	**542,483**	**522,999**

Corporate Governance and Compensation

Corporate Governance

Compensation

Corporate Governance

Overview

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. We also adapt our practices for developments in corporate governance principles and practices in jurisdictions outside Switzerland. Some of the major developments with respect to corporate governance during 2010 include:

– the adoption of the Dodd-Frank Wall Street Reform and Consumer Protection Act in the US, including provisions for corporate governance and executive compensation;

– revisions made to the UK Financial Services Authority's (FSA) remuneration code;

– the publication of the Basel Committee on Banking Supervision's principles for enhancing corporate governance; and

– the issuance by the Committee of European Banking Supervisors of guidelines on remuneration policies and practices for the EU.

For the Group, these 2010 corporate governance developments primarily impacted our compensation policy and practices. For further information, refer to *Compensation*.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of >>>American Depositary Shares (ADS). As a result, we are subject to certain US rules and regulations. Moreover, we adhere to the NYSE's Corporate Governance Listing Standards (NYSE standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE:

– Approval of employee benefit plans: the NYSE standards require shareholder approval of the establishment of, and material revisions to, all equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.

– Risk assessment and risk management: the NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE independence requirements, our Risk Committee may include non-independent members.

– Independence of nominating and corporate governance committee: the NYSE standards require that all members of the nominating and corporate governance committee be independent, while the Group's Chairman's and Governance Committee may include non-independent members.

– Reporting: the NYSE standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.

– Appointment of the external auditor: the NYSE standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by our shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.

Corporate governance framework

Our corporate governance policies and procedures are defined in a series of documents. The Board has adopted the Corporate Governance Guidelines, which form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail. Our corporate governance documents, all of which are available on our website at *www.credit-suisse.com/governance*, include:

– Articles of Association (AoA): define the purpose of the business, the capital structure and the basic organizational framework. The AoA of the Group is dated January 31, 2011 and the AoA of the Bank is dated August 5, 2010.

– Organizational Guidelines and Regulations (OGR): define the responsibilities and sphere of authority of the various bodies within the Group, as well as the relevant reporting procedures.

– Corporate Governance Guidelines of Credit Suisse Group AG: summarize certain principles promoting the function of the Board and its committees and the effective governance of the Group.

– Board of Directors Charter: outlines the organization and responsibilities of the Board.

– Board committee charters: define the organization and responsibilities of the committees.

– Code of Conduct: defines the Group's ethical values and professional standards that all directors and employees are required to follow. The Code of Conduct was revised in 2010 and puts additional emphasis on adherence of our employees to all relevant laws, regulations, and policies, in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking. The amended Code of Conduct was approved by the Board in December 2010 and is available on our website at *www.credit-suisse.com/code*. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including provisions on ethics for our

Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers or exceptions are permissible under our Code of Conduct.

– Compensation policy: developed during 2010 to provide a foundation for the development of sound compensation plans and practices that support the Group's long-term strategic objectives. Our compensation policy is available on our website at *www.credit-suisse.com/compensation*.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich under the registration numbers CH-020.3.906.075-9 (as of March 3, 1982) and CH-020.3.923.549-1 (as of April 4, 1883), respectively, and have their registered and main offices at Paradeplatz 8, 8070 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as set forth of Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. The AoA of the Group and the Bank set forth their powers to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing and to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of three operating divisions: Private Banking, Investment Banking and Asset Management. The three divisions are complemented by Shared Services and a regional management structure. For further information on our structure, refer to *I – Information on the company*.

A detailed review of our operating results can be found in II – Operating and financial review. For a list of significant subsidiaries and associated entities, refer to *Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group*. The Group is listed on the SIX (Swiss Security Number 1213853, with a market capitalization of CHF 44,683 million as of December 31, 2010), and, with the exception of Neue Aargauer Bank AG (NAB), Aarau, Switzerland, no other subsidiaries have shares listed on the SIX or any other stock exchange. In the third quarter of 2010, the Group launched a tender offer to acquire the approximately 1.4% of shares of NAB not owned by the Group. The tender offer amounted to CHF 37.5 million, which the NAB board of directors unanimously recommended to accept. As of November 17, 2010, the Group owned 99.95% of the share capital of NAB following its tender offer for shares not owned by the Group. The Group has applied for the cancellation of the remaining shares pursuant to Art. 33 of the Swiss Federal Act on Stock Exchanges and Securities Trading. Transfer of ownership of the remaining shares will take place in the first quarter of 2011, after which NAB will no longer be listed as a separate entity on the SIX.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes the duties of care and loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions. In addition, Swiss law contains a provision pursuant to which payments made to a shareholder or a director or any person associated with them (for example, family members, business partners, agents or financing providers), other than at arm's length, must be repaid to the corporation if the shareholder or director was not acting in good faith.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders' resolution required.

Employees

As of December 31, 2010, we had 50,100 employees worldwide, of which 21,700 were in Switzerland and 28,400 were abroad.

The number of employees increased by 2,500 full-time equivalents, or 5%, compared to the end of 2009. Private Banking and Investment Banking increased their workforces during 2010, mainly IT employees, reflecting an investment in our growth markets and businesses, expansion of fixed income sales and underwriting, advisory, prime services and cash equities businesses in Investment Banking and client-facing businesses in Private Banking.

Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good. For further information, refer to *I – Information on the company*.

Number of employees

end of	2010	2009	% change
Number of employees (full-time equivalents)			
Private Banking	25,600	24,300	5
Investment Banking	20,700	19,400	7
Asset Management	2,900	3,100	(6)
Corporate Center	900	800	13
Number of employees	**50,100**	**47,600**	5
of which Switzerland	21,700	20,900	4
of which abroad	28,400	26,700	6

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All shareholders registered in our share register receive an invitation to our AGM including an order form to receive the annual report and other reports. Each registered shareholder also receives a quarterly shareholders' letter providing an overview on our performance in a short and concise format. In addition, we produce detailed quarterly reports on our financial performance, which shareholders can elect to receive.

All of these reports and other information can be found on our website at *www.credit-suisse.com/investors*.

Articles of Association

For a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares, refer to *Shareholders* and *Additional information*. That description does not purport to be complete and is qualified in its entirety by reference to the Swiss Code of Obligations and the AoA. The Group's and Bank's AoA are available on our website *www.credit-suisse.com/articles*.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as our director or employee, one of our affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

Shareholders

Capital structure

Our total issued share capital as of December 31, 2010 was CHF 47,446,977 divided into 1,186,174,442 registered shares, with a nominal value of CHF 0.04 per Group share. Our shares are listed on the SIX and in the form of ADS on the NYSE. For information on the shareholder rights associated with our shares, refer to *Shareholder rights*.

For information on changes to share capital and authorized and conditional capital during the year, refer to *Note 7 – Share capital, conditional and authorized capital of Credit Suisse Group in VI – Parent company financial statements – Credit Suisse Group* and our AoA (Articles 26, 26b-c and 27). For the previous year's information, refer to the Credit Suisse Annual Report 2009.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on the composition of our shareholder base including information on shares that are not registered in the share register. According to this data, our shareholder base as of December 31, 2010 was comprised of 11% private investors, 79% institutional investors and 10% other investors, including hedge funds. The geographical break down of our institutional investors is as follows: 20% Switzerland, 9% other continental Europe, 15% the UK and Ireland, 41% the US and 15% the rest of the world.

As of December 31, 2010, 146,900 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2010, 55 million, or 4.7%, of the issued shares were in the form of ADS. Another 12 million, or 1.1%, of the issued shares were registered in the name of US domiciled shareholders (excluding nominees) as of December 31, 2010.

The information provided in the following tables reflects the distribution of Group shares as registered in our share register.

Distribution of Group shares in the share register

	2010				2009			
end of	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	129,333	88	110,771,741	9	132,304	92	106,500,019	9
Foreign	12,096	8	11,852,180	1	5,790	4	6,835,913	1
Private investors	141,429	96	122,623,921	10	138,094	96	113,335,932	10
Swiss	4,645	3	133,663,669	11	4,637	3	121,043,988	10
Foreign	826	1	517,265,377	44	991	1	501,610,878	42
Institutional investors	5,471	4	650,929,046	55	5,628	4	622,654,866	53
Shares registered in share register	**146,900**	**100**	**773,552,967**	**65**	**143,722**	**100**	**735,990,798**	**62**
of which Switzerland	133,978	91	244,435,410	21	136,941	95	227,544,007	19
of which Europe	11,404	8	266,308,720	22	5,266	4	332,221,873	28
of which US	259	0	162,486,114	14	329	0	106,675,117	9
of which Other	1,259	1	100,322,723	8	1,186	1	69,549,801	6
Shares not registered in share register	**–**	**–**	**412,621,475**	**35**	**–**	**–**	**449,379,384**	**38**
Total shares issued	**–**	**–**	**1,186,174,442**	**100**	**–**	**–**	**1,185,370,182**	**100**

Distribution of institutional investors in share register by industry

	2010				2009			
end of	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Institutional investors by industry								
Banks	44	0	2,149,606	0	49	0	2,276,369	0
Insurance companies	104	0	11,543,941	1	98	0	7,770,558	1
Pension funds	961	1	32,465,565	3	1,107	1	38,868,206	3

Investment trusts	400	0	71,096,802	6	424	0	73,710,776	6
Other trusts	856	1	6,277,961	1	824	1	3,819,398	0
Governmental institutions	12	0	5,964,710	1	9	0	9,091,148	1
Other [1]	2,877	2	169,526,525	14	2,897	2	148,663,825	13
Direct entries	**5,254**	**4**	**299,025,110**	**25**	**5,408**	**4**	**284,200,280**	**24**
Fiduciary holdings	**217**	**0**	**351,903,936**	**30**	**220**	**0**	**338,454,586**	**29**
Total institutional investors	**5,471**	**4**	**650,929,046**	**55**	**5,628**	**4**	**622,654,866**	**53**

1 Includes various other institutional investors for which a breakdown by industry type was not available.

Significant shareholders

Under Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has the obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides an overview of the holdings of our significant shareholders from the most recent disclosure notifications. In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA at the time of the disclosure notification. For more information, refer to *Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group*. The full text of all notifications can be found on our website at *www.credit-suisse.com/shareholders*.

Significant shareholders

	Date of most recent notification	Approximate shareholding %
December 31, 2010		
The Olayan Group (registered entity – Crescent Holding GmbH)	February 1, 2010	6.60
Qatar Investment Authority (registered entity – Qatar Holding Netherlands B.V.)	August 27, 2010	6.17
Black Rock Inc.	December 1, 2009	3.75
Koor Industries Ltd.	February 9, 2010	3.12
Capital Group Companies, Inc.		3.08

February 25, 2010

The Group also holds significant positions in its own shares, which are subject to the same disclosure requirements as significant external shareholders. These positions fluctuate and primarily reflect market making and satisfying obligations under our employee compensation plans. On December 23, 2010, we disclosed that our holdings amounted to 7.96%, of which 1.48% was in the form of registered shares and 6.47% was in the form of >>>derivatives (share acquisition rights and granted share sale rights) and that our holdings of sales positions amounted to 2.77%. Shares held by the Group have no voting rights. For information on trading on own shares, refer to *IX – Additional information – Other information – Trading in our own shares*.

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. For further information, refer to our AoA, which is available on our website at *www.credit-suisse.com/articles.*

Voting rights and transfer of shares
There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies.

The restrictions on voting rights do not apply to:

– the exercise of voting rights by the Group proxy or by the independent proxy as designated by the Group or by persons acting as proxies for deposited shares;

– shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA) and the relevant ordinances and regulations have been fulfilled; or

– shares that are registered in the name of a nominee, provided that this nominee is willing to furnish us on request the name, address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital and confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer of shares is executed by a corresponding entry in the custody records of a bank or depositary institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the transferor, the bank or the depositary institution.

Annual General Meeting

Under Swiss law, the AGM must be held within six months after the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Commercial Gazette at least 20 days prior to the meeting.

Shares only qualify for voting at an AGM if entered in the share register with voting rights no later than three days prior to an AGM.

Convocation of shareholder meetings

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an extraordinary shareholders' meeting must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the extraordinary shareholders' meeting.

Request to place an item on the agenda

Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be put on the agenda and voted upon at the next AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums

The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA.

Shareholders' resolutions that require a vote by a majority of the votes represented include:

– amendments to the AoA, unless a supermajority is required;

– election of directors and statutory auditors;

– approval of the annual report and the statutory and consolidated accounts; and

– determination of the appropriation of retained earnings.

A quorum of at least two thirds of the votes represented is required for resolutions on:

– change of the purpose of the company;

– creation of shares with increased voting powers;

– implementation of transfer restrictions on shares;

– authorized or conditional increase in the share capital;

– increase of capital by way of conversion of capital surplus or by contribution in kind;

– restriction or suspension of pre-emptive rights;

– change of location of the principal office; and

– dissolution of the company without liquidation.

A quorum of at least half of the total share capital and approval by at least three quarters of the votes represented is required for resolutions on:

– the conversion of registered shares into bearer shares;

– amendments to the AoA relating to registration and voting rights of nominee holders; and

– the dissolution of the company.

A quorum of at least half of the total share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Commercial Gazette. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 15 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one ordinary AGM to the close of the next ordinary AGM. While the AoA do not provide for any age or term limitations, our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in certain circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation. None of our directors has a service contract with us or any of our subsidiaries providing for benefits upon termination of service.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed by the Board for a term of one year. An overview of the Board and committee membership is shown below. The composition of the Boards of the Group and the Bank is identical.

Members of Board and Board committees

	Board member since	Current term end	Independence	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
December 31, 2010							
Hans-Ulrich Doerig, full-time Chairman	2003	2011	Independent	Chairman	–	–	–
Urs Rohner, full-time Vice-Chairman	2009	2012	Not independent	Member	–	–	Member
Peter Brabeck-Letmathe, Vice-Chairman	1997	2011	Independent	Member	–	Member	–
Jassim Bin Hamad J.J. Al Thani [1]	2010	2013	Not independent	–	–	–	Guest[2]
Robert H. Benmosche [1]	2010	2013	Independent	–	–	Member	–
Noreen Doyle	2004	2013	Independent	–	–	–	Member
Walter B. Kielholz	1999	2012	Independent	–	–	Member	–
Andreas N. Koopmann	2009	2012	Independent	–	–	–	Member
Jean Lanier	2005	2011	Independent	–	Member	–	–
Anton van Rossum	2005	2011	Independent	–	–	–	Member
Aziz R.D. Syriani	1998	2012	Independent	Member	–	Chairman	–
David W. Syz	2004	2013	Independent	–	Member	–	–
Richard E. Thornburgh	2006	2012	Independent	Member	–	–	Chairman
John Tiner	2009	2012	Independent	–	Member	–	–
Peter F. Weibel	2004	2012	Independent	Member	Chairman	–	–

1 Appointed member as of the April 30, 2010 AGM. 2 Non-voting committee member.

As of the AGM on April 30, 2010, Ernst Tanner stepped down as a member of the Board and Jassim Bin Hamad J.J. Al Thani and Robert H. Benmosche were elected as new members. The Board proposes the following members to be re-elected to the Board as of the AGM on April 29, 2011: Peter Brabeck-Letmathe, Jean Lanier and Anton van Rossum. Vice-Chairman Urs Rohner will succeed Hans-Ulrich Doerig as Chairman.

Board composition

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on criteria established by the committee. The committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Board also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad and having held leading positions in government and international organizations. The Board is composed of individuals with diverse experience, geographic origin and tenure.

To maintain a high degree of diversity and independence in the future, we have a succession planning process in place to identify potential candidates for the Board at an early stage. With this, we are well prepared when Board members rotate off the Board. Besides more formal criteria consistent with legal and regulatory requirements, we believe that other aspects including team dynamics and personal reputation of Board members play a critical role to ensure the effective functioning of the Board. This is why we place utmost importance on the right mix of personalities which also are fully committed to making their blend of specific skills and experience available to the Board.

New members

Any newly appointed director participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. The Board and the committees of the Board regularly ask a specialist within the Group to speak about a specific topic to improve the Board members' understanding of issues that already are or may become of particular importance to our business.

Meetings

In 2010, the Board held six full-day meetings in person and two additional meetings. From time to time, the Board may also take certain urgent decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions, without management present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

in 2010	Board of Directors	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
Total number of meetings held	8	9	9	8	6
Number of members who missed no meetings	10	2	2	3	4
Number of members who missed one meeting	6	3	2	1	1
Number of members who missed two or more meetings	0	1	1	0	0
Meeting attendance, in %	95	91	89	96	97

Meeting attendance
The members of the Board are expected to attend all meetings of the Board and the committees on which they serve. The Chairman may approve exceptions. The Chairman and the full-time Vice-Chairman attend selected committee meetings as guests. The meeting attendance statistics for the Board and committee meetings are shown in the "Meeting attendance" table.

Independence

The Board consists solely of directors who have no executive functions within the Group. As of December 31, 2010, 13 members of the Board were deemed independent, and two members, Urs Rohner and Jassim bin Hamad J.J. Al Thani, were deemed not independent. In its independence determination, the Board takes into account the factors set forth in the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. In general, a director is considered independent if the director:

– is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries;

– is not and has not been for the prior three years an employee or affiliate of our external auditor; and

– does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries.

Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. The length of tenure a Board member has served is not a criterion for independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital. Board members with immediate family members who would not qualify as independent are also not considered independent. Our definition of independence is in line with the Swiss Code of Best Practices and the NYSE definitions. In addition to measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether other commitments of an individual Board member prevent the person from devoting enough time to his or her Board mandate.

Whether or not a relationship between the Group and a member of the Board is considered material depends in particular on the following factors:

– the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;

– the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;

– whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;

– whether the transactions are performed in the ordinary course of business; and

– whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

Urs Rohner, full-time Vice-Chairman, was deemed not independent due to his former role as Chief Operating Officer (COO) and General Counsel of the Group until the AGM in April 2009. Jassim bin Hamad J.J. Al Thani, Chairman of Qatar Investment Bank, was deemed not independent due to the scope of various business relationships between the Group and Qatar Investment Authority (QIA), a state-owned company that has close ties to the Al Thani family, and between the Group and the Al Thani family. The Group has deemed these various business relationships could constitute a material business relationship.

The Group is a global financial services provider. Many of the members of the Board or companies associated with them maintain banking relations with us. With the exception of the transactions described below and in *Compensation – Loans to members of the Board*, all relationships with members of the Board or such companies are in the ordinary course of business and are entered into on an arm's length basis. For further information on relationships with members of the Board, refer to *Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group*.

In February 2011, we entered into definitive agreements with affiliates of QIA and The Olayan Group, which have significant holdings of Group shares, to issue an aggregate of CHF 5.9 billion Tier 1 Buffer Capital Notes for cash or in exchange for tier 1 capital notes issued in 2008. The purchase or exchange will occur no earlier than October 2013, the first call date of the Tier 1 Capital Notes. The Tier 1 Buffer Capital Notes will be converted into our ordinary shares if our reported common equity tier 1 ratio falls below 7%. For more information about the terms of the transaction, refer to *III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management – Capital issuances*. The Group determined that this was a material transaction and deemed QIA and The Olayan Group to be related parties of Jassim bin Hamad J.J. Al Thani and Aziz R. D. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the transaction. The Group and the Board (except for Jassim bin Hamad J.J. Al Thani and Aziz R. D. Syriani, who recused themselves) determined that the terms of the transaction, given its size, the nature of the contingent buffer capital, for which there was no established market, and the terms of the tier 1 capital notes issued in 2008 and held by QIA and The Olayan Group, were fair.

Chairman of the Board

The Chairman coordinates the work of the Board and its committees and ensures that the Board members are provided with the information relevant for performing their duties. The Chairman has no executive function within the Group. With the exception of the Chairman’s and Governance Committee, the Chairman is not a member of any of the Board’s standing committees. However, he may attend all or part of selected committee meetings, as well as the meetings of the Executive Board, as a guest. The Chairman is actively involved in developing the strategic business plans and objectives of the Group. Furthermore, he works closely with the CEO in establishing succession plans for key management positions.

The Chairman takes an active role in representing the Group to the general public, regulators, investors, industry associations and other stakeholders.

Board responsibilities

In accordance with the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results, risk and capital situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as deemed appropriate or requested. In order to appropriately discharge its responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group’s expense, to engage independent legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority. The Board performs a self-assessment once a year, where it reviews its own performance and sets objectives and a work plan for the coming year.

Board committees

At each Board meeting, the committee chairmen report to the Board about their activities. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman’s and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the Vice-Chairmen and the chairmen of the committees of the Board and other members appointed by the Board. It may include non-independent members.

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets eight to ten times per year. The meetings are usually attended by the CEO. It is at the Chairman's discretion to ask other members of management or specialists to attend a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and supports him in the preparation of the Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of corporate governance guidelines, which are then recommended to the Board for approval. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the Group's internal criteria, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman does not participate in the discussion of his own performance. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent.

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to additional independence requirements. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee.

In addition, the US Securities and Exchange Commission (SEC) requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that Peter F. Weibel and John Tiner are audit committee financial experts.

Pursuant to its charter, the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and conference calls throughout the year. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. At most Audit Committee meetings, a private session with Internal Audit and the external auditors is scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present. The Head of Internal Audit reports directly to the Chairman of the Audit Committee.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

– monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;

– monitoring processes designed to ensure an appropriate internal control system, including compliance with legal and regulatory requirements;

– monitoring the qualifications, independence and performance of the external auditors and of Internal Audit; and

– monitoring the adequacy of financial reporting processes and systems of internal accounting and financial controls.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as significant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries to audit and certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it critically reviews its own performance and determines objectives, including any special focus objectives, and a work plan for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent.

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled at any time. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. Other duties and responsibilities of the Compensation Committee include reviewing newly established compensation plans or amendments to existing plans and recommending them to the Board for approval. The Chairman of the Compensation Committee decides on the attendance of management or others at the committee meetings.

The Compensation Committee is assisted in its work by external legal counsel and an independent global compensation consulting firm, Johnson Associates, Inc. Johnson Associates does not provide other services to the Group other than assisting the Compensation Committee. For information on our compensation approach, principles and objectives, refer to *Compensation – Compensation governance*. The Compensation Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee’s objectives and determines any special focus objectives for the coming year.

Risk Committee

The Risk Committee consists of not fewer than three members. It may include non-independent members.

The Risk Committee has its own charter, which has been approved by the Board, and holds at least four meetings a year. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The Chairman of the Risk Committee invites members of management or others to attend the committee meetings, as appropriate.

The Risk Committee's main duties are to assist the Board in assessing the different types of risk to which we are exposed, as well as our risk management structure, organization and processes. The Risk Committee approves selected risk limits and makes recommendations to the Board regarding all of its risk-related responsibilities, including the review of major risk management and capital adequacy requirements. The Risk Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Biographies of the Board members

Hans-Ulrich Doerig
Born 1940 Swiss Citizen

Hans-Ulrich Doerig has been the full-time Chairman of the Board and the Chairman's and Governance Committee since 2009. Prior to that, he served as full-time Vice-Chairman of the Board and Chairman of the Risk Committee since 2003. He served as Vice-Chairman of the Group Executive Board from 1998 to 2003 and as CRO from 1998 until 2002. The Board has determined him to be independent under the Group's independence standards. Hans-Ulrich Doerig will remain Chairman until the AGM in April 2011 when he will be succeeded by the current full-time Vice-Chairman, Urs Rohner.

After completing his studies at the University of St. Gallen with degrees in economics and law, including a doctorate he received in 1968, and after five years at JP Morgan in New York, Mr. Doerig joined Credit Suisse in 1973. In 1982, he was appointed a member of the Executive Board of Credit Suisse with responsibility for the multinational division, securities trading, capital markets, corporate finance and commercial banking in Asia. From 1993 to 1996, he served as Vice-Chairman of the Board of Credit Suisse. In 1996, he became President of the Executive Board of Credit Suisse. During 1997, he served as CEO of Credit Suisse First Boston.

Mr. Doerig has been a member of the Board of Directors of the University of Zurich since 1998. He also serves on the Board of Directors of the International Red Cross museum in Geneva. Furthermore, he is a member of the supervisory bodies of several foundations and academic, arts, charitable and professional organizations, as well as the author of a number of publications on finance, education and management.

Urs Rohner

Born 1959 Swiss Citizen

Urs Rohner has been the full-time Vice-Chairman of the Board and a member of the Chairman's and Governance Committee and Risk Committee since the AGM in 2009. He was a member of the Executive Boards of Credit Suisse Group and Credit Suisse from 2004 to 2009 and served as General Counsel of Credit Suisse Group from 2004 to 2009 and as COO and General Counsel of Credit Suisse from 2006 to 2009. His term as a member of the Board expires at the AGM in 2012. Urs Rohner will succeed Hans-Ulrich Doerig in the position of Chairman at the AGM in April 2011. Due to his former executive function at Credit Suisse, the Board has determined that he is not independent under the Group's independence standards. For further information, refer to *Independence*.

Mr. Rohner studied law at the University of Zurich and graduated in 1983. He was admitted to the bar of the canton of Zurich in 1986 and to the bar of the state of New York in 1990. From 1983 to 1988, he was an attorney with the law firm Lenz & Stähelin in Zurich and, between 1988 and 1989, with Sullivan & Cromwell LLP in New York. From 1990 to 1999, he was a partner at Lenz & Stähelin. Between 2000 and 2004, Mr. Rohner served as Chairman of the Executive Board and CEO of ProSiebenSat.1 Media AG.

Mr. Rohner is a member of the Board of Directors of the Institute of International Finance and of the Institute International d'Etudes Bancaires and served on the Committee of Experts of the Swiss Federal Council on limiting economic risk associated with large companies. Mr. Rohner is also a member of the Board of Directors of the Zurich Opera House and a member of the Board of Trustees of the Lucerne Festival.

Peter Brabeck-Letmathe
Born 1944 Austrian Citizen

Peter Brabeck-Letmathe has been Vice-Chairman of the Board since 2008, a function he also held from 2000 to 2005. He has been a member of the Board since 1997. He has served on the Compensation Committee and the Chairman's and Governance Committee since 2008 and has been a member of both committees at previous times. He served from 2000 to 2005 on the Compensation Committee and from 2003 to 2005 on the Chairman's and Governance Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe studied economics at the University of World Trade in Vienna. After graduating in 1968, he joined Nestlé's sales operations in Austria. His career at Nestlé SA includes a variety of assignments in several European countries as well as in Latin America. Since 1987, he has been based at Nestlé's headquarters in Vevey. Mr. Brabeck-Letmathe has been the Chairman of the Board of Directors of Nestlé SA since 2005. From 1997 to 2008, he was also the CEO of Nestlé SA.

Mr. Brabeck-Letmathe has been a member of the Boards of Directors of L'Oréal SA, Paris, since 1997 and Exxon Mobil Corporation and Delta Topco (Formula 1) both since 2010. He is also a member of the Foundation Board of the World Economic Forum and a member of the European Round Table of Industrialists.

Jassim Bin Hamad J.J.
Al Thani
Born 1982 Qatar Citizen

Jassim Bin Hamad J.J. Al Thani has been a member of the Board since 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be not independent under the Group's independence standards. For further information, refer to *Independence*.

Since April 2005, Mr. Al Thani has been Chairman of the Board of Directors of Qatar Islamic Bank. He is also the Chairman of: QInvest, the first Islamic investment bank founded in Qatar; European Finance House, an Islamic investment bank founded by the Qatar Islamic Bank in London; Al Zaman Islamic Insurance Co.; and Q-RE LLC, an insurance and reinsurance company. He is a member of the Board of Directors of Qatar Navigation Company, Qatar Insurance Company and ARCAPITA Bank and the CEO of Special Projects Company, Qatar, a family enterprise.

Mr. Al Thani completed his studies in the State of Qatar and graduated as an Officer Cadet from the Royal Military Academy, Sandhurst, UK.

Robert H. Benmosche
Born 1944 US Citizen

Robert H. Benmosche has been a member of the Board since 2002 and a member of the Compensation Committee since 2003. In August 2009, Mr. Benmosche stepped down as a member of the Board as a result of his appointment as President and CEO of American International Group, Inc. (AIG). Changes in AIG's business made it possible for Mr. Benmosche to rejoin the Board in April 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

Mr. Benmosche is the President and CEO of AIG, New York. He was the Chairman of the Board and the CEO of MetLife, Inc., New York, from the demutualization of the company in 2000, and of Metropolitan Life Insurance Company, New York, from 1998 until his retirement in 2006. Before joining MetLife in 1995, Mr. Benmosche was with PaineWebber, New York, for 13 years. He received a BA degree in Mathematics from Alfred University, New York, in 1966.

Mr. Benmosche does not hold any other significant board memberships.

Noreen Doyle
Born 1949 Irish and US Citizen

Noreen Doyle has been a member of the Board since 2004 and a member of the Risk Committee since 2009. During 2007 and 2008, she served on the Audit Committee and from 2004 to 2007, she served on the Risk Committee. Her term as a member of the Board expires at the AGM in 2013. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was the First Vice President and Head of Banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. She joined the EBRD in 1992 as Head of Syndications, was appointed Chief Compliance Officer in 1994 and became Deputy Vice President of Risk Management in 1997. Prior to joining the EBRD, Ms. Doyle spent 18 years at Bankers Trust Company with assignments in Houston, New York and London.

Ms. Doyle received a BA in Mathematics from The College of Mount Saint Vincent, New York, in 1971, and an MBA from Dartmouth College, New Hampshire, in 1974.

Ms. Doyle currently serves on the Boards of Directors of the Newmont Mining Corporation, QinetiQ Group Plc, a UK-based defense technology and security company, and Rexam Plc, a global consumer packaging company, all since 2005. Moreover, she is a member of the Advisory Board of the Macquarie European Infrastructure Fund and the Macquarie Renaissance Infrastructure Fund.

Walter B. Kielholz
Born 1951 Swiss Citizen

Walter B. Kielholz has been a member of the Board since 1999 and a member of the Compensation Committee since 2009. He served as Chairman of the Board and the Chairman's and Governance Committee from 2003 to 2009 and as Chairman of the Audit Committee from 1999 to 2002. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Kielholz studied business administration at the University of St. Gallen and graduated in 1976 with a degree in Business Finance and Accounting.

Mr. Kielholz's career began at the General Reinsurance Corporation, Zurich, in 1976. After working in the US, the UK and Italy, Mr. Kielholz assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, responsible for client relations with large insurance groups in the Multinational Services department.

Mr. Kielholz joined Swiss Re, Zurich, in 1989. He became a member of Swiss Re's Executive Board in 1993 and was Swiss Re's CEO from 1997 to 2002. A board member since 1998, he became the Executive Vice-Chairman of the Board of Directors of Swiss Re in 2003, Vice-Chairman in 2007 and since May 2009, he has served as the Chairman.

Mr. Kielholz is a Board of Directors member of the Geneva Association, the European Financial Roundtable and the Institute of International Finance. From 1998 to 2005 and again since 2009, Mr. Kielholz is a member of the International Business Leader Advisory Council and a member of the International Advisory Panel, advising the Monetary Authority of Singapore's financial section on reforms and strategies. In addition, Mr. Kielholz is a member and former Chairman of the Supervisory Board of Avenir Suisse. Mr. Kielholz is a member of the Zurich Friends of the Arts, the Lucerne Festival Foundation Board and Chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.

Andreas N. Koopmann
Born 1951 Swiss Citizen

Andreas N. Koopmann has been a member of the Board and the Risk Committee since the AGM in 2009. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

From 1982 to 2009, Mr. Koopmann held various leading positions at Bobst Group S.A., Lausanne, one of the world's leading suppliers of equipment and services to packaging manufacturers. He was a member of its Board of Directors from 1998 to 2002 and Group CEO, from 1995 to May 2009.

Mr. Koopmann holds a Master's Degree in Mechanical Engineering from the Swiss Federal Institute of Technology in Zurich and an MBA from IMD in Lausanne, Switzerland.

Since 2010, Mr. Koopmann is the Chairman of the Board of Directors of Alstom (Suisse) SA and a member of the Board of Directors of Georg Fischer AG. Since 2003, Mr. Koopmann is a member of the Board of Directors of Nestlé SA, its 1st Vice-Chairman and a member of its Chairman's and Corporate Governance Committee. Mr. Koopmann is also a member of the Board of Directors of the CSD Group, an engineering consultancy enterprise in Switzerland and serves as the Vice-Chairman of Swissmem, the association of Swiss Mechanical and Electrical Engineering Industries. From 1995 to 1999, he served as member of the Board of Directors of Credit Suisse First Boston. He was a member of Credit Suisse's Advisory Board from 1999 to 2007.

Jean Lanier
Born 1946 French Citizen

Jean Lanier has been a member of the Board and the Audit Committee since 2005. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former Chairman of the Managing Board and Group CEO of Euler Hermes, Paris. He also chaired boards of the principal subsidiaries of the group. He held these functions from 1998 until 2004. Prior to that, he was the COO and Managing Director of SFAC, which later became Euler Hermes SFAC, from 1990 to 1997, and of the Euler Group from 1996 to 1998.

Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983 and held, among others, the functions of Senior Vice President of Paribas Group Finance division and Senior Executive for North America of the Paribas Group in New York. In 1983, he joined the Pargesa Group, where he held the positions of President of Lambert Brussells Capital Corporation in New York, from 1983 to 1989, and Managing Director of Pargesa, based in Paris and Geneva, from 1988 to 1990.

Mr. Lanier holds a Masters of Engineering from the Ecole Centrale des Arts et Manufactures, Paris (1969), and a Masters of Sciences in Operations Research and Finance from Cornell University, New York (1970).

Mr. Lanier is the Chairman of the Boards of Directors for Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA and also serves on their respective audit and risk committees. He is a Chevalier de la Légion d'Honneur in France and a Member of the Board of the Foundation "La Fondation Internationale de l'Arche."

Aziz R.D. Syriani
Born 1942 Canadian Citizen

Aziz R.D. Syriani has been a member of the Board since 1998 and Chairman of the Compensation Committee since 2004. He has been a member of the Chairman's and Governance Committee since 2003 and served on the Audit Committee from 2003 to 2007. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Syriani holds a degree in Law from the University of St. Joseph in Beirut (1965) and a Master of Laws degree from Harvard University, Massachusetts (1972). He has been with The Olayan Group since 1978 and has served as the President since 1978 and the CEO since 2002. The Olayan Group is a private multinational enterprise engaged in distribution, manufacturing and global investment and a significant shareholder of the Group.

Mr. Syriani has served on the Board of Directors of Occidental Petroleum Corporation, Los Angeles, since 1983, where he is currently the Lead Independent Director and Chairman of the Audit Committee, as well as a member of the Executive and the Corporate Governance Committees.

David W. Syz
Born 1944 Swiss Citizen

David W. Syz has been a member of the Board and the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

After completing his studies at the Law School of the University of Zurich and receiving a doctorate from the same university in 1972 and an MBA at INSEAD, Fontainebleau, in 1973, Mr. Syz started his career as Assistant to the Director at the Union Bank of Switzerland in Zurich and subsequently held the equivalent position at Elektrowatt AG, Zurich. In 1975, he was appointed Head of Finance at Staefa Control System AG, Stäfa, and became Managing Director after four years. From 1982 to 1984, he was the CEO of Cerberus AG, Männedorf. In 1985, Mr. Syz returned to Elektrowatt AG as Director and Head of Industries and Electronics. In 1996, he was appointed CEO and Managing Director of Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen.

Appointed State Secretary in 1999, Mr. Syz took charge of the new State Secretariat for Economic Affairs, a function from which he retired in 2004.

Mr. Syz has been the Chairman of the Board of Directors of Huber & Suhner AG, Pfäffikon, since 2005, Vice-Chairman from 2004 to 2005, and the Chairman of the Board of Directors of ecodocs AG, Zollikon, since 2004. Moreover, he has been the Chairman of the Supervisory Board of the Climate Cent Foundation since 2005, an organization mandated with the implementation of the carbon dioxide reduction program according to the Kyoto Protocol.

Richard E. Thornburgh
Born 1952 US Citizen

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006 and the Chairman of the Risk Committee and a member of the Chairman's and Governance Committee since 2009. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Thornburgh has been Vice-Chairman of Corsair Capital, New York, a private equity investment company since 2006.

Mr. Thornburgh received a BBA from the University of Cincinnati, Ohio, in 1974, and an MBA from the Harvard Business School, Massachusetts, in 1976, and then began his investment banking career in New York with The First Boston Corporation, a predecessor firm of Credit Suisse First Boston. In 1995, Mr. Thornburgh was appointed Chief Financial and Administrative Officer and a member of the Executive Board of Credit Suisse First Boston. In 1997, he was appointed member of the Group Executive Board, where he served until 2005. From 1997 to 1999, Mr. Thornburgh was the CFO of Credit Suisse Group and, from 1999 to 2002, he was Vice-Chairman of the Executive Board of Credit Suisse First Boston. In addition, he performed the function of CFO of Credit Suisse First Boston from May 2000 through 2002. From 2003 to 2004, he was the CRO of Credit Suisse Group. In 2004, he was appointed Executive Vice-Chairman of Credit Suisse First Boston.

Mr. Thornburgh has also served on the Boards of Directors of New Star Financial Inc., Boston, since 2006, and CapStar Bank, Nashville, since 2008. Furthermore, he serves on the Executive Committee of the University of

Cincinnati Foundation and the Investment Committee of the University of Cincinnati.

John Tiner
Born 1957 British Citizen

John Tiner has been a member of the Board and the Audit Committee since the AGM in 2009. His term as member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Tiner is the CEO of Resolution Operations LLP, a privately owned advisory firm which provides services to Resolution Ltd., a company listed on the London Stock Exchange that acquires and restructures businesses in the life insurance, asset management, general insurance, banking and diversified general financial sectors to realize value for its shareholders. He has held this position since September 2008.

Mr. Tiner was previously CEO of the FSA, a position he held from 2003 to 2007. He initially joined the FSA in 2001 as Managing Director of the Consumer Insurance and Investment Directorate. While at the FSA, he was also a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Regulators and Chairman of the Committee of European Securities Regulators – Standing Committee on Accounting and Auditing. Before joining the FSA, Mr. Tiner was a Managing Partner at Arthur Andersen and was responsible for its worldwide financial services practice.

Mr. Tiner is a member of the Boards of Directors of Lucida Plc, a UK-based insurance company, and of Friends Provident Holdings and Friends Provident Plc, UK-based life and pension company, and a member of the Advisory Board of Corsair Capital, a private equity investment company. He is also a member of the Advisory Board of the Centre for Corporate Reputation and Visiting Fellow of Oxford University.

In recognition of his contribution to the financial services industry, Mr. Tiner was awarded Commander of the British Empire in 2008 and he was made an Honorary Doctor of Letters at his former college, Kingston University, in 2010.

Anton van Rossum
Born 1945 Dutch Citizen

Anton van Rossum has been a member of the Board since 2005 and a member of the Risk Committee since 2008. From 2005 to 2008, he served on the Compensation Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was the CEO of Fortis from 2000 to 2004. He was also a member of the Board of Directors of Fortis and chaired the boards of the principal subsidiaries of the group during this time.

Prior to that, Mr. van Rossum worked for 28 years with McKinsey and Company, where he led a number of top management consulting assignments with a focus on the banking and insurance sectors. He was elected Principal and a Director of the firm in 1979 and 1986, respectively.

Mr. van Rossum studied Economics and Business Administration at the Erasmus University in Rotterdam, where he obtained a bachelor's degree in 1965 and a master's degree in 1969.

Mr. van Rossum is a member of the Supervisory Board of Munich Re AG, an international re-insurance and primary insurance group, and chairs the Supervisory Board of Royal Vopak NV, Rotterdam, an international oil, chemicals and LNG storage group. In addition, he is a member of the Board of Directors of Solvay SA, Brussels, an international chemicals and plastics company, a member of the Supervisory Board of Rodamco Europe NV, Amsterdam, a commercial real estate investment group, and chairs the Supervisory Board of Erasmus University, Rotterdam. He also chairs the Board of Trustees of the Netherlands Economics Institute and sits on the boards of several cultural, philanthropic and educational institutions.

Peter F. Weibel
Born 1942 Swiss Citizen

Peter F. Weibel has been a member of the Board and the Chairman's and Governance Committee and the Chairman of the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

After completing his studies in Economics at the University of Zurich in 1968, including a doctorate in 1972, and after working as a consultant at IBM Switzerland for three years, Mr. Weibel joined the Central Accounting Department at UBS in 1975 and later became a Senior Vice President in its Corporate Banking division. In 1988, he was appointed CEO of Revisuisse, one of the predecessor companies of PricewaterhouseCoopers AG, Zurich, and served as a member of the PricewaterhouseCoopers Global Oversight Board from 1998 to 2001. He retired from his function as the CEO of PricewaterhouseCoopers AG, Zurich, in 2003.

Mr. Weibel is the chairman of the Executive MBA Program of the University of Zurich, a member of the Board of Directors of the Greater Zurich Area AG, serves on the Swiss Advisory Council and the Executive Committee of the American Swiss Foundation and is a member of the Senior Advisory Council of the Swiss-American Chamber of Commerce. He also serves on the Board of Directors of the Careum Foundation and chairs the Pestalozzi Foundation, the Braille without Borders Foundation (Switzerland) and the Zurich Art Festival.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932
Swiss Citizen
Rainer E. Gut was appointed the Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position he held since 1986. Mr. Gut was a member of the Board of Directors of Nestlé SA, Vevey, from 1981 to 2005, whereof Vice-Chairman from 1991 to 2000 and Chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Joan E. Belzer

Executive Board

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of the Group. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the Shared Services functions and establishes Group-wide policies.

The composition of the Executive Board of the Group and the Bank is identical.

Members of the Executive Board

	Executive Board member since	Organizational role
December 31, 2010		
Brady W. Dougan, CEO	2003	CEO
Osama S. Abbasi, CEO Credit Suisse Asia Pacific [1]	2010	Regional Head
Walter Berchtold, CEO Credit Suisse Private Banking	2003	Divisional Head
Romeo Cerutti, General Counsel	2009	Shared Services Head
Tobias Guldimann, CRO	2004	Shared Services Head
Fawzi Kyriakos-Saad, CEO Credit Suisse EMEA [2]	2010	Regional Head
Karl Landert, CIO	2009	Shared Services Head
David R. Mathers, CFO [1]	2010	Shared Services Head
Hans-Ulrich Meister, CEO Credit Suisse Switzerland	2008	Regional Head
Antonio C. Quintella, CEO Credit Suisse Americas [2]	2010	Regional Head
Robert S. Shafir, CEO Asset Management	2007	Divisional Head
Pamela A. Thomas-Graham, Chief Talent, Branding and Communications Officer [3]	2010	Shared Services Head
Eric M. Varvel, CEO Investment Banking	2008	Divisional Head

1 Appointed member as of October 1, 2010. 2 Appointed member as of July 1, 2010. 3 Appointed member as of January 10, 2010.

In September 2010, Renato Fassbind, CFO, and Kai S. Nargolwala, CEO Credit Suisse Asia Pacific, stepped down from the Executive Board. In November 2010, Paul Calello, Chairman of Investment Banking, passed away.

Biographies of the Executive Board members

Brady W. Dougan
Born 1959 US Citizen

Brady W. Dougan has been the CEO since 2007. Prior to that, he was the CEO Investment Banking and the CEO of Credit Suisse Americas. He has served on the Executive Board since 2003.

Mr. Dougan received a BA in Economics in 1981 and an MBA in finance in 1982 from the University of Chicago, Illinois. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was the Head of the Equities division for five years before he was appointed the Global Head of the Securities division in 2001. From 2002 to July 2004, he was the Co-President of Institutional Securities at Credit Suisse First Boston, and from 2004 until 2005, he was CEO of Credit Suisse First Boston and, after the merger with Credit Suisse in May 2005, he was the CEO of Investment Banking until 2007.

Mr. Dougan has been a member of the Board of Directors of Humacyte Inc., a biotechnology company, since 2005.

Osama S. Abbasi
Born 1968 British Citizen

Osama S. Abbasi has been the CEO of Credit Suisse’s Asia Pacific region and a member of the Executive Board since October 2010.

Mr. Abbasi holds a Bachelor of Science in Economics from the Wharton School of Business at the University of Pennsylvania. Prior to assuming the role of CEO of Credit Suisse Asia Pacific, he was head of the Equity department in Asia Pacific and a member of the Global Equity Management Committee and the Investment Banking Division Management Committee. Prior to this, Mr. Abbasi was Head of Global Securities for Non-Japan Asia and Australia, responsible for both the Equities and Fixed Income departments, and Head of European Securities.

Mr. Abbasi joined Credit Suisse Financial Products, the former derivatives subsidiary of Credit Suisse First Boston, in 1996, from Bankers Trust, where he worked in various trading and marketing positions in Fixed Income and Equities.

Mr. Abbasi does not hold any significant board memberships.

Walter Berchtold
Born 1962 Swiss Citizen

Walter Berchtold has been the CEO of Private Banking at Credit Suisse since 2006 and a member of the Executive Board since 2003.

After obtaining a commercial diploma, Mr. Berchtold joined Credit Suisse First Boston Services AG, Zurich, in 1982, and, a year later, transferred as a trader to the precious metal and currency options unit of Valeurs White Weld SA, in Geneva, which was later renamed Credit Suisse First Boston Futures Trading SA. In 1987, he was given the task of heading the Japanese convertible notes trading team, and in 1988, he assumed shared responsibility for all the business activities of Credit Suisse First Boston Futures Trading AG in Zurich.

In 1991, Mr. Berchtold joined Credit Suisse in Zurich as the Head of Arbitrage in the Securities Trading department. In the following year, he became the Head of the Equity Derivatives Trading department. In 1993, he managed the Equity Trading unit and, in 1994, he took on overall responsibility for Credit Suisse’s Securities Trading & Sales activities globally.

From 1997 to 2003, Mr. Berchtold was the Head of Trading and Sales of Credit Suisse First Boston, Switzerland and thereafter became the Country Manager of Credit Suisse First Boston, where he was responsible for the entire Swiss business of Credit Suisse First Boston. From 2003 to July 2004, he was the Head of Trading and Sales at Credit Suisse Financial Services and, in April 2004, he was appointed CEO of Banking at Credit Suisse Financial Services. In July 2004, he was the CEO of the former Credit Suisse, a position he held until the merger with Credit Suisse First Boston in May 2005. Between May and December, 2005, he was the CEO of Credit Suisse.

Mr. Berchtold is a member of the Board of the Swiss Bankers Association and several philanthropic and cultural foundations.

Romeo Cerutti
Born 1962 Swiss and Italian Citizen

Romeo Cerutti has been the Group General Counsel and a member of the Executive Board since April 2009. Prior to that, he was General Counsel of the Private Banking division from 2006 to 2009 and the global Co-Head of Compliance of Credit Suisse from 2008 to 2009.

Before joining Credit Suisse, Mr. Cerutti was a partner of the Group Holding of Lombard Odier Darier Hentsch & Cie, from 2004 to 2006, and the Head of Corporate Finance at Lombard Odier Darier Hentsch & Cie from 1999 to 2006.

Prior to that position, Mr. Cerutti was in private practice as an attorney-at-law with Homburger Rechtsanwälte in Zurich from 1995 to 1999 and with Latham and Watkins in Los Angeles from 1993 to 1995.

Mr. Cerutti studied law at the University of Fribourg and obtained his doctorate in 1990. He was admitted to the bar of the canton of Zurich in 1989 and the bar of the state of California in 1992. Mr. Cerutti also holds a Master of Laws from the University of California, School of Law, Los Angeles.

Mr. Cerutti has been a member of the Board of Trustees of the University of Fribourg since 2006.

Tobias Guldimann
Born 1961 Swiss Citizen

Tobias Guldimann has been the CRO of Credit Suisse since June 2009. He has been a member of the Executive Board in the role of Group CRO since 2004.

Mr. Guldimann studied Economics at the University of Zurich and received a doctorate from the same university in 1989. He joined Credit Suisse's Internal Audit Department in 1986 before transferring to Investment Banking in 1990. He later became the Head of Derivatives Sales in 1992, the Head of Treasury Sales in 1993 and the Head of Global Treasury Coordination at Credit Suisse in 1994. In 1997, he became responsible for the management support of the CEO of Credit Suisse First Boston before becoming the Deputy CRO of Credit Suisse Group, a function he held from 1998 to July 2004. From 2002 to 2004, he also served as the Head of Strategic Risk Management at Credit Suisse.

Mr. Guldimann has been a member of the Foundation Board of the International Financial Risk Institute and Chairman since 2010.

Fawzi Kyriakos-Saad
Born 1962 British and Lebanese Citizen

Fawzi Kyriakos-Saad has been the CEO of Credit Suisse EMEA and a member of the Executive Board since July 2010. He is also the Co-Head of the Global Emerging Markets Council.

Mr. Kyriakos-Saad holds a Bachelor of Civil Engineering from the American University of Beirut and an MBA from Columbia University, New York.

Prior to assuming the role of CEO of the EMEA region in July 2010, Mr. Kyriakos-Saad was the CEO of Russia, the countries of the Commonwealth of Independent States and Turkey for Credit Suisse. He joined Credit Suisse in 2006 from JPMorgan Chase, where he worked in a variety of senior fixed income and emerging market management roles. Before joining JPMorgan Chase, he spent eight years at Goldman Sachs in New York and London.

Mr. Kyriakos-Saad is a member of the Board of Directors of the Lebanese International Finance Executives, a non-profit organization.

Karl Landert
Born 1959 Swiss Citizen

Karl Landert has been the CIO of Credit Suisse since 2008 and a member of the Executive Board since June 2009. Previously, he was the CIO of Private Banking. He joined Credit Suisse in 2001 as the Head of Application Development and he was appointed the Head of IT in 2004.

Before joining Credit Suisse, Mr. Landert served as the CIO and Head of Global IT Management of Novartis Pharma AG (Switzerland) from 1998 to 2001. Between 1985 and 1998, he held various management positions in sales and systems engineering at IBM Switzerland.

Mr. Landert studied at the Swiss Federal Institute of Technology in Zurich and received his degree in Physics in 1984.

Mr. Landert is a member of the Boards of Directors of the Swiss IT Leadership Forum, ICT Switzerland and the Foundation for IT Professional Education.

David R. Mathers
Born 1965 British Citizen

David Mathers has been the CFO of Credit Suisse Group and a member of the Executive Board since October 2010.

Mr. Mathers holds an MA in Natural Sciences from the University of Cambridge, England.

Prior to his appointment as CFO, Mr. Mathers was the Head of Finance and the COO for Investment Banking in New York and London from 2007 to 2010. In this role, he was responsible for Investment Banking Finance, Operations, Expense Management and Strategy. Mr. Mathers started his career as a research analyst at HSBC James Capel in 1987 and became Global Head of Equity Research in 1997. He joined Credit Suisse in 1998, working in a number of senior positions in Credit Suisse's Equity business, including the Director of European Research and the Co-Head of European Equities.

Mr. Mathers does not hold any significant board memberships.

Hans-Ulrich Meister
Born 1959 Swiss Citizen

Hans-Ulrich Meister has been the CEO of Credit Suisse Switzerland, the Head of Private and Business Banking Switzerland and a member of the Executive Board since September 2008.

Mr. Meister graduated from the University of Applied Sciences in Zurich, in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management Programs at the Wharton School, University of Pennsylvania in 2000 and the Harvard Business School in 2002.

Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were the Head of Corporate Banking Region Zurich from 1999 to 2002, the Head of Large Corporates and Multinationals from 2003 to 2005 and the Head of Business Banking from 2005 to 2007. From 2002 to 2003, he worked on group projects in the area of Wealth Management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's Group Managing Board.

Mr. Meister has been a member of the Foundation Board of the Swiss Finance Institute since 2008.

Antonio C. Quintella
Born 1966 Brazilian Citizen

Antonio Quintella has been the CEO of Credit Suisse Americas and a member of the Executive Board since July 2010. He is also the Co-Head of the Global Emerging Markets Council.

Mr. Quintella holds a BA in Economics from Pontifícia Universidade Católica of Rio de Janeiro and an MBA from the London Business School. Mr. Quintella joined Credit Suisse in 1997 from ING Barings as a senior relationship banker in the Investment Banking department and was named CEO of Credit Suisse Brazilian operations, in 2003. As the CEO of Brazil, he oversaw the expansion of the Bank's presence in the Brazilian market, including the acquisition of Hedging-Griffo, a leading independent asset management and private banking firm in Brazil, in 2006.

Mr. Quintella is a member of the Board of Directors of Febraban, the Brazilian bank association, and is a member of the global advisory council of the London Business School.

Robert S. Shafir
Born 1958 US Citizen

Robert Shafir has been the CEO of Asset Management since April 2008 and a member of the Executive Board since August 2007. He held the position of CEO of Credit Suisse Americas until July 2010.

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980, and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir joined Credit Suisse from Lehman Brothers, where he worked for 17 years, having served as the Head of Equities as well as a member of their Executive Committee. He also held other senior roles, including the Head of European Equities and the Global Head of Equities Trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir is a member of the Board of Directors of the Cystic Fibrosis Foundation and the Dwight School Foundation.

Pamela A. Thomas-Graham
Born 1963 US Citizen

Pamela Thomas-Graham has been the Chief Talent, Branding and Communications Officer and a member of the Executive Board since January 2010.

Prior to joining the Group, Ms. Thomas-Graham was a Managing Director in the private equity group of Angelo, Gorden & Co., a New York-based investment management firm, from 2008 to 2010. She previously served as Group President of Liz Claiborne Inc.'s women's wholesale apparel business from 2005 to 2008. Ms. Thomas-Graham was at NBC for six years from 1999 to 2005, where she served as President, CEO and Chairwoman of CNBC television and a Director of CNBC International. She also served as the President and CEO of CNBC.com. Prior to that, she worked at McKinsey & Company for ten years from 1989 to 1999.

Ms. Thomas-Graham obtained a BA in Economics from Harvard University in 1985, a JD from Harvard Law School in 1989 and an MBA from Harvard Business School in 1989.

Ms. Thomas-Graham is a member of the Board of Directors of the Clorox Company. She is also a member of the Council on Foreign Relations and the Economic Club of New York, and sits on the Boards of the New York City Opera and the Parsons School of Design. She is a member of the Visiting Committee for Harvard Business School.

Eric M. Varvel
Born 1963 US Citizen

Eric Varvel has been the CEO Investment Banking since September 2009 (acting CEO between September 2009 until July 2010) and a member of the Executive Board since February 2008.

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Prior to his current function, Mr. Varvel was the CEO of Credit Suisse EMEA, the Co-Head of the Global Investment Banking department and the Head of the Global Markets Solutions Group in the Investment Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including the Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and the Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore.

Mr. Varvel joined Credit Suisse in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel is a member of the Board of Directors of the Qatar Exchange.

Remembering Paul Calello (1961 – 2010)

In November, Paul Calello, Chairman of Investment Banking and a member of our Executive Board, passed away from non-Hodgkin's Lymphoma at the age of 49. It is a great loss for Credit Suisse, the entire financial community and all those who were touched by Paul's remarkable drive and energy.

CEO Brady Dougan, who worked with Paul Calello for over 25 years, described him as: "An outstanding leader, and a down-to-earth, very human colleague who forged strong relationships and made a positive difference in the world around him. He will be missed greatly, but his spirit and accomplishments will remain a part of Credit Suisse."

Mr. Dougan continued: "Paul made an enormous contribution to Credit Suisse and the financial industry over many years. He played a pivotal role in the creation of the equity derivatives market, and as a founding member of Credit Suisse Financial Products, helped build it into one of the most significant derivatives firms in the industry. He ran many important businesses for Credit Suisse and expanded our presence globally, most notably in Asia Pacific, where he led Credit Suisse's dramatic growth across the region. In 2007, Paul was named CEO of Investment Banking and did an incredible job, working with his management team, to navigate the market crisis and bring the franchise out of the downturn stronger and well positioned for the new environment."

In addition to his business achievements, Paul will also be remembered for his engagement on policy issues affecting the global financial system. He was the first industry leader to advocate consistent, effective regulation of derivative instruments globally, at a time when this was highly controversial. Earlier this year, he co-authored with Wilson Ervin, a Credit Suisse colleague who serves as Special Advisor to the CEO, an op-ed outlining a "bail-in" concept to address the failure of a large financial institution without a costly tax-payer "bail-out" – an innovative idea that has continued to gain ground in senior policy circles.

Paul represented Credit Suisse with many leading policy, educational and cultural organizations. He served as a trustee of the Credit Suisse Foundation and was a member of the Board of Overseers of the Columbia Business School and the Board of Directors of the New York Philharmonic. Paul also served on the International Board of Advisors to

Former Philippines President Arroyo, the Council on Foreign Relations and the Economic Club of New York.

In October 2010, Columbia Business School announced the establishment of the Paul Calello Professorship in Leadership and Ethics. This permanent professorship was endowed by a small group of Credit Suisse colleagues who worked with Paul over the years, and who wanted to honor his contribution to the Bank and its people. The Calello Professorship will advance academic scholarship and research on aspects of business life that Paul exemplified throughout his career and that are of critical importance to the future.

With his extraordinary energy and enthusiasm, he was able to achieve much in the short time he was given.

Additional information

Changes of control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 33 1/3% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or the Swiss Financial Market Supervisory Authority (FINMA). If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes of control

Subject to certain provisions in the Group's employee compensation plans providing for the treatment of outstanding awards in the case of a change of control, there are no provisions that require the payment of extraordinary benefits in the case of a change of control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change of control of the Group. Moreover, none of the employment contracts with members of the Executive Board or other members of senior management provides for extraordinary benefits that would be triggered by a change of control.

Internal and external auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 250 professionals, more than 220 of whom are directly involved in auditing activities. The Head of Internal Audit, Heinz Leibundgut, reports directly to the Chairman of the Audit Committee.

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Chairman of the Audit Committee. The Head of Internal Audit reports to the Audit Committee at least quarterly and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are Marc Ufer, Global Lead Partner (since 2010), Simon Ryder, Group Engagement Partner (since 2010), and Philipp Rickert, Leading Bank Auditor (since 2006).

In addition, we have mandated BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations, mainly relating to the valuation of companies in consideration of the qualified capital increases involving contributions in kind.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2010	2009	% change
Fees paid to external auditors (CHF million)			
Audit services [1]	44.0	42.0	5
Audit-related services [2]	13.8	16.0	(14)
Tax services [3]	7.8	8.4	(7)

1 Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally it includes all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. 2 Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of agreements or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services. 3 Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG’s audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate degree of independence of our external auditor. The policy limits the scope of services that may be provided to us or any of our subsidiaries by KPMG to audit and certain permissible types of non-audit services, including audit-related and tax services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. All KPMG services in 2010 were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

American Depositary Share fees

Fees and charges for holders of ADS

In accordance with the terms of the Deposit Agreement, Deutsche Bank Trust Company Americas, as depositary for the >>>ADS (the Depositary), may charge holders of our ADS, either directly or indirectly, fees or charges up to the amounts described below.

Fees and charges for holders of ADS

Fees	
USD 5 (or less) per 100 ADS (or portion thereof)	For the issuance of ADS, including issuances resulting from a distribution of shares, share dividends, share splits and other property; for ADS issued upon the exercise of rights; and for the surrender of ADS for cancellation and withdrawal of shares.
USD 2 per 100 ADS	For any distribution of cash to ADS registered holders, including upon the sale of rights or other entitlements.
Registration or transfer fees	For the transfer and registration of shares on our share register to or from the name of the Depositary or its agent when the holder deposits or withdraws shares.
Charges	
Expenses of the Depositary	For cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and for converting foreign currency to US dollars.
Taxes and other governmental charges	Paid, as necessary, to the Depositary or the custodian who pays certain charges on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or applicable interest or penalty thereon.
Other charges	Paid, as necessary, to the Depositary or its agents for servicing the deposited shares.

The Depositary collects its fees for delivery and surrender of ADS directly from investors depositing shares or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to holders by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee services until its fees for those services are paid.

Amounts paid by the Depositary to the Group

The Depositary has reimbursed the Group for NYSE listing fees in recent years. This payment is not a contractual obligation, and the determination by the Depositary whether to reimburse the Group for these fees is made on a yearly basis. For the years ending December 31, 2010 and 2009, the Depositary paid the Group USD 53,307 and USD 130,590, respectively, as reimbursement for its NYSE listing fees.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by:

– a supermajority of at least three quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; and

– a supermajority of at least two thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events.

Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

Compensation

Overview

This Compensation Report explains our compensation approach and provides our compensation disclosure for 2010. It is composed of the following sections:

– Objectives and governance;

– Compensation design;

– Compensation to members of the Executive Board;

– Compensation to members of the Board of Directors;

– Compensation awards and expenses for the Group; and

– Compensation plans from prior years.

The Group is committed to fair, balanced, performance-oriented compensation practices that align long-term employee and shareholder interests. We believe in rewarding our employees for performing in a way that creates sustainable value for the Group and its shareholders over time. We strive to take a leadership position in the industry in implementing responsible compensation practices.

For 2010, we reduced total compensation, reflecting the lower absolute performance of the Group compared to 2009. Average total compensation for the Group was down 9% and total discretionary variable incentive awards were down

27% compared to 2009. Average total compensation was down 34% for the CEO and down 32% for the Executive Board, excluding individuals who joined or left, compared to 2009.

During 2010, regulators around the world continued to focus closely on how financial institutions choose to incentivize and reward their people, with more detailed regulation and guidance issued in various jurisdictions. Amid emerging regulation and market practices and in close dialogue with regulators and shareholders, we further modified our compensation design for 2010 to make plans simpler and more transparent and to strengthen the link between compensation and long-term, sustainable performance.

The changes we implemented for 2010 included an increase in base salaries and a corresponding decrease in performance-based discretionary variable incentive awards to ensure a more balanced mix between fixed and variable compensation. A higher proportion of variable awards was deferred, the vesting period was extended to four years and continue to be subject to future performance provisions. For the Group overall, 60% of the variable awards for 2010 were deferred compared to 40% for 2009. For the Executive Board, all variable awards for 2010 were deferred. In order to enhance transparency for all stakeholders, we simplified our instruments for deferred awards, using share awards with no leverage and simplifying certain features of our cash-based Adjustable Performance Plan awards. We have enhanced our compensation disclosure for 2010, including the methodology for determining variable awards for members of our Executive Board. We also strengthened our compensation governance this year by issuing a formal compensation policy and amending our Code of Conduct in order to reinforce the link between compensation and behavior, in particular with respect to compliance and risk management.

The Compensation Committee is satisfied that this report reflects the manner in which it has reviewed and set compensation for 2010. The activities of the Compensation Committee were executed in accordance with its mandate under the Organizational Guidelines and Regulations (OGR) and the Compensation Committee Charter.

The Board of Directors (Board) recognizes and supports the involvement of its shareholders within the compensation discussion. As it did last year, the Board has opted to submit this compensation report to its shareholders for a consultative ballot at the Annual General Meeting (AGM) in line with the recommendations in the Swiss Code of Best Practice.

Objectives and governance

Compensation objectives

The Group’s ability to implement a comprehensive human capital strategy and to attract, retain, reward and motivate talented individuals is fundamental to the Group’s long-term success. Compensation is a key component of this strategy and aims to align employee and shareholder interests. The Group’s objectives are to maintain compensation practices and plans that:

– support a performance culture that is based on merit and differentiates and rewards excellent performance, both in the short and long term, and recognizes our company values;

– enable us to attract and retain employees and motivate them to achieve results with integrity and fairness;

– award employees a fair mix of fixed and discretionary variable incentive awards, which appropriately reflects the value and responsibility of the role they perform day to day and as a contribution to influencing appropriate behaviors and actions;

– are consistent with and promote effective risk management practices as well as our compliance and control culture;

– foster teamwork and collaboration across the Group;

– take into account the long-term performance of the Group in order to create sustainable value for our shareholders; and

– are reviewed regularly and endorsed by an independent Compensation Committee.

Consistent with the objectives above, the Group applies a total compensation approach. There are two principal components of total compensation, fixed and variable. The individual mix varies according to the employee's seniority, business and location. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice. Performance-based discretionary variable incentive awards (variable compensation) are awarded annually at the discretion of the Group and vary depending on Group, business and individual performance. Variable compensation is awarded in the form of cash and deferred awards, which are subject to various deferral provisions and performance criteria. The Group's total compensation approach is illustrated below, and further details are provided in *Compensation design*.

The Group is committed to responsible compensation practices and plans. The need to reward our employees fairly and competitively based on performance is balanced with the requirement of principled behavior and actions. The compensation design has to contribute to the Group's objectives in a way that does not encourage excessive risk taking or violation of applicable laws, guidelines and regulations, and also takes into account the capital position and economic performance of the Group over the long term.

Compensation governance

The Compensation Committee of the Board is the supervisory and governing body for compensation policy, practices and plans within the Group and has responsibility for determining, reviewing and proposing compensation for approval by the Board. Consistent with its mandate stipulated in the Group's OGR and its Charter (available on our website at *www.credit-suisse.com/governance*), the Compensation Committee proposes the overall pools for variable compensation, based on the outcome of its annual performance review for the Group and the businesses. The Compensation Committee also assesses the individual performance of, and proposes compensation for, members of the Executive Board and Board and certain other members of senior management.

The Compensation Committee consists of not fewer than three independent members of the Board. The members of the Compensation Committee are Aziz R.D. Syriani (Chairman), Robert H. Benmosche, Peter Brabeck-Letmathe and Walter B. Kielholz. Based on the criteria for determining independence in the Swiss Code of Best Practice and New York Stock Exchange, the Group has deemed all four members of the Compensation Committee to be independent. The length of tenure a Board member has served is not a criterion for independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital. For more information on how the Group determines the independence of its Board Members, refer to *Corporate Governance – Board of Directors – Independence*.

The Compensation Committee is assisted in its work by external legal counsel and Johnson Associates, Inc., a global compensation consulting firm, to ensure that our compensation program remains competitive, is responsive to regulatory developments and in line with our compensation approach. Johnson Associates, Inc. is independent from our management and, in particular, does not provide any other services to us besides supporting the Compensation Committee.

The Compensation Committee meets at least four times per year. The Chairman of the Compensation Committee decides on the attendance of management, the independent compensation consultant and external legal counsel at the committee meetings. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams for the previous year and determining and/or recommending to the Board for approval the overall compensation pools for the divisions and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. During its performance review, the Compensation Committee considers input from the Group's internal control functions, including Risk Management, Legal and Compliance and Internal Audit, regarding control and compliance issues, including any breaches of relevant rules and regulations or the Group's Code of Conduct.

Responding to specific regulatory guidelines set out by the Swiss Financial Market Supervisory Authority (FINMA), the US Federal Reserve, the UK Financial Stability Authority and the Basel Committee on Banking Supervision regarding compensation for employees engaged in risk-taking activities, the Compensation Committee expanded the scope of its compensation review process for 2010. The process now includes two additional groups of employees, who are considered to have a potentially material impact on the Group's risk profile, and the Risk Committee is formally involved in the process. These groups are:

– senior control function personnel, consisting of senior employees in the Shared Services functions with responsibility for risk monitoring and control; and

– individuals classified as material risk takers, who can potentially expose the Group to significant risk, such as certain traders.

For more information on these groups, refer to *Incorporating risk within the compensation process*. The following table sets forth the approval authority for determining compensation policy and setting compensation for different groups of employees.

Approval authority

Approval grid	Authority
Establishment or amendment of the Group's compensation policy	Board upon recommendation by the Compensation Committee
Establishment or amendment of compensation plans	Board upon recommendation by the Compensation Committee
Setting variable compensation pools for the Group and the divisions	Board upon recommendation by the Compensation Committee
Board compensation (including the Chairman's compensation) [1]	Board upon recommendation by the Compensation Committee
Compensation of the CEO and other Executive Board members	Compensation Committee with information to the Board
Compensation for the Head of Internal Audit	Compensation Committee upon consultation with the Chairman of the Audit Committee
Compensation for senior control function personnel	Compensation Committee
Compensation for employees classified as material risk takers	Compensation Committee
Compensation for other selected members of management	Compensation Committee

1 Board members with functional duties (including the Chairman): the Board member concerned does not participate in the decision involving his own compensation. Other Board members: Compensation comprises a base fee plus a fee for committee activity which may differ from committee to committee. These fees are subject to a decision by the full Board.

During 2010, the Compensation Committee focused on further development of our compensation design to ensure compliance with evolving regulations and increase the transparency and understanding of our compensation practices and plans. Some of the Compensation Committee's specific achievements during 2010 were:

– the development and approval of an amended compensation design for 2010 focused on making plans simpler, clearer and non-leveraged;

– the development, approval and communication of a Group-wide compensation policy, including implementation standards;

– strengthening and formalizing the involvement of the internal control functions in the compensation process with respect to considerations of risk, control and legal and compliance;

– maintaining an active dialogue and consultation with FINMA about our compensation plans, as well as monitoring global regulatory and market trends with respect to compensation at financial institutions; and

– increasing the transparency of our compensation disclosure, including how we determine compensation for members of the Executive Board.

Compensation policy and amended Code of Conduct

The vast majority of decisions about individual compensation awards are made by line managers at all levels throughout the organization. The Group strives to ensure that all line managers apply a consistent and high set of standards when assessing the performance and behavior of employees. To this aim, we prepared a comprehensive compensation policy during 2010 and made amendments to our Code of Conduct.

The compensation policy reflects our efforts in 2010 to review, refine and formalize our compensation principles and related processes and includes implementation standards. The new compensation policy was approved in early 2011 by the Board and is available on our website at *www.credit-suisse.com/compensation*. The policy provides the foundation for sound compensation practices that support the Group's long-term strategic objectives. The following table summarizes the key features of the compensation policy.

The compensation policy also includes implementation standards, which provide managers and employees with a detailed description of our principles, programs and the defined standards and processes relating to the development, management, implementation and governance of compensation. For line managers, we focused on their responsibilities in managing, administering and communicating compensation, with a focus on risk awareness and compliance. For employees, we provided more transparency on what factors influence compensation decisions and on our various practices and plans. The compensation policy adheres to the compensation principles set out by FINMA and other regulators and applies to all employees and compensation plans of the Group.

During 2010, we also amended our Code of Conduct. The changes to the Code of Conduct were made to place a greater emphasis on the values and professional standards underpinning our control and compliance culture. We have also changed the format of the Code of Conduct to better reinforce to individuals what it means to apply it in the course of their daily work. Adherence to the Code of Conduct is mandatory for all employees and Board members. Any breaches will have a direct impact on the compensation of those individuals involved. The revised Code of Conduct was approved by the Board in December 2010, and is available on our website at

www.credit-suisse.com/code.

Incorporating risk within the compensation process

Building on our initial efforts during 2009, we have strengthened our processes and governance in 2010 to ensure that our approach to compensation does not encourage excessive risk taking and that significant attention is given to risk throughout the performance assessment and compensation processes.

At the divisional level, risk is taken into account in determining the variable compensation pools. The key risk-based financial metric used to determine variable compensation pools of the divisions is economic profit. The economic profit of a division is income before taxes reduced by a charge for capital usage. The charge for capital usage is calculated based on three components:

– the value of >>>risk-weighted assets, calculated as set out under the Basel II capital requirements, which measures credit, market and operational risk;

– the utilization of economic capital under our economic risk capital framework, which we use as a consistent and comprehensive tool for risk management, including off-balance sheet risk, capital management and performance measurement; and

– the utilization of the Group's balance sheet.

The determination of variable compensation pools for the divisions is discussed in further detail below. For more detailed information on risk-weighted assets, economic capital and our balance sheet statistics, refer to *III – Treasury, Risk, Balance Sheet and Off-balance sheet*.

At the individual level, risk is taken into account in the performance assessment and setting of variable compensation for selected employees and groups of employees. Regulators, in particular, have placed increased emphasis and requirements on the identification and management of employees who have the potential to take or manage risk at firms. In 2010, the Group introduced a process to identify such employees and carry out specific review processes to set variable compensation. Those individuals are collectively referred to as covered employees and include:

– all members of the Executive Board;

– senior management – generally employees who report directly to a member of the Executive Board, are responsible for managing significant lines of business of the Group or members of divisional management committees;

– senior control function personnel – senior employees in the Shared Services functions of Finance, Risk Management, Legal and Compliance and Talent, Branding and Communications who have responsibility for monitoring and controlling individuals or groups of individuals that manage material amounts of risk for the Group; and

– material risk takers – employees with the ability to put material amounts of the Group's capital at risk, such as traders and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on our financial results.

The criteria for classifying individuals as covered employees are approved by the Board upon recommendation by the Compensation and Risk Committees. Given the nature of the investment banking business, a majority of the covered employees identified for 2010 were within the Investment Banking division. In addition to the annual performance assessment conducted by their direct line managers, the covered employees are also subject to a feedback process by control functions, including Legal and Compliance, Risk Management and Human Resources (within Talent, Branding and Communications), that are independent of the businesses. The findings of Internal Audit reports are also considered within this process. Feedback is provided to line managers for consideration in the final performance assessment and individual compensation decision-making processes. The proposed variable compensation amounts for covered employees are then subject to final review and approval by the Compensation Committee (refer to the table "Approval authority"). We expect the process for determining covered employees and evaluating their management of risk to develop over time.

Finally, the strengthening of the alignment of compensation with risk is also achieved through the modifications to our compensation design discussed further below.

Performance alignment, determination and allocation of variable compensation

Consistent with our vision to provide responsible, performance-based compensation, all employees are eligible for an award of discretionary variable compensation. The amount is determined by the nature of the business, breadth of role, role location and performance of the employee and includes detailed performance measurements at the Group, division and employee level as an integral part of the compensation process. Decisions about the amounts for variable compensation for individual employees are made within the constraints of the variable compensation pools at the Group and divisional levels. Accruals for the divisional and Group-wide variable compensation pools are made by the Group throughout the year. The Board regularly reviews the accruals and related financial information, and makes adjustments at its discretion to ensure that the overall size of the pool is consistent with the Group's compensation principles. An accrual, at the Group, or any other level, however, does not create legal rights or entitlements for employees to receive variable compensation.

The divisional variable compensation pools are not formula driven, but are subject to adjustments based on performance, the discretion of the CEO and the Compensation Committee. The methodology to determine the initial size of the variable compensation pools varies by division.

For Private Banking, the basis for determining the variable compensation pool is the division's income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. In Private Banking, capital usage is calculated as the cost of economic risk capital.

For Investment Banking, the basis for determining the variable compensation pool is income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. Capital usage is calculated from a combination of risk-weighted assets, economic risk capital and utilization of the Group's balance sheet. As a result of this methodology, increased capital usage and transactions with a high risk weighting result in an increased charge for capital usage and a reduced variable compensation pool.

For Asset Management, the basis for determining the variable compensation pool for alternative investments is income before taxes and before the variable compensation accrual. For traditional investments, the basis for determining the variable compensation pool is the short-term and long-term performance against both peer groups and benchmarks.

The initial variable compensation pool for each division is subject to adjustment based on a detailed performance evaluation at the divisional as well as the Group level, taking into account the Group's and the division's key performance indicators and other absolute and relative performance criteria, including performance against peers. For specific peer performance criteria, refer to the chart “2010 Peer groups and performance criteria” in *Competitive benchmarking and market trends*. A deduction is also applied to the pool of each division to fund a variable compensation pool for Shared Services and other support functions, with the total being based on the Group-wide performance and qualitative measurements, rather than the performance of the divisions that they support. The pools may be approved as computed or adjusted, subject to final review by the Compensation Committee and submission to the Board for final approval. In setting the final variable compensation pools, the Compensation Committee also considers discretionary factors, including non-financial metrics related to ethics, risk, compliance and control. Other discretionary factors such as business strategy, overall Group performance and the market and regulatory environment are also taken into account.

Once the variable compensation pools have been set at the Group and divisional levels, each division allocates its pool to business areas, with the same or similar performance metrics, which are allocated to individual managers. Line managers award variable compensation to individual employees based on individual and business performance, subject to the constraints of the pool available. Performance measurement of individual employees varies widely across the firm and depends on each individual’s specific function and scope of responsibility. To measure the performance of employees in revenue-generating areas, key quantitative factors such as revenue production and profitability will be considered, as well as qualitative factors, such as client satisfaction, succession planning, compliance and contribution to teamwork. Other quantitative factors taken into account at the individual level include market trends and competitive levels of compensation.

With this approach, variable compensation is not formula driven, but based on financial and non-financial metrics including ethics, risk, compliance and control.

Competitive benchmarking and market trends

The assessment of the economic and competitive environment is a further important element of our compensation process as we strive for market-informed, competitive compensation levels for comparable roles, experience and geographic location of employees. We use internal expertise and the services provided by compensation consulting firms to benchmark our compensation levels against relevant competitors. Given our global presence and the wide range of what is considered competitive pay in different regions, there is not a single region or market against which we benchmark compensation levels. We adopt a differentiated approach, looking at pay levels and competitive market players in the various geographical regions where we do business. For further geographical information, refer to the chart “Relative distribution by region”.

For members of the Executive Board and other key personnel for the Group and the divisions, we compete for talent primarily with major banks globally. To benchmark our compensation levels and as a key input for setting the variable compensation pools at the Group and divisional levels, we measure ourselves against a set of peer groups, including European and US banks. These peer groups and relevant metrics are reviewed annually in April by the Compensation Committee and tracked throughout the year. For the Group, the peer group for 2010 consisted of UBS, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase and Morgan Stanley. BNP Paribas and HSBC were added in April 2010 following the annual review to better reflect major European markets. Most of these peer companies explicitly mention Credit Suisse as one of their peers. The criteria used to define these peer companies include:

– comparable scope and complexity of the business platform;

– comparable business focus and mix;

– common geographic footprint; and

– companies with which we compete daily for business and talent.

Market trends observed during 2010 include heightened regulatory activity in all regions and increased competition for talent across businesses and regions. Consistent with the regulatory trends, peer organizations have also modified their compensation systems. This has resulted in fixed compensation generally increasing, with a corresponding decrease in variable compensation, and an increase in the proportion of variable compensation that is awarded as deferred compensation.

2010 peer groups and performance criteria

Credit Suisse Group	
Peer group	UBS, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase and Morgan Stanley
Performance criteria	
Profitability and efficiency	Return on equity, compensation/revenue ratio and share price volatility
Growth	Earnings per share growth, net revenue growth, total asset under management growth and net new assets growth
Capital and risk	Tier 1 ratio, Value-at-Risk and risk-weighted assets growth
Shareholder satisfaction	Total shareholder return
Private Banking	
Peer group	UBS, Barclays, HSBC, Julius Bär Group and Morgan Stanley
Performance criteria	
Profitability and efficiency	Pre-tax income margin and gross margin
Growth	Net revenue growth, pre-tax income growth and net new assets growth
Investment Banking	
Peer group	UBS, Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase and Morgan Stanley
Performance criteria	
Profitability and efficiency	Return on economic risk, pre-tax income margin and compensation/revenue ratio
Growth	Net revenue growth and pre-tax income growth
Capital and risk	Net revenue/Value-at-Risk
Asset Management	
Peer group	UBS, Allianz, Black Rock, Goldman Sachs, JPMorgan Chase and Morgan Stanley
Performance criteria	

Profitability and efficiency	Pre-tax income margin and gross margin on assets under management
Growth	Pre-tax income growth, net revenue growth and net new assets growth

Regulatory trends

During 2010, there was continued focus on compensation from various regulators across the world, including many of the international jurisdictions relevant to the Group, such as the US, the EU and the UK. Relevant provisions are divergent in many aspects and sometimes deviate from the Circular on Remuneration Schemes, which was issued by FINMA, our regulator in Switzerland, in the fourth quarter of 2009. However, regulatory trends and more detailed guidance provided during 2010 reflect the principles for sound compensation practice issued by the Financial Stability Board (FSB) in 2009 and endorsed by the >>>G-20.

As we took the initiative and began to review our compensation practices in 2008, we implemented fundamental changes to our compensation instruments and processes for the Group’s most senior employees, managing directors and directors in 2009. These changes were designed to ensure adequate consideration of risk in compensation decisions and to better align the interests of our employees with the long-term success of the Group. We continued a regular dialogue with FINMA and other regulators in 2010, and we monitored developments in industry compensation best practices and guidance issued by various bodies including the FSB, Committee of European Banking Supervisors and the G-20.

Some of the modifications that we have made to our compensation design during 2010, such as increased base salaries, increased focus on risk and the removal of leverage from share awards are specifically in response to these regulatory requirements.

While our aim and general practice is to apply our compensation structure, processes and procedures on a global basis, some limited variations to the terms of compensation awards do apply to comply with local requirements, such as the terms specified by certain countries within the EU.

Compensation design

Compensation structure

Consistent with the trend towards increased risk alignment, transparency and shareholder alignment, we implemented adjustments to our compensation design and further evolved our instruments granted as part of variable compensation for 2010. The key features of the 2010 compensation design are:

– As of January 1, 2010, we increased the fixed compensation (salary) for Executive Board members, managing directors, directors and certain vice-presidents and correspondingly decreased their variable compensation for 2010. This shift in the compensation structure was influenced by regulators to ensure a more balanced mix between fixed and variable compensation, which resulted in an increase in our compensation-related fixed cost base of approximately CHF 800 million.

– The threshold for participation in variable deferred compensation programs was lowered from CHF 125,000 to CHF 50,000 in variable awards.

– Deferral rates were increased to a range of 35% to 70%, which means that a lower portion of employees' variable awards were in cash. The increase in deferral rates was also a measure recommended by regulators to ensure that a substantial portion of variable compensation is subject to future performance and claw-back provisions. For 2010, 40% of variable compensation was awarded in unrestricted cash and 60% was deferred.

– Variable deferred awards granted to members of the Executive Board, managing directors and directors for 2010 were in the form of share awards and Adjustable Performance Plan awards, both of which vest over four years. 50% of the variable deferred awards for these employees were in share awards and 50% were in Adjustable Performance Plan awards. Most employees below the level of director received variable deferred compensation in the form of share awards.

– The cash component of variable compensation granted to managing directors in the Investment Banking division is subject to specific restrictions over a two-year period. These cash awards must be repaid, either in part or in full, if claw-back events, such as voluntary termination of employment or termination for cause, occur.

– We granted share awards in an effort to make the design of our compensation instruments simpler, more transparent and non-leveraged. The share awards have become our main share-based award instrument, whereas in recent years we awarded SISUs and ISUs.

– All deferred awards contain a general cancellation provision, which enables the Group to cancel any outstanding awards granted to any individual or individuals in the event that they engage in any activity that results in, or has the potential to result in, financial, reputational or other harm to the Group.

Unrestricted cash and variable deferred compensation

For 2010, 44,400 employees received some amount of variable compensation, of which 11,800, or 27%, received some portion of variable deferred compensation. Variable compensation was paid in cash unless the award was for CHF 50,000 or more, in which case a portion was paid in cash and the balance was deferred. The portion that was deferred was determined by reference to a pre-established deferral table, which increases the deferred portion for higher levels of variable compensation awards. The amount of variable compensation paid as unrestricted cash was subject to a cap of CHF 2 million.

The following table shows the deferral rates of variable compensation awards for 2010, followed by an example of how to apply the deferral table to calculate the cash and deferred portions of a variable compensation award.

2010 Deferral table

Award amount	Deferral rate
CHF	
Up to 125,000	35%
Between 125,000 and 750,000	65%
Greater than 750,000	70%

Variable deferred compensation instruments

Share awards
Our share awards align the interests of our employees with shareholders and with the success of the Group. As the 2010 share awards vest over four years, they also encourage the retention of employees. Each share award granted entitles the holder of the award to receive one Group share. The number of share awards is determined by dividing the deferred component of variable compensation being granted as shares by the average price of a Group share over the twelve business days ended January 19, 2011. One quarter of the share awards vest on each of the four anniversaries of the date of award. The value that is delivered is solely dependent on the Group share price at the time of delivery.

We are no longer granting share-based instruments in the form of Scaled Incentive Share Units (SISUs), Incentive Share Units (ISUs) and Performance Incentive Plans (PIP), which were utilized in prior years. One 2010 share award is equivalent to one Group share at the time of delivery, so 2010 share awards do not contain the leverage component or multiplier effect of these prior-year awards.

In order to comply with regulatory requirements, the Group awarded an alternative form of share awards as a component of variable cash compensation to senior employees in a number of EU countries. For 2010, these employees received 50% of the amount they otherwise would have received in cash in the form of blocked shares. The shares remain blocked for a period of time, which varies from six months to three years depending on location.

The Group prohibits employees from entering into transactions to hedge the value of unvested share awards.

Adjustable Performance Plan awards
We introduced Adjustable Performance Plan awards as part of variable compensation for 2009. The Adjustable Performance Plan is a deferred cash-based plan that links outstanding balances to future performance through positive and negative adjustments. By considering emerging trends and feedback, we amended and simplified certain Adjustable Performance Plan award features. The 2010 Adjustable Performance Plan awards will vest over a period of four years and outstanding awards will be subject to annual adjustments, increasing or decreasing the outstanding balances by a percentage equal to the Group return on equity (ROE), unless the division that granted the awards incurs a pre-tax loss. In this case, outstanding awards in that division will be subject to a negative adjustment of 15% for every CHF 1 billion of loss, unless a negative Group ROE applies for that year and is greater than the divisional adjustment.

For employees in Shared Services and other support functions, all outstanding Adjustable Performance Plan awards are linked to the Group ROE. Only a negative Group ROE will trigger a negative adjustment of all outstanding Adjustable Performance Plan awards for these employees. This link to Group performance is intended to ensure that the compensation of employees in support functions is not directly linked to the performance of the businesses they support.

Restricted cash awards
The cash component of variable compensation is generally free from conditions. However, managing directors in Investment Banking received restricted cash awards. These restricted cash payments are subject to vesting ratably over a two-year period and other conditions, and any unvested restricted cash awards will have to be repaid if a claw-back event, such as voluntary termination of employment or termination of employment for cause, occurs.

Other awards and share ownership requirements

In addition, we may, from time to time, employ other long-term incentive compensation plans or programs to assist in hiring at competitive levels and to support the retention of talent. These forms of variation from our standard approach to compensation are generally applied to small populations of employees within the Group where the specific circumstances warrant such compensation arrangements. For 2010, such compensation arrangements were applied to approximately 100 employees, including employees engaged in arbitrage trading in Investment Banking and Alternative Investments in Asset Management. Any and all variations from our standard approach must be approved by the Compensation Committee.

We may pay commissions to employees operating in specific areas of the business where such compensation practices are warranted and in line with market practice. The value of commissions paid is determined by formulas, which are reviewed regularly to ensure that they remain competitive.

We have also continued to apply minimum share ownership requirements for members of the divisional and regional management committees and for the Executive Board. For information on the share ownership requirements, refer to *Compensation to members of the Executive Board*.

Charitable contributions

The Group supports charitable giving and encourages employee participation. To this aim, we have also introduced a mandatory charitable contribution program for certain managing directors in the US and Brazil in connection with their 2010 variable compensation awards, expanding upon the charitable contribution made from the variable compensation pool of the Executive Board, introduced last year. For more information on the Executive Board charitable contributions, refer to *Compensation to members of the Executive Board*.

Compensation at regulated Group subsidiaries

Compensation awarded to all employees at Group regulated subsidiaries is subject to the Group’s compensation policy and all related guidelines and generally follows the same compensation structure and design. For compensation at regulated group subsidiaries in Switzerland (Neue Aargauer Bank, Clariden Leu, BANK-now, Credit Suisse Private Advisors Ltd) in 2010, there were no variations from the Group’s overall compensation design for 2010 with the exception of Clariden Leu, which applied a different deferred compensation plan. For Clariden Leu employees, the variable compensation award split between unrestricted cash and deferred variable compensation was based on the Group deferral table, however, all of the deferred compensation was granted in the form of deferred cash awards, which vest ratably over three years. The Clariden Leu compensation plan is reviewed annually and approved by the Clariden Leu compensation committee and board of directors.

Compensation to members of the Executive Board

Objectives and approach

In line with our overall approach to compensation, our executive compensation policies are designed to promote a long-term focus by our executives in all their actions, attract executives of the highest quality, and foster retention by rewarding superior performance and motivate outstanding performance in the future. We believe our compensation practices provide a meaningful alignment with the Group’s strategic goals and the interests of its shareholders and encourage strong teamwork.

Since 2006, the Compensation Committee has applied to the Executive Board, including the CEO, a variable compensation pool framework, which is linked directly to the Group’s performance. The framework was designed and implemented in the context of our integrated bank strategy to support collaboration and to encourage alignment across divisions. A performance-based variable compensation pool is used to determine the aggregate amount of variable compensation to be awarded to the Executive Board. At the start of each year a baseline variable compensation pool is set assuming specific financial, non-financial and relative performance goals to be achieved by the end of the year.

At the end of the year, the Compensation Committee evaluates how well the performance goals were actually achieved and may make adjustments to the baseline pool. Adjustments are made to the baseline pool based on three performance categories: financial performance; non-financial performance; and relative performance against peers. The impact on the baseline pool varies by performance in each category, as financial performance can increase or reduce the baseline pool by 75%, and the non-financial and peer performance categories can each increase or reduce the baseline pool by 25%. After considering all adjustments to the baseline pool, the Compensation Committee approves the final variable compensation pool for the Executive Board. The final pool can range from zero to a maximum of 200% of the baseline pool. The allocation of the variable compensation pool to individual members of the Executive Board is made on the basis of individual performance evaluations, which review how well the performance goals were achieved with respect to the specific area of responsibility for the individual Executive Board member.

Executive Board variable compensation pool 2010

At the beginning of 2010 the baseline variable compensation pool for 2010 was set in accordance with achieving 2010 performance targets and was lower than the 2009 baseline pool. In January 2011, the Compensation Committee performed a formal assessment of the Group’s performance versus the goals established in each of the three performance categories in order to determine the final variable compensation pool for the Executive Board.

Financial performance
The financial performance objective reflects achievement of the 2010 net income plan.

Non-financial performance
The non-financial objectives were reviewed on a qualitative basis in the following five sub-categories:

– client;

– quality of earnings;

– control environment;

– corporate responsibility; and

– people.

Relative performance against peers
The relative performance objectives were evaluated in the following three sub-categories:

– profitability and efficiency;

– growth; and

– capital and risk.

In evaluating the 2010 financial performance, the Compensation Committee acknowledged that the 2010 net income plan was not achieved. In evaluating the performance of non-financial objectives, the Compensation Committee considered input from the Chairman, CEO and senior managers from the internal control functions, which included risk management's assessment of Executive Board performance on >>>risk mitigation and overall risk management. Comprehensive information on performance against control metrics, the quality of earnings and client feedback and performance factored into the overall results. The performance assessment of the non-financial objectives was that these were above expectations, reflecting achievements such as net new assets of CHF 69.0 billion, gains in market share, risk reduction in Investment Banking and good progress on a number of human capital and other initiatives. The assessment of relative performance against peers was that these were in line with expectations. For specific performance criteria, refer to the chart "2010 Peer groups and performance criteria".

Based on the assessment of performance across the three performance categories, the final variable compensation pool approved for members of the Executive Board was 25% lower than the approved pool for the Executive Board for 2009.

Performance evaluations of individual Executive Board members

Variable compensation for 2010 was awarded to members of the Executive Board at the discretion of the Compensation Committee. The committee reviewed the results of a balanced performance scorecard evaluation performed by the CEO in determining compensation for each member. The scorecard provided information on the 2010 results for the businesses led by the executive using objective metrics, including any percentage increases or decreases in the metric from the prior year, and reflected performance ratings across seven performance categories. These categories were:

– business (including financial and risk-related performance objectives relating to the division, such as pre-tax income margin, net new assets and >>>risk-weighted assets);

– strategic;

– people;

– client;

– collaboration;

– control and risk environment; and

– personal development.

The Compensation Committee reviewed the performance assessment of each Executive Board member across the seven categories and the overall performance rating to each Executive Board member. In addition to the individual performance assessment, the committee also considered input from the independent compensation consultant with regards to competitive compensation levels for comparable roles in the market.

Executive Board compensation for 2010

In line with our total compensation approach, executive compensation consists of a fixed salary and a variable compensation component. Salaries for members of the Executive Board are reviewed annually. The variable compensation component can represent the most significant part of an executive's total compensation package and varies from year to year, depending on the Group's performance, the corresponding size of the variable compensation pool and the executive's performance. The percentage mix of compensation between fixed and variable will also be considered in determining the executive's total compensation.

Consistent with the lower performance of the Group in 2010 compared to 2009, the average total compensation for Executive Board members, excluding individuals who joined or left during 2010, was 32% lower compared to 2009. Variable compensation, excluding the joiners and leavers, was 40% lower compared to 2009 and 34% lower excluding the effect of increased base salaries. Each member of the Executive Board had 100% of variable compensation awards deferred, 50% in share awards and 50% in Adjustable Performance Plan awards. For the CEOs of Private Banking, Investment Banking and Asset Management, Adjustable Performance Plan awards are adjusted as for employees in their divisions. The base salary for all Executive Board members in 2010 was CHF 1.5 million, except for the CEO, whose base salary was CHF 2.5 million.

Across the whole Executive Board (16 individuals including those members who joined or left the Executive Board during 2010), 13% of total compensation was paid as salaries, 3% as variable cash compensation (only for former member Paul Calello), 77% as share awards and Adjustable Performance Plan awards and 7% as other compensation, including pension and other benefits and dividend equivalents.

Change in Executive Board compensation

	Average	Average, excluding joiners/leavers
2010 versus 2009 (%)		
Total compensation	(13)	(32)
Variable compensation	(24)	(40)
Variable compensation, excluding the effect of increased base salaries	(19)	(34)

Compensation for the members of the Executive Board for 2010

	Base salary	Variable cash compen-sation	Total cash	Value of share awards	Value of APP awards	Pension and similar benefits and other benefits[1]	Dividend equiv-alents[2]	Payments and awards due to contractual agree-ments[3]	Total compen-sation
2010 (CHF million, except where indicated)									
16 individuals[4]	20.50	4.21[5]	**24.71**	64.65[6]	58.65[7]	3.90	5.70	2.73	**160.34**
% of total compensation	13%	3%	16%	40%	37%				
of which highest paid: Antonio C. Quintella	0.79	–	**0.79**	6.97	6.97	0.08	0.82	**–**	**15.63**
% of total compensation	5%		5%	45%	45%				

of which CEO: Brady W. Dougan	2.50	–	**2.50**	4.87	4.87	0.03	0.49	**–**	**12.76**
% of total compensation	20%		20%	38%	38%				

1 Other benefits consist of housing allowances, lump sum expenses and child allowances. 2 SISUs and ISUs carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents disclosed were paid in respect of SISUs and ISUs granted in prior years. 3 Payments and awards under contractual commitments of CHF 2.73 million are comprised of cash of CHF 1.16 million and share-based awards of CHF 1.57 million. 4 Includes pro rata fixed compensation paid to Renato Fassbind and Kai S. Nargolwala, who left the Executive Board in 2010, but excludes advisory fees paid to them for their roles after leaving the Executive Board. Includes pro rata fixed compensation paid to Osama S. Abbasi, Fawzi Kyriakos-Saad, David R. Mathers and Antonio C. Quintella, who joined the Executive Board in 2010. Includes pro rata fixed compensation for Paul Calello, who passed away in November 2010. 5 Consists of variable cash compensation paid to former Executive Board member Paul Calello. No other members of the Executive Board as of December 31, 2010 received variable cash compensation. 6 The applicable Group share price was CHF 41.40. 7 The value of the Adjustable Performance Plan awards was the value as of the grant date of January 20, 2011.

2010 total compensation of the highest paid member of the Executive Board

The highest paid member of the Executive Board in 2010 was Antonio C. Quintella. Mr. Quintella's compensation amounted to CHF 15.6 million and was comprised of his salary of CHF 0.8 million (pro rated from July 2010), variable compensation (share awards and Adjustable Performance Plan awards) of CHF 13.9 million and other compensation (pension and similar benefits, dividend equivalents and other benefits) of CHF 0.9 million. Mr. Quintella's variable compensation in 2010 was awarded in consideration of his performance in his former role as CEO of Brazil and his role as CEO of Credit Suisse Americas.

Other aspects of executive compensation

Charitable contributions

As in 2009, a portion of the Executive Board variable compensation pool for 2010 was approved by the Compensation Committee to fund charitable contributions on behalf of Executive Board members. The total amount approved for charitable contributions was CHF 19 million, which otherwise could have been awarded as compensation to Executive Board members. The contributions will benefit eligible registered charities. Some Executive Board members, including the CEO, will be able to make recommendations in respect of allocation of the contributions to various charities.

Minimum share ownership requirements

In 2009, the Board approved minimum share ownership requirements for members of the Executive Board and members of the divisional and regional management committees. The minimum share ownership threshold for the CEO and other Executive Board members is 350,000 shares and up to 150,000 shares, respectively. For members of the divisional and regional management committees, the thresholds are 50,000 shares for executives responsible for the Investment Banking, Private Banking and Asset Management divisions and 20,000 shares for the executives responsible for Shared Services and regional management functions. The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share-based awards.

Compensation for the members of the Executive Board for 2009

	Base salary	Variable cash compen- sation	Total cash	Value of share- based and other awards	Pension and similar benefits and other benefits[1]	Dividend equiv- alents[2]	Payments and awards due to contractual agree- ments	Total compen- sation
2009 (CHF million, except where indicated)								
13 individuals [3]	9.13	3.40[4]	**12.53**	132.44[5]	3.61	0.32	–	**148.90**
% of total compensation	6%	2%	8%	89%				
of which highest paid: Brady W. Dougan, CEO	1.25	–	**1.25**	17.87	0.03	0.05	–	**19.20**
% of total compensation	6.5%		6.5%	93.1%				

1 Other benefits consist of housing allowances, lump sum expenses and child allowances. 2 SISUs and ISUs carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents disclosed were paid in respect of ISUs granted in prior years. 3 Includes pro rata compensation paid to Urs Rohner and D. Wilson Ervin, who left the Executive Board in 2009, and Romeo Cerutti and Karl Landert, who joined the Executive Board in 2009. No members of the Executive Board in 2009 joined from, or left for, positions outside the Group. 4 Includes variable cash compensation paid to the two former Executive Board members. No members of the Executive Board as of December 31, 2009 received variable cash compensation. 5 Share-based and other awards include 1.1 million SISUs, each of which has a base component and a leverage component. The fair value of the base component was CHF 50.30 and the fair value of the leverage component was CHF 13.44. The total fair value of each SISU was CHF 63.74. Other awards refer to Adjustable Performance Plan awards. The value of the Adjustable Performance Plan awards was the value as of the grant date of January 20, 2010.

Contract lengths and termination provisions

All members of the Executive Board have employment contracts with the Group. The contracts do not specify a contract length and are valid until terminated. Members of the Executive Board are required by contract to give six months notice of termination of employment. The Group must also give members of the Executive Board six months notice of termination of employment. There are no other contracts, agreements or other arrangements with the members of the Executive Board that provide for payments or benefits in connection with termination of employment that are not generally available to other employees of the Group. In the event of termination, however, different conditions apply to the balances of outstanding compensation awards, for example, depending on whether the termination was voluntary, involuntary or the result of a change of control. The different conditions are summarized in the table “Termination of employment provisions for Executive Board members”.

In the event of the termination of an Executive Board member without cause, for example, the amount and terms of a severance payment may be agreed between the Group and the respective Executive Board member. The Executive

Board member, however, does not have a contractual right to a severance payment arising from forfeited awards.

Former Executive Board members

Generally, former members of our most senior executive body who no longer provide services to the Group are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group or related parties during 2010.

Termination of employment provisions for Executive Board members

	Voluntary resignation	Termination without cause	Retirement	Termination with cause	Change in control
Compensation component					
Base salary	Ceases immediately	Statutory severance based on jurisdiction of employment	Ceases immediately	Ceases immediately	No incremental payment
Share award	Awards not vested at date of termination are forfeited	Accelerated vesting, normal payout dates apply	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Adjustable Performance Plan award	Awards not vested at date of termination are forfeited	Accelerated vesting, normal payout dates and metrics apply	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates and metrics apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Scaled Incentive Share Unit	Awards not vested at date of termination are forfeited	Accelerated vesting, normal payout dates apply, rights to additional shares are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Incentive Share Unit	Awards not vested at date of termination are forfeited	Accelerated vesting, normal payout dates apply, rights to additional shares are forfeited	Continues to vest, subject to non-compete, non-solicit provisions, normal payout dates apply	All outstanding awards are forfeited	Treatment at discretion of Compensation Committee
Performance Incentive Plan II unit	Awards not vested at date of termination are forfeited	Accelerated vesting, normal payout dates and metrics apply	Continues to vest, subject to non-compete, non-solicit	Awards not vested at date of termination are forfeited, limited	Treatment at discretion of Compensation Committee

			provisions, normal payout dates apply, awards vested after termination lose leverage	upside value of vested awards	
Partner Asset Facility award	Non-compete, non-solicit provisions apply until January 21, 2012, normal payout dates apply	Rights retained, normal payout dates apply	Non-compete, non-solicit provisions apply until January 21, 2012, normal payout dates apply	A portion is forfeited if termination occurs prior to January 21, 2012, normal payout dates apply	Treatment at discretion of Compensation Committee
Option	Expiration date accelerated to 30 days from issuance of notification from the Group if non-compete or non-solicit provisions are breached	Remains exercisable up to its original expiration date	Remains exercisable up to its original expiration date	Expires 30 days from date of termination	Treatment at discretion of Compensation Committee
Other cash award	Forfeited	No contractual right to award	Eligible to be considered for discretionary award	Forfeited	No contractual right to award

Units and values by individual

	Number of vested shares	Number of unvested share awards	Number of unvested ISUs	Number of unvested SISUs	Number of options	Number of PIP I units	Number of PIP II units [1]	Value of unvested awards at grant (CHF) [2]	Current value of unvested awards (CHF) [2]
December 31, 2010									
Brady W. Dougan	951,114	–	90,956 [3]	152,207	368,400	–	78,102	31,145,014	9,261,929
Osama S. Abbasi	233,801	–	50,193	58,977	–	–	26,110	9,215,028	4,429,732
Walter Berchtold	688,210	–	163,197	141,967	–	–	104,167	25,704,435	14,685,664
Romeo Cerutti	19,456	–	19,420	46,547	–	–	–	3,982,362	3,050,911
Tobias Guldimann	903	–	28,798	58,183	15,640	–	20,834	7,228,240	3,934,143
Fawzi Kyriakos-Saad	119,177	–	127,142	45,902	–	–	49,849	13,177,674	9,198,782
Karl Landert	82,718	–	83,060	60,511	–	–	31,250	9,748,212	7,955,834
David R. Mathers	26,617	–	59,008	30,260	14,960	–	5,375	5,538,189	4,735,645

Hans-Ulrich Meister	1,720	1,720	88,538	93,093	–	–	–	9,724,068	9,896,890
Antonio C. Quintella	234,685	–	–	–	–	–	26,002	1,872,144	–
Robert S. Shafir	131,239	–	168,960	124,641	–	–	71,213	19,305,533	17,365,460
Pamela Thomas-Graham	–	–	–	28,764	–	–	–	1,931,143	1,102,812
Eric M. Varvel	5,614	–	157,085	110,940	–	–	56,953	19,995,068	13,056,709
Total	**2,495,254**	**1,720**	**1,036,357**	**951,992**	**399,000**	**–**	**469,855**	**158,567,110**	**98,674,511**
December 31, 2009									
Brady W. Dougan	424,529	–	90,956	–	408,400	271,898	78,102	–	–
Walter Berchtold	238,779	–	205,221	–	–	130,401	104,167		