

# VIII

## **Parent company financial statements – Credit Suisse (Bank)**

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of

**Credit Suisse, Zurich**

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As statutory auditor, we have audited the financial statements of Credit Suisse (the "Bank"), which comprise the balance sheet, income statement and notes for the year ended December 31, 2008.

*Board of Directors' Responsibility*

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Bank's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the Bank's articles of incorporation.

**Report on Other Legal and Regulatory Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.



In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG Klynveld Peat Marwick Goerdeler SA

A handwritten signature in black ink, appearing to be 'P. Rickert', written over a light blue horizontal line.

Philipp Rickert  
*Licensed Audit Expert*  
*Auditor in Charge*

A handwritten signature in black ink, appearing to be 'M. Suppan', written over a light blue horizontal line.

Manfred Suppan  
*Licensed Audit Expert*

Zurich, Switzerland  
March 18, 2009

# Financial review

The Credit Suisse (Bank) parent company (the Bank parent company) recorded net operating income of CHF 9,175 million in 2008, compared to CHF 12,804 million in 2007. After deduction of operating expenses totaling CHF 5,412 million, representing a decrease of 21% in comparison with 2007, gross operating profit was CHF 2,148 million, or 36%, lower than in 2007 and amounted to CHF 3,763 million.

Depreciation of non-current assets of CHF 4,753 million, and valuation adjustments, provisions and losses of CHF 1,179 million resulted in a loss before extraordinary items and taxes of CHF 2,169 million. The Bank parent company recorded a net loss of CHF 2,240 million in 2008, compared to a net profit of CHF 3,625 million in 2007.

Net interest income for 2008 increased CHF 295 million, or 6%, to CHF 5,050 million compared to 2007. Net commission and service fee activities decreased CHF 1,101 million, or 19%, to CHF 4,594 million. The Bank parent company reported a net trading loss of CHF 980 million compared to net trading income of CHF 1,554 million in 2007. The Bank

parent company reported net other ordinary income of CHF 511 million, a decrease of CHF 289 million, or 36%, compared to 2007.

Operating expenses were down CHF 1,481 million, or 21%, to CHF 5,412 million compared to 2007. Personnel expenses decreased by CHF 1,267 million, or 24%, to CHF 3,938 million. Property, equipment and administrative costs totaled CHF 1,474 million, a decrease of CHF 214 million, or 13%, compared to 2007. Extraordinary expenses of CHF 363 million were recorded in 2008, of which CHF 361 million related to prior period.

In 2008, 750,000 participation certificates, at par value CHF 0.01 each, were issued, including a premium of CHF 2,962 million.

At the AGM on April 24, 2009, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 10 million.

# Statements of income

	Reference to notes	in
		2008      2007
<b>Net interest income (CHF million)</b>		
Interest and discount income		21,946      27,470
Interest and dividend income from trading portfolio		2,144      2,190
Interest and dividend income from financial investments		254      137
Interest expense		(19,294)      (25,042)
<b>Net interest income</b>		<b>5,050      4,755</b>
<b>Net commission and service fee activities (CHF million)</b>		
Commission income from lending transactions		509      854
Securities and investment commissions		4,072      4,859
Other commission and fee income		681      704
Commission expense		(668)      (722)
<b>Net commission and service fee activities</b>		<b>4,594      5,695</b>
<b>Net trading income/(loss)</b>	3	<b>(980)      1,554</b>
<b>Net other ordinary income (CHF million)</b>		
Income from the disposal of financial investments		91      451
Income from participations		311      855
Income from real estate		32      33
Other ordinary income		637      362
Other ordinary expenses		(560)      (901)
<b>Net other ordinary income</b>		<b>511      800</b>
<b>Net operating income</b>		<b>9,175      12,804</b>
<b>Operating expenses (CHF million)</b>		
Personnel expenses		3,938      5,205
Property, equipment and administrative costs		1,474      1,688
<b>Total operating expenses</b>		<b>5,412      6,893</b>
<b>Gross operating profit</b>		<b>3,763      5,911</b>
Depreciation of noncurrent assets		4,753      1,251
Valuation adjustments, provisions and losses		1,179      514
<b>Operating profit/(loss)</b>		<b>(2,169)      4,146</b>
Extraordinary income	3	19      308
Extraordinary expenses	3	(363)      0
Taxes		273      (829)
<b>Net profit/(loss)</b>		<b>(2,240)      3,625</b>

# Balance sheets

	Reference to notes	2008	end of 2007
<b>Assets (CHF million)</b>			
Cash and other liquid assets		68,010	4,027
Money market papers		5,310	9,177
Due from banks		208,964	247,714
Due from customers		201,661	241,880
Mortgages		94,386	96,256
Securities and precious metals trading portfolio		41,140	58,288
Financial investments		6,113	8,198
Participations		16,361	17,827
Tangible fixed assets		3,042	2,911
Intangible assets		1,052	806
Accrued income and prepaid expenses		3,155	4,246
Other assets		37,707	24,272
<b>Total assets</b>		<b>686,901</b>	<b>715,602</b>
of which subordinated amounts receivable		614	534
of which amounts receivable from group companies and qualified shareholders		305,378	368,907
<b>Liabilities and shareholder's equity (CHF million)</b>			
Liabilities in respect of money market papers		38,210	61,546
Due to banks		220,203	204,934
Due to customers, savings and investment deposits		34,754	32,943
Due to customers, other deposits		237,754	286,970
Medium-term notes		1,105	941
Bonds and mortgage-backed bonds		79,617	60,127
Accrued expenses and deferred income		5,888	8,367
Other liabilities		31,435	19,995
Valuation adjustments and provisions	7	1,548	1,527
<b>Total liabilities</b>		<b>650,514</b>	<b>677,350</b>
Share and participation capital	8	4,400	4,400
General legal reserves		22,063	18,849
Other reserves		610	610
Retained earnings carried forward		11,554	10,768
Net profit/(loss)		(2,240)	3,625
<b>Total shareholder's equity</b>	10	<b>36,387</b>	<b>38,252</b>
<b>Total liabilities and shareholder's equity</b>		<b>686,901</b>	<b>715,602</b>
of which subordinated amounts payable		27,091	17,776
of which amounts payable to group companies and qualified shareholders		186,556	156,730

# Off-balance sheet business

end of	2008	2007
<b>CHF million</b>		
Contingent liabilities	198,100	151,983
Irrevocable commitments	71,490	108,950
Liabilities for calls on shares and other equity instruments	16	18
Confirmed credits	428	183
Fiduciary transactions	15,679	30,185
<b>Derivative financial instruments (CHF million)</b>		
Gross positive replacement values	138,582	59,377
Gross negative replacement values	133,777	55,029
Contract volume	4,097,689	4,485,016

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire Group.

Contingent liabilities to other Bank entities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the Bank parent company's exposure is not defined as an amount but relates to

specific circumstances as the solvability of subsidiaries or the performance of a service.

Further, as shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank parent company has a joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.



# Notes to the financial statements

## 1 Description of business activities

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The Bank parent company is a Swiss Bank with total assets of CHF 686.9 billion and shareholder's equity of CHF 36.4 billion as of December 31, 2008.

The Bank is a 100% subsidiary of Credit Suisse Group. For a description of its business activities, refer to I – Information on the company.

## 2 Accounting and valuation policies

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### Basis for accounting

The Bank parent company's stand alone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks, the respective Implementing Ordinance and the FINMA Circular 2008/2, "Accounting guidelines for banks" (Swiss GAAP statutory).

The Bank's consolidated financial statements are prepared in accordance with US GAAP. For a detailed description of the Bank's accounting and valuation principles, refer to Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank).

For significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view), refer to Note 37 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view) in VII – Consolidated financial statements – Credit Suisse (Bank). Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank).

### Foreign currency translations

For US GAAP purposes, foreign currency translation adjustments for available-for-sale securities are reported in AOCI, which is part of total shareholder's equity, whereas for Swiss GAAP statutory they are included in the income statement.

### Share-based compensation

Under US GAAP, share-based compensation plans are treated as equity awards. Under Swiss GAAP statutory, such plans are treated as liability awards.

### Derivatives used for hedging purposes

#### Cash flow hedges

For US GAAP purposes, the effective portion of a cash flow hedge is reported in AOCI. For Swiss GAAP statutory purposes, the effective portion of a cash flow hedge is reported in the compensation account, which is part of other assets or other liabilities.

#### Fair value hedges

Under US GAAP, the full amount of unrealized losses on derivatives classified as hedging instruments and the corresponding gains on available-for-sale securities as hedged items are recognized in income. Under Swiss GAAP statutory, the amount representing the portion above historical cost of financial investments as hedged item is recorded in the compensation account.

### Deferred taxes

US GAAP allows the recognition of deferred tax assets on net operating loss carry forwards. Such recognition is not allowed for Swiss GAAP statutory purposes.

### Participations

The portfolio valuation method is applied to the participation positions.

### Undisclosed reserves

Unlike US GAAP, Swiss GAAP statutory financial statements may include and be influenced by undisclosed reserves. Undisclosed reserves arise from economically unnecessary write-downs on fixed assets and participations or through market-related price increases, which are not reflected in the income statement. Such undisclosed reserves arise from recording excessive provisions and loan loss reserves. In addition, such

undisclosed reserves arise if provisions and loan reserves, which are no longer necessary, are not written back to income.

#### Valuation adjustments on financial investments

Valuation adjustments relating to impairments in creditworthiness on financial investments held-to-maturity are recognized in other ordinary expenses/income.

#### Notes on risk management

For information on the Bank parent company's policy with regard to risk management and the use of financial derivatives, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet and Note 29 – Derivatives and hedging activities in VII – Consolidated financial statements – Credit Suisse (Bank).

### 3 Additional information on the parent company income statement

in	2008	2007
<b>Net trading income (CHF million)</b>		
Income/(loss) from trading in interest-related instruments	(3,452)	(1,015)
Income/(loss) from trading in equity instruments	(610)	248
Income from foreign exchange and banknote trading	3,265	1,837
Income from precious metal trading	60	43
Other gain/(loss) from trading	(243)	441
<b>Total net trading income/(loss)</b>	<b>(980)</b>	<b>1,554</b>

in	2008	2007
<b>Extraordinary income and expenses (CHF million)</b>		
Gains realized on the disposal of participations	19	308
<b>Extraordinary income</b>	<b>19</b>	<b>308</b>
Losses realized on the disposal of participations	(2)	0
Other extraordinary expenses	(361)	0
<b>Extraordinary expenses</b>	<b>(363)</b>	<b>0</b>
<b>Total net extraordinary income and expenses</b>	<b>(344)</b>	<b>308</b>

### 4 Pledged assets and assets under reservation of ownership

end of	2008	2007
<b>Pledged assets and assets under reservation of ownership (CHF million)</b>		
Assets pledged and assigned as collateral	11,617	15,017
Actual commitments secured	6,529	2,481

## 5 Securities borrowing and securities lending, repurchase and reverse repurchase agreements

end of	2008	2007
<b>Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)</b>		
Due from banks	10,388	36,649
Due from customers	4,860	17,434
<b>Cash collateral paid for securities borrowed and reverse repurchase agreements</b>	<b>15,248</b>	<b>54,083</b>
Due to banks	21,154	32,915
Due to customers	674	1,202
<b>Cash collateral received for securities lent and repurchase agreements</b>	<b>21,828</b>	<b>34,117</b>
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	5,252	11,343
of which transfers with the right to repledge or resell	4,999	11,343
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to sell or repledge	75,085	173,326
of which resold or repledged	68,178	127,582

## 6 Liabilities due to own pension plans

Liabilities due to the Bank parent company's own pension plans as of December 31, 2008 and 2007 of CHF 1,220 million and CHF 668 million, respectively, are reflected in various liability accounts in the Bank parent company's balance sheets.

## 7 Valuation adjustments and provisions

in	Total 2007	Utilized for purpose	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2008
<b>Valuation adjustments and provisions (CHF million)</b>						
Provisions for deferred taxes	269	0	(51)	148	(17)	<b>349</b>
Valuation adjustments and provisions for default risks	968	(158)	28	837	(191)	<b>1,484</b>
Valuation adjustments and provisions for other business risks <sup>1</sup>	104	(23)	(1)	33	(9)	<b>104</b>
Other provisions <sup>2,3</sup>	1,154	(96)	7	513	(483)	<b>1,095</b>
<b>Subtotal</b>	<b>2,226</b>	<b>(277)</b>	<b>34</b>	<b>1,383</b>	<b>(683)</b>	<b>2,683</b>
<b>Total valuation adjustments and provisions</b>	<b>2,495</b>	<b>(277)</b>	<b>(17)</b>	<b>1,531</b>	<b>(700)</b>	<b>3,032</b>
Less direct charge-offs against specific assets	(968)					(1,484)
<b>Total valuation adjustments and provisions as shown in the balance sheet</b>	<b>1,527</b>					<b>1,548</b>

<sup>1</sup> Provisions are not discounted due to short-term nature. <sup>2</sup> Provisions in respect of litigation claims were CHF 49 million and CHF 50 million as of December 31, 2008 and 2007, respectively. <sup>3</sup> No provisions for defined benefit pension cost included.

## 8 Composition of share and participation capital and authorized capital

	2008		2007	
	Quantity	Total nominal value CHF million <sup>1</sup>	Quantity	Total nominal value CHF million <sup>1</sup>
<b>Registered shares (at CHF 100)</b>				
Capital on January 1	43,996,652	4,400	43,996,652	4,400
<b>Capital on December 31</b>	<b>43,996,652</b>	<b>4,400</b>	<b>43,996,652</b>	<b>4,400</b>
<b>Participation certificates (at CHF 0.01)</b>				
Participation certificates on January 1	0	0	0	0
<b>Participation certificates on December 31</b>	<b>750,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> The dividend eligible capital equals the total nominal value.

## 9 Major shareholders and groups of shareholders

end of	2008			2007		
	Quantity	Total nominal value CHF million	Share %	Quantity	Total nominal value CHF million	Share %
<b>Major shareholders and groups of shareholders</b>						
Credit Suisse Group AG <sup>1</sup>	43,996,652	4,400	100%	43,996,652	4,400	100%

<sup>1</sup> On October 16, 2008, Credit Suisse Group AG announced that it raised additional tier 1 capital from a small group of investors. In connection with this announcement, Qatar Holding LLC, a company controlled by the Qatar Investment Authority, reported on October 22, 2008 that it now holds 99.8 million shares, or 8.90%, of the registered shares in Credit Suisse Group AG. The Group was informed through disclosure notifications on September 19 and 20, 2006 that AXA S.A.'s holdings were 84.7 million shares, or 6.98%, of the registered shares in Credit Suisse Group AG. No further notification from AXA has been received as of December 31, 2008.

## 10 Shareholder's equity

	2008	2007
<b>Shareholder's equity (CHF million)</b>		
Share capital	4,400	4,400
General legal reserves	18,849	18,849
Other reserves	610	610
Retained earnings	14,393	10,778
of which carried forward from previous year	10,768	7,091
of which net profit	3,625	3,687
<b>Total shareholder's equity as of January 1</b>	<b>38,252</b>	<b>34,637</b>
Issuance of participation certificates (including premium)	2,962	0
Other changes	13	0
Dividend	(2,600)	(10)
Net profit/(loss)	(2,240)	3,625
<b>Total shareholder's equity as of December 31 (before profit allocation)</b>	<b>36,387</b>	<b>38,252</b>
Share and participation capital	4,400	4,400
General legal reserves	22,063	18,849
Other reserves	610	610
Retained earnings	9,314	14,393
of which carried forward from previous year	11,554	10,768
of which net profit/(loss)	(2,240)	3,625
<b>Total shareholder's equity as of December 31 (before profit allocation)</b>	<b>36,387</b>	<b>38,252</b>

## 11 Amounts receivable from and payables to affiliated companies and loans to members of the Bank parent company's governing bodies

end of	2008	2007
<b>Amounts receivable from and amounts payable to affiliated companies and loans to members of the Bank parent company's governing bodies (CHF million)</b>		
Amounts receivable from affiliated companies	6,840	8,367
Amounts payable to affiliated companies	22,903	21,393
Loans to members of the Bank parent company's governing bodies	37	36

## 12 Significant transactions with related parties

Transactions with related parties (such as securities transactions, payment transfer services, borrowings and compensation for deposits) are carried out at arm's length.

### 13 Fire insurance value of tangible fixed assets

end of	2008	2007
<b>Fire insurance value of tangible fixed assets (CHF million)</b>		
Real estate	3,226	3,115
Other fixed assets	369	396

### 14 Liabilities for future payments in connection with operating leases

end of	2008	2007
<b>Liabilities for future payments in connection with operating leases (CHF million)</b>		
Total	714	902

### 15 Fiduciary transactions

end of	2008	2007
<b>Fiduciary transactions (CHF million)</b>		
Fiduciary placements with third-party institutions	15,677	30,183
Fiduciary loans and other fiduciary transactions	2	2
<b>Total fiduciary transactions</b>	<b>15,679</b>	<b>30,185</b>

### 16 Number of employees

end of	2008	2007
<b>Number of employees (full-time equivalents)</b>		
Switzerland	17,800	17,400
Abroad	5,100	4,400
<b>Total number of employees</b>	<b>22,900</b>	<b>21,800</b>

## 17 Foreign currency translation rates

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in / end of	2008	2007
<b>Average rate</b>		
1 USD / 1 CHF	1.08	1.20
1 EUR / 1 CHF	1.58	1.64
1 GBP / 1 CHF	2.00	2.40
100 JPY / 1 CHF	1.05	1.02
<b>Closing rate</b>		
1 USD / 1 CHF	1.06	1.13
1 EUR / 1 CHF	1.49	1.66
1 GBP / 1 CHF	1.53	2.25
100 JPY / 1 CHF	1.17	1.00

## 18 Outsourcing of services

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Where the outsourcing of services through agreements with external service providers is considered significant under the terms of FINMA Circular 2008/7 "Outsourcing banks" those agreements comply with all regulatory requirements with

respect to business and banking secrecy, data protection and customer information. At the Bank, outsourcing of services is in compliance with Circular 2008/7.

## 19 Risk assessment

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For information on the Bank parent company's risk assessment in accordance with the Swiss Code of Obligations, refer

to Note 38 – Risk assessment in VII – Consolidated financial statements – Credit Suisse (Bank).

# Proposed appropriation of retained earnings

end of	2008
<b>Retained earnings (CHF million)</b>	
Retained earnings carried forward	11,554
Net loss	(2,240)
<b>Retained earnings available for appropriation</b>	<b>9,314</b>
Dividend	10
Allocations to general legal reserves	0
<b>Balance to be carried forward</b>	<b>9,304</b>