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CREDIT SUISSE GROUP
Form 6-K
October 11, 2002

As furnished to the Securities and Exchange Commission on October 11, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K
Report of Foreign Private Issuer
Dated October 11, 2002

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

Credit Suisse Group

Paradeplatz 8, P.O. Box 1, CH 8070 Zurich, Switzerland

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F

Form 20-F /X/

Form 40-F / /

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes / /

No /X/

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): N/A

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* The audited consolidated financial statements beginning at page F-1 of this Form 6-K are included to provide a segment footnote (note 4) reflecting the realignment of our business effective January 1, 2002. No other changes have been made to the audited consolidated financial statements filed as part of our annual report on Form 20-F for the year ended December 31, 2001.

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FORWARD-LOOKING STATEMENTS

This Form 6-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

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

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

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

- market and interest rate fluctuations;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular;
- the ability of counterparties to meet their obligations to us;

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- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- the ability to maintain sufficient liquidity and access capital markets;
- operational factors such as systems failure, human error, or the failure properly to implement procedures;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brands;

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- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate successfully acquired businesses; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the information set forth in our annual report on Form 20-F for the year ended December 31, 2001 filed with the SEC on May 15, 2002.

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INTRODUCTION

This report on Form 6-K includes:

- a discussion of our financial results for the six months ended June 30, 2002 compared to the six months ended June 30, 2001;
- an overview of the changes to our segment information for each of the years in the three-year period ended December 31, 2001 following the realignment of our business units effective January 1, 2002, which changed the composition of our reportable segments. We refer to the realignment elsewhere in this Form 6-K as the "realignment";

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- a reconciliation of our financial results for the six months ended June 30, 2002 and 2001 to US generally accepted accounting principles and other additional notes to our interim financial statements; and
- our audited consolidated financial statements as of and for each of the years in the three-year period ended December 31, 2001, including a segment footnote reflecting the realignment, together with a report thereon of our independent auditors, KPMG Klynveld Peat Marwick Goerdeler SA.

This disclosure supplements the disclosure in, and should be read with, our Quarterly Reports for the first and second quarters of 2002, furnished to the SEC on Form 6-K on May 15, 2002 and August 14, 2002, respectively. The audited consolidated financial statements beginning on page F-1 of this Form 6-K are included to provide a segment footnote (note 4) reflecting the realignment of our business effective January 1, 2002. No other changes have been made to the audited consolidated financial statements filed as part of our annual report on Form 20-F for the year ended December 31, 2001.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Overview

We are a global financial services company engaging in private banking, retail and corporate banking, insurance, investment banking and asset management. We conduct our activities through two business units, Credit Suisse Financial Services, or CSFS, and Credit Suisse First Boston, or CSFB.

CSFS includes four segments:

- Private Banking;
- Corporate & Retail Banking;
- Life & Pensions; and
- Insurance.

CSFB includes two segments:

- Investment Banking, which is operated through two principal divisions:
 - the Securities division, consisting of Equity and Fixed Income; and
 - the Investment Banking division; and
- CSFB Financial Services.

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

Factors affecting results of operations

Our results of operations are affected, to a greater or lesser degree, by a variety of factors, including general economic and market conditions, exchange rate fluctuations, competition within the financial services industry, and government policy, legislation and regulation. In addition, acquisitions, dispositions and changes in the structure of our business have affected our results from year to year. For a discussion of additional factors affecting our

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results of operations, please refer to "Item 3 -- Key Information -- Risk factors" in our annual report on Form 20-F for the year ended December 31, 2001 filed with the SEC on May 15, 2002.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Credit Suisse Group

In the first half of 2002, our operating income was CHF 15,977 million and net loss was CHF 211 million. We measure our business at the consolidated group level on the basis of net new asset growth and operating return on equity excluding amortization of acquired intangible assets and goodwill. At June 30, 2002, assets under management totaled CHF 1,293.2 billion, and for the half-year then ended net new asset growth was 1.2%. Operating return on equity was 2.2% in the first six months of 2002. Our results of operations reflect the results of our segments and certain corporate expenses and consolidation adjustments recorded at the Corporate Center.

The following table sets forth our condensed consolidated income statement for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001
Net interest income	4,029	3,151
Net commission and service fee income	8,732	9,741
Net trading income	2,105	6,105
Net income from the insurance business 2)	1,449	3,419
Other ordinary income/(expenses), net	(338)	(143)
Operating income	15,977	22,273
Personnel expenses	9,653	11,989
Other operating expenses	3,413	4,168
Operating expenses	13,066	16,157
Gross operating profit	2,911	6,116
Depreciation of non-current assets 3)	947	985
Amortization of acquired intangible assets	366	393
Amortization of goodwill	393	356
Valuation adjustments, provisions and losses from the banking business	1,033	650
Depreciation, valuation adjustments and losses	2,739	2,384
Profit before extraordinary items, taxes and minority interests	172	3,732
Extraordinary income/(expenses), net	105	22
Taxes	(504)	(907)
Net (loss)/profit before minority interests	(227)	2,847
Minority interests	16	(131)

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Net (loss)/profit	(211)	2,716

Reconciliation to net operating profit		
Amortization of acquired intangible assets	366	393
Amortization of goodwill 4)	373	356
Tax impact	(127)	(128)

Net operating profit	401	3,337

Other data		
Operating return on equity 5)	2.2%	16.0%
Net new asset growth	1.2%	3.0%

- 1) Certain reclassifications have been made to conform to the current presentation.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

- 2) For the purpose of the consolidated financial statements, operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from insurance business.
- 3) Includes amortization of Present Value of Future Profits, or PVFP, from the insurance businesses.
- 4) Excluding a CHF 20 million write-off relating to a participation.
- 5) Excluding amortization of acquired intangible assets and goodwill.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Operating income decreased CHF 6,296 million, or 28.3%, in the first half of 2002 compared to the first six months of 2001. This decrease was primarily due to a decrease of CHF 4,000 million, or 65.5%, in net trading income in the first half of 2002 primarily within CSFB due to weak market conditions. CSFB's operating income decreased CHF 3,525 million, or 24.1%, in the first half of 2002 compared to the first six months of 2001 as a result of significantly lower operating income from the Investment Banking segment's Equity and Fixed Income businesses, reflecting the depressed markets and low new issue activity. The decline in operating income includes a CHF 1,970 million, or 57.6%, decrease in income from the insurance business, which was primarily attributable to a significant decrease in investment income from the insurance businesses as a result of continuing financial market weakness, which affected both investment income and dividends to policyholders. The decline in investment income from the insurance business of CHF 3,897 million includes realization of losses on securities sold as well as the recognition of realized losses from other than temporary impairments in our insurance businesses' investment portfolio. Compared with the first six months of 2001, net interest income increased CHF 878 million, or 27.9%, and net commission and service fee income decreased CHF 1,009 million, or 10.4%. This reflects the shift in Fixed Income business from commission- to interest-based activity within the Investment Banking segment during the first half of 2002 due to a relatively stable interest rate environment. Other ordinary income/(expenses), net decreased CHF 195 million, or 136.4%, to an expense of CHF 338 million in the first half of 2002, mainly due

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to unrealized losses on financial investments held at the Corporate Center.

Operating expenses decreased CHF 3,091 million, or 19.1%, in the first half of 2002 compared to the first six months of 2001 mainly reflecting CSFB's cost reduction initiatives, which reduced CSFB's operating expenses by CHF 2,769 million, or 24.4%. Personnel expenses decreased CHF 2,336 million, or 19.5%, primarily as a result of a reduction in incentive compensation and headcount reductions at CSFB. Amortization of retention payments was CHF 359 million in the first half of 2002 compared to CHF 403 million in the first six months of 2001. Other operating expenses decreased CHF 755 million, or 18.1%, in the first half 2002 primarily as a result of declines in variable expenses.

Amortization of acquired intangible assets decreased CHF 27 million primarily as a result of divestitures at CSFB. Amortization of goodwill increased CHF 37 million in the first half of 2002 primarily due to acquisitions at CSFB and a CHF 20 million write-off of a participation.

Valuation adjustments, provisions and losses from the banking business increased CHF 383 million, or 58.9%, in the first half of 2002 compared to the first half of 2001, primarily as a result of higher corporate credit provisions at CSFB due to a deterioration in credit market conditions and provisioning for CSFB's discontinued real estate held for sale.

Extraordinary income/(expenses), net increased CHF 83 million to CHF 105 million for the first six months of 2002 compared to the first six months of 2001. This increase resulted primarily from the divestiture of our insurance branch in France and a realized gain from the sale of a participation.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The effective tax rate increased from 24.2% for the six month period ended June 30, 2001 to 181.9% for the six months ended June 30, 2002. The main reasons were the higher net operating losses for which no deferred tax assets could be recognized and impairments on investments that are not tax deductible in certain countries.

A key driver of our revenue is net new asset growth, which is a key performance indicator, or KPI, for measuring the progress of our asset gathering strategy. The following tables provide details of assets under management at June 30, 2002 and December 31, 2001 and for the six months ended June 30, 2002 and 2001: 1)

in CHF bn	30.06.02	31.12.01

Advisory	638.6	723.5
Discretionary	654.6	707.1

Total assets under management	1,293.2	1,430.6

	6 months	6 months
	2002	2001

Net new assets	17.7	41.8

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- 1) Certain reclassifications have been made to conform to the current presentation.

Assets under management decreased CHF 137.4 billion, or 9.6%, as of June 30, 2002 compared to December 31, 2001. This includes CHF 17.7 billion in net new assets offset by CHF 36.9 billion of outflows related to divestitures and a decrease of CHF 118.2 billion primarily due to the substantial deterioration of the equity markets worldwide.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following table sets forth the results by segment of Credit Suisse Group for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001

Operating income		
Private Banking	3,544	3,828
Corporate & Retail Banking	1,245	1,247
Life & Pensions 2)	608	1,416
Insurance 2)	627	1,811

Credit Suisse Financial Services	6,024	8,302

Investment Banking	9,317	12,521
CSFB Financial Services	1,786	2,107

Credit Suisse First Boston	11,103	14,628

Acquisition interest	(325)	(476)
Corporate Center 3)	(825)	(181)

Credit Suisse Group	15,977	22,273

Net operating profit/(loss) before minority interests 4)		
Private Banking	1,120	1,221
Corporate & Retail Banking	215	181
Life & Pensions 2)	(412)	434
Insurance 2)	(637)	405

Credit Suisse Financial Services	286	2,241

Investment Banking	844	1,643
CSFB Financial Services	231	194

Credit Suisse First Boston	1,075	1,837

Net profit/(loss)		
Credit Suisse Financial Services	295	2,112
Credit Suisse First Boston	69	669
Corporate Center 3)	(575)	(65)

Credit Suisse Group	(211)	2,716

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- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) For the purpose of the consolidated financial statements, operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from insurance business.
- 3) Including consolidation adjustments.
- 4) Represents net profit/(loss) excluding acquisition-related costs and minority interests which are reported at the business unit level only. For reconciliation of net operating profit to net profit please refer to the business unit discussions below.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Credit Suisse Financial Services

CSFS's income statement is presented on an "operating basis," which differs from our consolidated income statement presentation by excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. This item is reported separately in the income statement. A separate table presenting line items on a basis consistent with our consolidated income statement and after giving effect to amortization of acquired intangible assets and goodwill is also set forth below. Although we also present CSFS's income statement on this basis, we discuss its results on an operating basis. Management uses the operating basis to assess the financial results and key performance indicators of CSFS.

The following table sets forth the results of CSFS on an operating basis for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001
Operating income	6,024	8,302
Personnel expenses	2,917	2,923
Other operating expenses	1,723	1,801
Operating expenses	4,640	4,724
Gross operating profit	1,384	3,578
Depreciation of non-current assets	336	241
Amortization of present value of future profits (PVFP)	86	86
Valuation adjustments, provisions and losses from the banking business	194	251
Net operating profit before extraordinary items and taxes	768	3,000
Extraordinary income/(expenses), net	18	11
Taxes 3)	(500)	(770)

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Net operating profit before minority interests	286	2,241
Amortization of acquired intangible assets and goodwill	(75)	(42)
Tax impact	1	1
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Net profit before minority interests	212	2,200
<hr style="border-top: 1px dashed black;"/>		
Minority interests	83	(88)
<hr style="border-top: 1px dashed black;"/>		
Net profit	295	2,112
<hr style="border-top: 1px dashed black;"/>		
Reconciliation to net operating profit		
Amortization of acquired intangible assets and goodwill 4)	55	42
Tax impact	(1)	(1)
<hr style="border-top: 1px dashed black;"/>		
Net operating profit	349	2,153
<hr style="border-top: 1px dashed black;"/>		
Other data		
Growth in net operating profit	(83.8%)	(7.8%)
<hr style="border-top: 1px dashed black;"/>		

- 1) Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs are reported separately in the income statement.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

- 2) For the purpose of the consolidated financial statements, operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from insurance business.
- 3) Excluding tax impact on amortization of acquired intangible assets and goodwill.
- 4) Excluding a CHF 20 million write-off relating to a participation.

The following table sets forth the results of CSFS for the six months ended June 30, 2002 and 2001, and the percentage change from period to period, including the effects of amortization of acquired intangible assets and goodwill. For a reconciliation of the results on an operating basis to the basis consistent with our reported results please refer to note 1 "Segment reporting by operating segments" in the notes to the interim financial statements: 1)

in CHF m	6 months 2002	6 months 2001	Change
<hr style="border-top: 1px dashed black;"/>			
Operating income	6,024	8,302	(27.4%)
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Personnel expenses	2,917	2,923	(0.2%)
Other operating expenses	1,723	1,801	(4.3%)

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Operating expenses	4,640	4,724	(1.8%)
Gross operating profit	1,384	3,578	(61.3%)
Depreciation of non-current assets 2)	422	327	29.1%
Amortization of acquired intangible assets and goodwill	75	42	78.6%
Valuation adjustments, provisions and losses	194	251	(22.7%)
Profit before extraordinary items and taxes	693	2,958	(76.6%)
Extraordinary income/(expenses), net	18	11	63.6%
Taxes	(499)	(769)	(35.1%)
Net profit before minority interests	212	2,200	(90.4%)
Minority interests	83	(88)	--
Net profit	295	2,112	(86.0%)

1) Certain reclassifications have been made to conform to the current presentation.

2) Including amortization of PVFP from the insurance businesses.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

CSFS measures performance based on growth in net operating profit. Net operating profit excludes amortization of acquired intangible assets and goodwill. In the first six months of 2002, net operating profit declined 83.8% compared to the first six months of 2001.

In the first six months of 2002, operating income decreased CHF 2,278 million, or 27.4%, compared to the first six months of 2001. This was primarily due to the significantly reduced investment income in our insurance segments as a result of continuing financial market weakness. Specifically, our insurance businesses recognized losses on the sale of securities and impairments on investments. This had a negative impact of approximately CHF 2.6 billion on operating income. Primarily in the Private Banking segment, yields on loans to customers decreased faster than interest rates on customer savings and investment deposits, which resulted in lower net interest income. In addition, a reduced asset base as a consequence of adverse market conditions resulted in lower net commission and service fee income.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Operating expenses decreased CHF 84 million, or 1.8%, in the first six months of 2002. While personnel expenses remained stable, other operating expenses decreased CHF 78 million, or 4.3%, mainly due to efforts to achieve a stable or reduced cost base.

Depreciation of non-current assets increased CHF 95 million, or 39.4%, in the first six months of 2002 compared with the same period in 2001. This was primarily related to a partial write-off of the operational assets of "Europe Life", an e-distribution platform of Life & Pensions. In addition, increased capital expenditure in 2001 related to business expansion (principally the European Financial Services Initiative, or EFSI) led to increased assets and therefore higher depreciation in 2002.

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Amortization of acquired intangible assets and goodwill increased CHF 33 million, or 78.6%, in the first six months of 2002. This was primarily due to a CHF 20 million write-off on a participation.

Valuation adjustments, provisions and losses decreased CHF 57 million, or 22.7%, in the first six months of 2002. This decline was principally the result of lower credit risk and reduced losses from operations and litigation.

Extraordinary income/(expenses), net increased CHF 7 million, or 63.6%, in the first six months of 2002. This was primarily related to extraordinary income from the Private Banking segment as described under "-- Private Banking" below.

Private Banking

The Private Banking segment of CSFS provides personal investment counseling and professional asset management services for an affluent and high-net-worth clientele and has offices in Switzerland and numerous international markets. Operating income of the Private Banking segment consists primarily of transaction-based and asset-based fee income from assets under management.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following table sets forth the results of the Private Banking segment for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001

Net interest income	877	1,018
Net commission and service fee income	2,329	2,384
Net trading income	305	348
Other ordinary income	33	78

Operating income	3,544	3,828

Personnel expenses	1,252	1,278
Other operating expenses	731	756

Operating expenses	1,983	2,034

Gross operating profit	1,561	1,794

Depreciation of non-current assets	109	68
Valuation adjustments, provisions and losses 2)	43	102

Net operating profit before extraordinary items and taxes	1,409	1,624

Extraordinary income/(expenses), net	19	2
Taxes	(308)	(405)

Net operating profit before minority interests	1,120	1,221

Other data		
Increased/(decreased) credit-related valuation adjustments		
2)	(10)	(9)

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Growth in net new assets	2.7%	4.1%
Net operating profit before minority interests on average assets under management	41.1bp	44.4bp

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.

- 2) Increased/(decreased) valuation adjustments taken at the Group level resulting from the difference between the statistical and actual credit provisions.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Private Banking reported a net operating profit before minority interests of CHF 1,120 million in the six months ended June 30, 2002 compared to CHF 1,221 million in the six months ended June 30, 2001. Private Banking measures performance based on growth in net new assets and net operating profit before minority interests on average assets under management. In the first half of 2002, net new asset growth decreased from 4.1% to 2.7% and net operating profit before minority interests on average assets under management decreased 3.3 basis points to 41.1 basis points.

The following table illustrates the operating income by geographic location, separately branded companies in Switzerland and product centers for the periods presented. This distribution does not necessarily reflect the location of the customer.

in CHF m	6 months 2002	6 months 2001
Switzerland	2,241	2,460
International	650	599
Private Banking subsidiaries 1)	497	577
Product centers	156	192
Operating income	3,544	3,828

- 1) The Private Banking subsidiaries principally include Bank Leu, Clariden Bank, Bank Hofmann and BGP Banca di Gestione Patrimoniale.

Operating income decreased CHF 284 million, or 7.4%, in the first six months of 2002. Of the total operating income of CHF 3,544 million in the six months ended June 30, 2002, 67% was asset-based, 21% was transaction-based and the remaining 12% was from other income components including lending, trading and income from asset and liability management. Transaction-based fees decreased CHF 149 million primarily due to a decline in the brokerage and fund

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distribution businesses. This decline was partially offset by an increase in new issue distribution of alternative investment products. Asset-based income decreased CHF 50 million, due to a decrease in net interest income of CHF 141 million, or 13.9%, in the first six months of 2002. The decrease in net interest income was primarily a result of rates on loans to customers decreasing faster than interest rates on customer savings and investment deposits. The decrease in net interest income was partially offset by an increase in commission income on assets, primarily as a result of an increase in the volume of assets under management for alternative investment products.

Operating expenses decreased CHF 51 million, or 2.5%, in the first six months of 2002. Increased salaries and social benefits, caused by higher headcount numbers related to the expansion of European Financial Services Initiative, or EFSI, were partially offset by lower bonus accruals.

Depreciation of non-current assets increased CHF 41 million, or 60.3%, principally as a result of increased capital expenditure in 2001 related to business expansion (principally EFSI), which led to increased assets and therefore higher depreciation in 2002.

Valuation adjustments, provisions and losses decreased CHF 59 million in the first six months of 2002. This decline was principally the result of lower credit risk and reduced losses from operations and litigation.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Extraordinary income/(expenses), net increased CHF 17 million in the first six months of 2002. This increase was primarily related to a realized gain on the sale of a participation of CHF 29 million partially offset by restructuring costs of CHF 13 million.

A key factor influencing Private Banking's results is the amount of assets under management. The following tables provide details of assets under management at June 30, 2002 and December 31, 2001 and for the six months ended June 30, 2002 and 2001: 1)

in CHF bn	30.06.02	31.12.01

Advisory	388.6	415.3
Discretionary	128.7	131.5

Assets under management	517.3	546.8

	6 months	6 months
	2002	2001

Net new assets (in CHF bn)	14.8	22.0
Growth in net new assets	2.7%	4.1%
Market movement and structural effects	(8.1%)	1.6%
Acquisitions/(Divestitures)	--	0.7%
Growth in assets under management	(5.4%)	6.4%

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- 1) Certain reclassifications have been made to conform to the current presentation.

Assets under management decreased CHF 29.5 billion, or 5.4%, as of June 30, 2002 compared to December 31, 2001. Net new assets of CHF 14.8 billion in the first six months of 2002 were more than offset by a decline in market values of CHF 44.3 billion. At June 30, 2002, equities were 19.5% of total assets under management, debt securities were 25.5%, the shares in investment funds were 31.9% and the remaining 23.1% was invested in money market products and other investments. Other investments include alternative investments, which increased in the first six months of 2002 as clients invested approximately CHF 8.4 billion in this product category.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Corporate & Retail Banking

The Corporate & Retail Banking segment of CSFS includes our operations for retail banking and corporate clients in Switzerland.

The following table sets forth the results of the Corporate & Retail Banking segment for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001
<hr/>		
Net interest income	831	833
Net commission and service fee income	250	262
Net trading income	127	131
Other ordinary income	37	21
<hr/>		
Operating income	1,245	1,247
<hr/>		
Personnel expenses	468	508
Other operating expenses	307	338
<hr/>		
Operating expenses	775	846
<hr/>		
Gross operating profit	470	401
<hr/>		
Depreciation of non-current assets	37	24
Valuation adjustments, provisions and losses 2)	151	149
<hr/>		
Net operating profit before extraordinary items and taxes	282	228
<hr/>		
Extraordinary income/(expenses), net	(1)	9
Taxes	(66)	(56)
<hr/>		
Net operating profit before minority interests	215	181
<hr/>		
Other data		
Increased/(decreased) credit-related valuation adjustments 2)	14	5
Return on average allocated capital (operating) 3)	10.9%	9.3%

-
- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results by excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
 - 2) Increased/(decreased) valuation adjustments taken at the Group level resulting from the difference between the statistical and actual credit provisions.
 - 3) Excluding amortization of acquired intangible assets and goodwill.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Corporate & Retail Banking reported a net operating profit before minority interests of CHF 215 million in the six months ended June 30, 2002 compared to CHF 181 million in the six months ended June 30, 2001. The increase of 18.8% was mainly the result of reduced operating expenses. Corporate & Retail Banking measures performance based on operating return on average allocated capital. In the first six months of 2002 operating return on average allocated capital was 10.9% compared to 9.3% in the first six months of 2001.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following table outlines the distribution of operating income by customer segment for Corporate & Retail Banking for the six months ended June 30, 2002 and 2001:

in CHF m	6 months 2002	6 months 2001

Retail clients	411	390
Corporate clients	825	845
Other client business 1)	9	12

Operating income	1,245	1,247

- 1) Income from transactions with non-account holders.

Total operating income was flat at CHF 1,245 million compared to the first six months of 2001. The decrease in operating income in the corporate client segment was mainly due to lower interest margins.

Operating expenses decreased CHF 71 million, or 8.4%, in the first six months of 2002. Personnel expenses decreased CHF 40 million or 7.9% primarily due to lower bonus accruals and efficiency improvements. Other operating expenses decreased CHF 31 million, or 9.2%, primarily as a result of cost reduction initiatives.

Depreciation of non-current assets increased CHF 13 million, or 54.2%, in the first six months of 2002, reflecting the higher investment level especially in

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information technology in 2001.

The following tables provide details of assets under management at June 30, 2002 and December 31, 2001 and for the six months ended June 30, 2002 and 2001: 1)

in CHF bn	30.06.02	31.12.01

Advisory	51.3	54.2
Discretionary	1.6	1.7

Assets under management	52.9	55.9

	6 months 2002	6 months 2001

Net new assets (in CHF bn)	(1.1)	(0.7)
Growth in net new assets	(2.0%)	(1.3%)
Market movement and structural effects	(3.4%)	(5.0%)
Growth in assets under management	(5.4%)	(6.3%)

1) Certain reclassifications have been made to conform to the current presentation.

Assets under management decreased 5.4% to CHF 52.9 billion as of June 30, 2002 compared to December 31, 2001. Net asset outflow was CHF 1.1 billion primarily due to maturing time deposits of large corporate customers. Market performance was negatively affected by the decline in the equity markets worldwide. Assets under management held in retail client accounts fell CHF 0.8 billion, or 2.8%, to CHF 26.8 billion. Of total assets under management, 50.7% was for retail clients and 49.3% was for corporate clients.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following tables provide details of the loan portfolio at June 30, 2002 and December 31, 2001 and for the six months ended June 30, 2002 and 2001:

in CHF m	30.06.02	31.12.01

Due from customers	28,635	28,889
Mortgages	35,316	34,279

Total loans	63,951	63,168

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	6 months 2002	6 months 2001
Mortgage growth	3.0%	(0.1%)
Total loan growth 1)	1.2%	2.8%

1) Including loan valuation allowances.

Total loans increased CHF 783 million, or 1.2%, as a result of a CHF 1.0 billion increase in mortgages, partially offset by a decrease of CHF 254 million in other loans due from customers.

Life & Pensions

Life & Pensions is our provider of life and pension solutions for private and corporate clients worldwide. Reflecting its growth strategy, Life & Pensions has benefited from several acquisitions in recent years. In April 2000, Life & Pensions entered the Japanese market by acquiring Nicos Life, renamed Credit Suisse Life Insurance Co. Ltd., offering asset accumulation products to private clients. In July 2000, Life & Pensions acquired Colonial, a closed block of business in the United Kingdom. In January 2001, Life & Pensions acquired Vojensky Otevreny Penzijni Fond, or VOPF, for a total purchase price of CHF 125 million.

At the end of 2001, Life & Pensions sold its French branch and its Austrian subsidiaries. In the first half of 2002, Life & Pensions signed an agreement to acquire Premier Life's life insurance business in Luxembourg and the portfolio of Premier's business in Bermuda subject to regulatory approval. The acquisition represents a further step in the implementation of its strategy to expand its position in select markets where earnings and growth potential are believed to be high.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Swiss group pension plans that are part of the "second pillar" of the Swiss retirement savings program are subject to a minimum return set by the Swiss federal law on occupational benefit plans (second pillar). This rate currently is 4%. The portion of Life & Pensions' business subject to this rate represents 23.5% of the technical reserves. In the current investment environment, characterized by enduring low interest rates and weak equity markets, the 4% return represents a constraint on the profitability of this line of business. The Swiss Government is currently discussing a reduction of the minimum return from 4% to 3.5%; however, the outcome of this discussion is uncertain.

The following table sets forth the results of the Life & Pensions segment for the six months ended June 30, 2002 and 2001: 1)

	6 months 2002	6 months 2001
in CHF m		
Gross premiums written	10,258	9,376
Reinsurance ceded	(197)	(58)
Net premiums written	10,061	9,318

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Change in provision for unearned premiums	(41)	(11)
Net premiums earned	10,020	9,307
Death and other benefits incurred	(6,647)	(6,373)
Change in provision for future policyholder benefits (technical)	(4,360)	(3,747)
Change in provision for future policyholder benefits (separate account) 2)	546	448
Dividends to policyholders incurred	813	(631)
Operating expenses, net (including commissions paid)	(919)	(953)
Investment income general account	796	3,160
Investment income separate account	(546)	(448)
Other income/(expenses) (including foreign exchange impact)	(6)	(200)
Net operating (loss)/profit before taxes and minority interests	(303)	563
Taxes	(109)	(129)
Net operating (loss)/profit before minority interests	(412)	434
Other data		
Growth in gross premiums written	9.4%	9.5%

- 1) The presentation of segment results differs from the presentation of the Group's consolidated results as it reflects the way the insurance business is managed, which is in line with peers in the insurance industry. Amortization of goodwill is excluded from net operating expenses. Acquisition-related costs and minority interests are reported at the business unit level only.
- 2) This represents the market impact for separate account (or unit-linked) business, where the investment risk is borne by the policyholder.

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Six months ended June 30, 2002 compared to six months ended June 30, 2001

Net premiums earned increased CHF 713 million, or 7.7%, in the first half of 2002. Net operating profit before minority interests decreased CHF 846 million to a net operating loss before minority interests of CHF 412 million. This was primarily due to the significant reduction in investment income. Despite the current unfavorable economic environment, Life & Pensions experienced gross premium growth of 9.4% benefiting from acquisitions as well as organic growth.

The following table shows a breakdown of direct gross premiums written by Life & Pension's market units for the six months ended June 30, 2002 and 2001:

in CHF m	6 months 2002	6 months 2001
Switzerland	5,515	5,154
Germany	1,368	1,321
United Kingdom	1,049	908

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Rest of Europe and Asia	2,184	2,002

Direct gross premiums written	10,116	9,385

Assumed business	142	(9)

Gross premiums written	10,258	9,376

Direct gross premiums written increased CHF 731 million, or 7.8%, in the first half of 2002. Excluding the effect of acquisitions and divestitures, direct gross premiums written increased CHF 918 million, or 10.0%, primarily due to growth in Italy of CHF 434 million driven by a tax amnesty, and in Switzerland of CHF 322 million, resulting from a strong position in the local market compared to our main competitors. The sale of the French branch and the Austrian subsidiaries led to a reduction in premium volume of CHF 202 million, which was partially offset by premiums of CHF 15 million from the newly formed company in Liechtenstein.

In Switzerland, premium growth was CHF 361 million, or 7.0%, in the first half of 2002. Of this amount, CHF 322 million was due to growth in individual traditional single premium business. Premiums from separate account business decreased CHF 85 million primarily as a result of the decline in the worldwide capital markets, while group traditional business grew CHF 146 million, or 3.4%, resulting from new business. In Germany, premium growth of CHF 47 million, or 3.6%, in the first half of 2002 was primarily due to an increase in premiums from separate account business. In the United Kingdom, premium growth was CHF 141 million, or 15.5%, in the first half of 2002 primarily due to strong growth of single premium products. This growth was primarily attributable to increased distribution, various marketing campaigns, an improved selling environment for group personal pensions due to the launch of stakeholder pensions (a low cost pension developed by the Government with special requirements) and the shift from defined benefit to defined contribution plans. Within the Rest of Europe and Asia, premium growth was CHF 182 million, or 9.1%, in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries and premiums of CHF 15 million from the newly formed company in Liechtenstein, premium growth was CHF 369 million, or 20.5%. In Italy, premium growth was CHF 434 million in the first half of 2002 mainly driven by an increase in individual traditional single premium business as a result of the tax amnesty that ended on May 15, 2002. In Iberia, premiums decreased by CHF 277 million, or 51.3% primarily due to a one-off high volume contract in the first half of 2001 as well as strong competitive market conditions. In the other countries reported under Rest of

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Europe and Asia, premium growth of CHF 212 million was primarily due to the introduction of new products and an increase in traditional business as policyholders moved away from separate account business.

Death and other benefits incurred increased CHF 274 million, or 4.3%, in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries, death and other benefits increased CHF 439 million, or 7.1%. In Switzerland, an increase of CHF 259 million, or 6.7%, was mainly due to higher maturities in individual traditional business. In the United Kingdom, an increase of CHF 115 million, or 13.1%, was due to a prior year reinsurance adjustment of CHF 319 million partially offset by a decrease of approximately CHF 205 million due to a high level of Colonial staff pensions scheme surrenders occurring in 2001. In Rest of Europe and Asia, death and other benefits incurred

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increased CHF 78 million, or 11.6%, primarily due to premium growth.

Change in provision for future policyholder benefits (technical) increased CHF 613 million, or 16.4%, in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries, the change in provision for future policyholder benefits increased CHF 663 million, or 17.8%. In Switzerland, an increase of CHF 478 million resulted primarily from an increase in premiums written. In Germany, an increase of CHF 149 million was mainly due to the increase in new business single premiums and an increase in the reserve for terminal bonus. A decrease in the United Kingdom of CHF 149 million resulted from a one time reinsurance adjustment which contributed CHF 761 million in part offset by an increase of CHF 612 million primarily due to premium growth. In Rest of Europe and Asia, the increase of CHF 185 million was primarily due to premium growth.

Dividends to policyholders incurred decreased CHF 1,444 million in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries, dividends to policyholders incurred decreased CHF 1,415 million. The dividends paid to policyholders remained stable compared with the first six months of 2001; however, the provision for future dividends decreased in countries with legal or contractual obligations for which the allocation to provision for future dividends is directly linked to the underlying investment result. The primary impact was in Germany with a decrease of CHF 1,099 million, of which CHF 959 million was due to the release of the deferred bonus reserve in response to the decrease in investment income. Compared to the first half year 2001, the dividends paid decreased 4.8% because of the change in the participation rate for the year 2002 that was declared at the end of 2001. Dividends to policyholders incurred decreased CHF 273 million in Switzerland due to bonus rate reductions in all business lines.

Operating expenses, net, including commissions paid, decreased CHF 34 million, or 3.6%, in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries, operating expenses, net decreased by CHF 2 million. This was reflected in the expense ratio, which improved from 10.2% in the first half of 2001 to 9.2% in the first half of 2002 as a result of cost reduction initiatives.

Investment income general account decreased CHF 2,364 million, or 74.8%, in the first half of 2002. Excluding the impact of the sale of the French branch and the Austrian subsidiaries, investment income general account decreased CHF 2,259 million, or 73.9%. As a result of the significant decline in the worldwide equity markets, Life & Pensions recognized CHF 1,406 million of other than temporary impairments on the investment portfolio. Of the impairment amount recognized in the first six months of 2002, approximately 53% was in Switzerland, 28% was in the United Kingdom and 7% was in Germany.

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The remaining decrease of CHF 853 million was due to losses recorded from equity securities sold during the year in an effort to minimize exposure to further declines in the equity markets and lower dividends received on equity securities.

Other income and expenses decreased CHF 194 million to an expense of CHF 6 million in the first half of 2002. Of this amount, approximately CHF 74 million resulted from a realized gain from the sale of the French branch. The final gain will be determined in the third quarter of 2002 when the net asset value of the business sold at the closing date has been confirmed by both parties. In addition, losses on foreign exchange were significantly lower in the first six months of 2002.

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Insurance

Insurance is our provider of non-life insurance solutions for private and small corporate clients worldwide. In recent years, Insurance has made a number of acquisitions. In 2001, the most significant was the acquisition of the non-life insurance operations of Commercial General Union plc, or CGU, in Belgium, for a total purchase price of EUR 117 million (CHF 178 million). In addition, Insurance entered into a strategic alliance with AMP/Pearl and Prudential plc to underwrite and administer their branded general insurance products in the United Kingdom.

Effective June 30, 2001, the Group sold Winterthur International, or WI, to XL Capital Ltd. WI conducts mainly large account commercial property and casualty business. The all-cash transaction was valued at approximately USD 405 million (CHF 678 million). In December 2001, Insurance sold its subsidiaries in Austria and Hong Kong and its French branch.

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The following table sets forth the results of the Insurance segment for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001

Gross premiums written	10,790	11,113
Reinsurance ceded	(619)	(1,046)

Net premiums written	10,171	10,067

Change in provision for unearned premiums and in provision for future policy benefits (health)	(2,437)	(2,563)

Net premiums earned	7,734	7,504

Claims and annuities incurred, net	(5,795)	(5,855)
Dividends to policyholders incurred, net	50	(183)
Operating expenses, net (including commissions paid)	(2,234)	(2,221)

Underwriting result, net	(245)	(755)

Net investment income	(179)	1,354
Other income/(expense) (including foreign exchange impact)	(196)	(14)

Net operating (loss)/profit before taxes and minority interests	(620)	585

Taxes	(17)	(180)

Net operating (loss)/profit before minority interests	(637)	405

Other data		
Combined ratio (excluding dividends to policyholders)	103.8%	107.6%

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- 1) The presentation of segment results differs from the presentation of the Group's consolidated results as it reflects the way the insurance business is managed, which is in line with peers in the insurance industry. Amortization of goodwill is excluded from net operating expenses. Acquisition-related costs and minority interests are reported at the business unit level only.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Net premiums earned increased CHF 230 million, or 3.1%, in the first half of 2002 compared to the first half of 2001. The net underwriting result improved by CHF 510 million, or 67.5%, in the first half of 2002, reflecting a reduction in dividends to policyholders as a direct result of the realization of losses as well as continuing improvements in claims reduction. Net operating profit before minority interests decreased by CHF 1,042 million in the first half of 2002 compared to the first half of 2001 primarily as a result of other than temporary impairments on investments and lower realized gains resulting from the decline of equity markets.

Insurance measures performance based on the combined ratio. This ratio is intended to enable Insurance to measure the net underwriting result by comparing the claims and operating expenses incurred with the insurance premiums earned. At June 30, 2002, the combined ratio was 103.8%, an improvement of 3.8 percentage points compared to the ratio for the six months ended June 30, 2001, benefiting from an improved claims ratio and the implementation of cost saving initiatives in 2001.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following table shows a breakdown of direct gross premiums written by Insurance's market units for the six months ended June 30, 2002 and 2001:

in CHF m	6 months 2002	6 months 2001

Switzerland	2,577	2,607
Germany	1,490	1,616
Italy	894	903
Iberia (Spain and Portugal)	810	731
United Kingdom	2,637	1,760
Belgium	506	342
North America	1,804	1,944
Other	146	799

Direct gross premiums written	10,864	10,702

Reinsurance assumed	(74)	411

Gross premiums written	10,790	11,113

Direct gross premiums written increased CHF 162 million, or 1.5%, in the first half of 2002. Excluding the effect of acquisitions and divestitures, direct gross premiums written increased CHF 865 million, or 9.3%, as a result of rate increases, new products and a focus on more profitable regions. The sale of WI and the combined sales of the Austrian and Hong Kong subsidiaries and the French

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branch at the end of 2001 led to reductions in premium volume of CHF 1,073 million and CHF 312 million respectively. These reductions were in part offset by increases in premiums of CHF 503 million from the strategic alliances with Prudential plc and AMP/Pearl in the United Kingdom and CHF 179 million from the acquisition of CGU in Belgium.

In Switzerland, excluding the impact of premiums related to the sale of WI, premiums increased CHF 118 million, or 4.8% in the first half of 2002, resulting from higher tariffs in motor and new product initiatives. In Germany, excluding the impact of WI, premium growth was CHF 36 million, or 2.5%, in the first half of 2002. This increase was primarily driven by the motor business, which had a growth rate of 10.3%, 5.3 percentage points of which resulted from tariff increases. In Iberia, excluding the impact of WI, premium growth was CHF 95 million, or 13.3%, mainly driven by tariff increases. In the United Kingdom, excluding the impact of WI and premium contribution in the first half of 2002 of CHF 503 million resulting from the strategic alliance with Prudential plc and AMP/Pearl, Insurance recorded premium growth of CHF 485 million, or 29.4%. This was primarily due to organic growth in both motor insurance due to the strong Churchill brand and commercial lines. In Belgium, excluding the impact of WI and premium contribution of CHF 179 million in the first half of 2002 related to the acquisition of CGU, premium growth was CHF 2 million, or 0.6%. In North America, excluding the impact of premiums of CHF 309 million related to the sale of WI, premiums increased CHF 169 million, or 10.3%, in the first half of 2002. The majority of this growth was due to rate increases, partly offset by a decline in the number of policies in force. This decrease in the number of policies was largely due to more stringent underwriting management to address profitability. In Other, excluding the impact of premiums of CHF 287 million related to the sale of WI and CHF 312 million related to the sale of the subsidiaries in Austria and Hong Kong and the French branch, premiums decreased CHF 54 million, or 27.0%, in the first half of 2002. This was primarily due to a decrease in premiums written in Asia and Eastern Europe as a result of difficult market conditions in the first half of 2002.

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Reinsurance assumed decreased CHF 485 million in the first half of 2002 primarily due to the sale of WI. Assumed business was primarily in the United Kingdom and Switzerland.

Claims and annuities incurred, net decreased CHF 60 million, or 1.0%, in the first six months of 2002. Excluding the impact of claims associated with WI in the first half of 2001, claims and annuities incurred, net decreased CHF 368 million, or 6.8%. This decrease was largely due to improved claims management, with the largest decrease in the claims ratio occurring in North America and Spain. The improvement in claims management in Switzerland was offset by large losses relating to hail storms in the second quarter of 2002, while the German business saw an increase in the claims ratio due to negative developments in the health business and a deterioration in the non-motor lines resulting from storms in January and February 2002. In the United Kingdom, strong performance in motor business was offset by claims due to adverse weather conditions at the beginning of 2002, while in Belgium, claims increased reflecting several large fire claims at the beginning of 2002. The general decrease in claims led to an overall improvement in the claims ratio from 78.0% in the first half of 2001 to 74.9% in the first half of 2002.

Dividends to policyholders incurred, net decreased CHF 233 million in the first half of 2002. In Germany, dividends to policyholders was an expense of CHF 125 million in the first half of 2001 compared to income of CHF 102 million in the first half of 2002. CHF 104 million of the change was related to the health business. The decrease was mainly due to the decline in the worldwide capital

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markets, which resulted in the realization of losses on investments through either sale or other than temporary impairment. These losses directly affected the amount of dividends payable to policyholders and led to a reversal of the reserve for future policyholder dividends.

Operating expenses, net, including commissions paid, increased CHF 13 million, or 0.6%, in the first half of 2002. Increased acquisition expenses from premium growth were offset to a large extent by reductions due to cost saving initiatives. This resulted in an improvement in the expense ratio from 29.6% in the first half of 2001 to 28.9% in the first half of 2002.

Net investment income decreased CHF 1,533 million to a negative CHF 179 million in the first half of 2002. The result reflected the recognition in 2002 of losses for other than temporary impairments of CHF 393 million. Of the impairment amount recognized in 2002, approximately 27% was in Switzerland, 17% was in North America, 15% was in the United Kingdom and 15% was in Belgium. In addition, in 2002, Insurance sold a significant portfolio of equity securities in an effort to minimize exposure to further declines in the equity markets, which resulted in realization of net losses of CHF 379 million.

Other income/(expenses), net decreased CHF 182 million in the first half of 2002. In the first half of 2001, other income included the realized gain of CHF 35 million on the sale of WI. In 2002, other income/(expense) included CHF 29 million expenses for restructuring costs and the write-off of a participation, both associated with the Bermuda operations and CHF 25 million restructuring costs primarily in Italy and Spain. The sale of the French branch resulted in a net loss of CHF 11 million in the first six months of 2002.

Investments for Insurance Business

Investment portfolios are managed within a defined process and set of guidelines to meet diversification, credit quality, yield and liquidity requirements of policy liabilities. Investments include debt instruments,

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

such as government bonds, loans and mortgage loans, real estate and equities and alternative assets. The weighting of asset classes within the investment portfolios is determined by Investment Committee meetings, which are held periodically. For additional information on investment strategy, please refer to "Item 4 -- Asset liability management for Life & Pensions and Insurance," and "Item 11 -- Quantitative and qualitative disclosures about market risk" in our annual report on Form 20-F for the year ended December 31, 2001, filed with the SEC on May 15, 2002.

Net investment income from insurance business, excluding income from separate accounts, decreased CHF 3,897 million in the first half of 2002. Of this amount, CHF 1,799 million was due to the recognition of impairments on investment securities for other than temporary declines in the market value below cost as a result of the general decline in the worldwide equity markets, CHF 1,774 million was due to the recognition of net losses from the sales of equity securities in an effort to minimize the exposure to further declines in the equity markets and CHF 361 million was due to a decline in current investment income. Loss from separate account business was CHF 546 million for the six months ended June 30, 2002. This was primarily due to a significant portion of the separate account business being invested in the equity markets, which were negatively impacted during the first half of 2002.

The following table illustrates the net investment income by investment type and investment return for the six months ended June 30, 2002 and 2001:

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in CHF m	6 months 2002	6 months 2001
Investment income	2,671	3,032
Realized gains and losses	(1,840)	1,733
Depreciation on real estate	(76)	(71)
Investment expenses	(138)	(180)
Net investment income, excluding separate account business	617	4,514
Separate account income 1)	(546)	(448)
Net investment income	71	4,066
Net investment income/(loss) by segment:		
Insurance	(179)	1,354
Life & Pensions	250	2,712
Net investment income	71	4,066
Return on invested assets (excluding separate accounts): 2)		
Current income	4.3%	4.6%
Other than current income/(expenses), net	(3.3%)	2.2%
Total 3)	1.0%	6.8%

- 1) Includes investment income/(loss) and realized gains and losses on separate account business.
- 2) Prior-period ratios have been recalculated to conform with the current year. Other interest bearing assets not previously included in the investment category, such as policy loans, are now included in calculating the investment return.
- 3) Total investment return includes depreciation on real estate and investment expenses as well as investment income and realized gains and losses.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following table shows a breakdown of the Insurance and Life & Pensions investment portfolio at: 1)

in CHF bn	30.06.02	31.12.01
Debt securities	68.5	68.4
Equity securities	15.2	22.6
Mortgage loans	10.1	9.8
Loans	4.4	4.6
Real estate	7.3	7.5
Other investments	8.6	3.8
Investments, excluding separate account business	114.1	116.7

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Investments for separate account business	11.8	12.2
Investments	125.9	128.9
Insurance investments	27.4	27.6
Life & Pensions investments	98.5	101.3
Investments	125.9	128.9

- 1) Amounts exclude separate account business acquired as part of SLC Pooled Pensions Limited.

Total investments decreased CHF 3.0 billion, or 2.3%, in the first half of 2002. Excluding investments of CHF 4.0 billion associated with the sale of the Austrian subsidiaries and the French branch, total investments increased CHF 1.0 billion. This increase primarily reflects new premium income partially offset by a decrease in the fair value of equities resulting from a decline of equity markets worldwide. Excluding the impact of CHF 2.0 billion associated with the sale of the Austrian subsidiaries and the French branch, debt securities increased CHF 2.1 billion in the first half of 2002 primarily due to increased investment from premium income as well as higher investment in debt securities due to the reduction in exposure to equity securities. Equity securities decreased CHF 7.4 billion, or 32.7%, in the first half of 2002. Excluding the decrease of CHF 1 billion associated with the sale of the Austrian subsidiaries and the French branch, the primary decrease was due to the sale of equities in an effort to reduce exposure to further declines in equity markets. In addition, those securities where the decline in value below cost was considered to be other than temporary were deemed to be impaired and written-down through earnings. The proceeds of the sale of equity securities were invested primarily in short-term deposits, which resulted in an increase of CHF 4.8 billion.

Investments for separate account business decreased CHF 0.4 billion, or 3.3%, in the six-month period ended June 30, 2002 primarily due to the sale of the Austrian subsidiaries and the French branch. The majority of investments for separate account business support the non-traditional separate account life insurance products. The return to policyholders from these products is based on the performance of investments as defined by contracts. The performance of the unit-linked investments is offset by a corresponding adjustment in separate account provision. Of the total amount of separate account life business, 78.4% was in the United Kingdom and Switzerland, with funds invested predominantly in equities.

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OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Credit Suisse First Boston

CSFB's income statement is presented below on an "operating basis," which differs from our consolidated income statement presentation by excluding, among other things, acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. These items are reported separately in the income statement. A separate table presenting line items on a basis consistent with our consolidated income statement and after giving effect to these acquisition-related costs is also set forth below. Although we also present CSFB's income statement on this basis, we discuss its results on an operating

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basis. Management uses the operating basis to assess the financial results and key performance indicators of CSFB.

Although the amounts for CSFB and its segments are presented in Swiss francs, the US dollar is CSFB's functional currency.

The following table sets forth the results of CSFB on an operating basis for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001

Operating income	11,103	14,628

Personnel expenses	6,115	8,226
Other operating expenses	2,474	3,132

Operating expenses	8,589	11,358

Gross operating profit	2,514	3,270

Depreciation of non-current assets	392	454
Valuation adjustments, provisions and losses	758	390

Net operating profit before extraordinary items, acquisition-related costs and taxes	1,364	2,426

Extraordinary income/(expenses), net	26	(2)
Taxes 2)	(315)	(587)

Net operating profit before acquisition-related costs and minority interests	1,075	1,837

Acquisition interest	(325)	(476)
Amortization of retention payments	(359)	(403)
Amortization of acquired intangible assets and goodwill	(687)	(709)
Tax impact	365	420

Net profit	69	669

Reconciliation to net operating profit		
Amortization of acquired intangible assets and goodwill	687	709
Tax impact	(126)	(127)

Net operating profit	630	1,251

Other data		
Pre-tax margin (operating) 3)4)	12.5%	16.6%
Return on average allocated capital (operating) 3)	8.5%	15.4%

- 1) Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition

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interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation

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adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately in the income statement.

- 2) Excluding tax impact on acquisition-related costs.
- 3) Excluding amortization of acquired intangible assets and goodwill.
- 4) Excluding acquisition interest and amortization of retention payments.

The following table sets forth the results of CSFB for the six months ended June 30, 2002 and 2001, and the percentage change from period to period, including the effects of acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill. For a reconciliation of the results on an operating basis to the basis consistent with our reported results please refer to note 1 "Segment reporting by operating segments" in the notes to the interim financial statements: 1)

in CHF m	6 months 2002	6 months 2001	Change
Operating income	10,778	14,152	(23.8%)
Personnel expenses	6,474	8,629	(25.0%)
Other operating expenses	2,474	3,132	(21.0%)
Operating expenses	8,948	11,761	(23.9%)
Gross operating profit	1,830	2,391	(23.5%)
Depreciation of non-current assets	392	454	(13.7%)
Amortization of acquired intangible assets and goodwill	687	709	(3.1%)
Valuation adjustments, provisions and losses	758	390	94.4%
(Loss)/Profit before extraordinary items, acquisition-related costs and taxes	(7)	838	--
Extraordinary income/(expenses), net	26	(2)	--
Taxes	50	(167)	--
Net profit	69	669	(89.7%)

- 1) Certain reclassifications have been made to conform to the current presentation. This table differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel

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expenses and c) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

CSFB measures performance based on operating return on average allocated capital, operating pre-tax margin and growth in market share/ranking. Operating return on average allocated capital excludes amortization of acquired intangible assets and goodwill. For the six months ended June 30, 2002, operating return on average allocated capital was 8.5%, a decrease of 6.9 percentage points from June 30, 2001. Operating pre-tax margin excludes acquisition-related costs (acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill). For the six months ended June 30, 2002, operating pre-tax margin was 12.5%, a decrease of 4.1 percentage points from June 30, 2001.

Operating income decreased CHF 3,525 million, or 24.1%, to CHF 11,103 million in the first six months of 2002 compared to the first six months of 2001. This decrease was primarily due to a CHF 3,204 million, or 25.6%, decrease in the Investment Banking segment that resulted from weaker Equity

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results, reflecting difficult equity markets, and lower Fixed Income results, reflecting stable, rather than declining, interest rates. A CHF 321 million, or 15.2%, decline in the CSFB Financial Services segment, as a result of the sale of CSFBDIRECT and Autranet and continuing weak equity markets, also contributed to the decrease. Approximately 60% of CSFB's operating income was generated in North America, 30% in Europe and 10% in Asia/South America, which is generally consistent with the geographic distribution in 2001. The source of such operating income shifted slightly, however, with an increase in Fixed Income revenue in North America, offset by increased CSFB Financial Services segment revenue in Europe.

Operating expenses fell CHF 2,769 million, or 24.4%, to CHF 8,589 million, reflecting the continuing results of CSFB's cost-cutting initiatives. Personnel expenses decreased CHF 2,111 million, or 25.7%, primarily as a result of headcount reduction and reduced incentive compensation. CSFB's ratio of compensation to operating income on an operating basis decreased to 55.1% in the six months ended June 30, 2002 from 56.2% in the six months ended June 30, 2001. Other operating expenses decreased CHF 658 million, or 21.0%, to CHF 2,474 million, primarily as a result of significantly reduced variable expenses.

Valuation adjustments, provisions and losses increased CHF 368 million, or 94.4%, to CHF 758 million in the six months ended June 30, 2002 compared to the same period in 2001. The increase was primarily related to increased credit provisions for non-continuing real estate and commercial lending in the Investment Banking segment.

Acquisition interest decreased CHF 151 million, or 31.7%, to CHF 325 million. The decrease was attributable to lower interest rates and a decrease in the amount of interest expense allocated to the acquisition. This corresponds with the decline in the goodwill balance following the sale of CSFBDIRECT and Autranet. Amortization of retention payments decreased CHF 44 million, or 10.9%, to CHF 359 million, primarily because of forfeitures under the terms of the retention awards, and amortization of acquired intangible assets and goodwill decreased CHF 22 million, or 3.1%, to CHF 687 million, primarily because of the sale of CSFBDIRECT and Autranet.

Investment Banking

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The Investment Banking segment of CSFB provides financial advisory, lending and capital raising services and sales and trading for users and suppliers of capital globally and is operated and managed through two principal divisions:

- the Securities division, which is active in sales, trading and research in fixed income, equity and equity-linked products, including foreign exchange, listed and over-the-counter derivatives and risk management products and securities lending and borrowing; and
- the Investment Banking division, which serves a broad range of users and suppliers of capital, provides financial advisory and securities underwriting and placement services and, through the private equity group, makes privately negotiated equity investments.

Operating income for the Investment Banking segment consists primarily of realized and unrealized net trading gains, net interest income from trading and lending activities, fee-based earnings from capital market activities and commissions on customer transactions. The results of certain non-continuing activities are recorded within Other. For divisional reporting of operating income, equity capital market underwriting fees are shared between the Investment Banking division and the Equity business, and debt capital market underwriting fees are shared between the Investment Banking division and the Fixed

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Income business. In 2002, corporate derivatives income was shared among the Investment Banking division, the Fixed Income business and the Equity business based upon client relationships. Income from corporate lending was shared between the Investment Banking division and the Fixed Income business in 2001 and among the Investment Banking division, the Fixed Income business and the Equity business in 2002.

In 2002, CSFB determined that certain non-continuing businesses, including real estate and distressed assets aggregating approximately CHF 2.5 billion and CHF 1.3 billion, respectively, would no longer be managed as part of the Fixed Income business, and, accordingly, the related results for the current and prior periods were reclassified from Fixed Income to Other. These assets will be managed together with the already existing non-continuing real estate portfolios held for disposition and previously reported in Other. These assets include real estate and related loans and distressed assets, such as debt and equity positions in companies that have experienced, or may experience, debt restructuring.

The following table sets forth the results of the Investment Banking segment for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001

Securities Division		
Fixed Income 2)	4,153	5,226
Equity	2,648	4,249
Investment Banking Division	2,568	2,678
Other 2)	(52)	368

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Operating income	9,317	12,521

Personnel expenses	5,268	7,106
Other operating expenses	1,947	2,452

Operating expenses	7,215	9,558

Gross operating profit	2,102	2,963

Depreciation of non-current assets	320	366
Valuation adjustments, provisions and losses	739	384

Net operating profit before extraordinary items, acquisition-related costs and taxes	1,043	2,213

Extraordinary income/(expenses), net	26	(1)
Taxes	(225)	(569)

Net operating profit before acquisition-related costs	844	1,643

Other data		
Pre-tax margin (operating) 3)	11.5%	17.7%

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately at the business unit level only.
- 2) Reflects the movement of the results of certain non-continuing real estate and distressed assets from Fixed Income to Other.
- 3) Excluding acquisition-related costs.

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Six months ended June 30, 2002 compared to six months ended June 30, 2001

Investment Banking reported a net operating profit before acquisition-related costs of CHF 844 million in the six months ended June 30, 2002 compared to CHF 1,643 million in the six months ended June 30, 2001. Investment Banking measures performance based on operating pre-tax margin and growth in market share/ranking. Operating pre-tax margin excludes acquisition-related costs (acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill). At June 30, 2002, operating pre-tax margin was 11.5%, a decrease of 6.2 percentage points from June 30, 2001.

Operating income decreased CHF 3,204 million, or 25.6%, to CHF 9,317 million in the six months ended June 30, 2002, primarily due to decreases in the Securities division. Equity operating income declined CHF 1,601 million as a result of weak

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equity markets, and Fixed Income operating income declined CHF 1,073 million primarily due to stable, rather than declining, interest rates.

Operating income from the Fixed Income business decreased CHF 1,073 million, or 20.5%, to CHF 4,153 million in the six months ended June 30, 2002 compared to the strong first half of 2001. The decrease was primarily a result of an approximate 35% decrease in interest rate products reflecting stable, rather than declining, interest rates in the first six months of 2002, and reduced proprietary trading in Europe. In addition, operating income from emerging markets fell in Brazil, as a result of repayment uncertainty, in South Africa, which experienced reduced liquidity due to the low level of government bond issuance, and in Turkey, where the business reduced its exposure in response to political uncertainty. This decrease was offset in part by increased income from the Asia/Pacific region. Leveraged and bank finance operating income declined approximately 25% from the six months ended June 30, 2001 due to decreases in secondary trading and underwriting. Operating income from the foreign exchange group also declined as a result of lower volume in the options markets and write-downs of derivative exposures. In contrast, operating income from credit products increased, primarily in mortgages and asset-backed securities.

Operating income from the Equity business decreased CHF 1,601 million, or 37.7%, to CHF 2,648 million in the six months ended June 30, 2002. Operating income from derivatives business fell approximately 50%, most significantly in convertible instruments, as a result of ratings downgrades due to the general widening of credit spreads, index arbitrage due to low market volatility and reduced activity, and over-the-counter business, reflecting reduced client activity, reduced option volatility and declining underlying stock prices. The customer trading revenues and fees from capital markets activities also declined. The reduction in customer business was consistent with lower volume in the US markets as well as in Europe and Latin America and a decline in equity new issuances.

Operating income from the Investment Banking division decreased CHF 110 million, or 4.1%, primarily due to a 31% decline in merger and acquisition fee revenue. Fees from equity new issuances fell slightly, while fees from debt new issuances increased slightly as a result of an increase in corporate issuances to take advantage of low interest rates. The declines in the Investment Banking division were partially offset by a new revenue-sharing arrangement with Fixed Income and Equity for certain derivatives transactions. Private equity improved significantly, reporting net gains (realized gains adjusted for unrealized gains and unrealized losses) of CHF 199 million in the six months ended June 30, 2002 compared to net losses of CHF 103 million in 2001. The gain reflects reduced net write-downs of investments as well as CHF 366 million of gains on the sale of a portion of the strategic investment in

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Swiss Re compared to gains of CHF 250 million on the sale of a portion of the Swiss Re investment during the six months ended June 30, 2001. CSFB began to explore the sale of certain private equity investments during the second quarter of 2002, including investments in mature third party leveraged buyout funds. During the first half of 2002, the private equity business incurred a loss of CHF 135 million primarily related to unrealized gains/losses on these funds. Management and performance fees were CHF 190 million in the six months ended June 30, 2002 compared to CHF 203 million during the six months ended June 30, 2001, a decline of 6%.

For divisional reporting of operating income, equity capital market underwriting fees are shared between the Investment Banking division and the Equity business, and debt capital market underwriting fees are shared between the Investment

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Banking division and the Fixed Income business. For the six months ended June 30, 2002 and 2001, these capital markets revenues (before such sharing) were as follows:

in CHF m	6 months 2002	6 months 2001

Equity Capital Markets	820	995
Debt Capital Markets	643	633

Other operating income decreased CHF 420 million to a loss of CHF 52 million, primarily as a result of losses on non-continuing real estate and distressed assets held for disposition. At June 30, 2002, real estate-related assets under contract for sale totalled CHF 394 million. Excluding the assets under contract for sale, the full exposure, including unfunded commitments, of the non-continuing real estate portfolio was CHF 3.8 billion, of which CHF 2.3 billion was held for sale. This total was down from a peak of CHF 14.3 billion, of which CHF 12.0 billion was held for sale, as of January 1, 2000. At June 30, 2002, the amount of impaired assets in the non-continuing real estate portfolio totalled CHF 1.5 billion, reflecting a decrease of CHF 0.4 billion from December 31, 2001, after giving effect to write-downs and provisions. At June 30, 2002, the carrying amount of distressed portfolio assets totalled CHF 1.3 billion, a decrease of CHF 593 million from December 31, 2001 and down from CHF 3.2 billion as of January 1, 2000. The aggregate amount of charges related to these non-continuing businesses in the first six months of 2002 totalled CHF 531 million, of which CHF 345 million was reflected as a loss in operating income and CHF 186 million was reflected as provisions.

Operating expenses decreased CHF 2,343 million, or 24.5%, to CHF 7,215 million in the first six months of 2002 compared to the first six months of 2001, as a result of CSFB's continuing cost-cutting initiatives. Personnel expenses decreased CHF 1,838 million, or 25.9%, primarily due to reduced incentive compensation accruals reflecting reduced operating income and reduced headcount. Other operating expenses decreased CHF 505 million, or 20.6%, due to reductions in discretionary expenses.

Depreciation on non-current assets decreased CHF 46 million, or 12.6%, to CHF 320 million as a result of reduced capital expenditures and reduced leasehold improvements.

Valuation adjustments, provisions and losses increased CHF 355 million, or 92.4%, to CHF 739 million. During 2002, credit quality deteriorated, with ratings for corporate credits more often downgraded than upgraded. In response, credit provisions related to commercial lending increased by 31% compared to the first six months of 2001. Non-performing loans declined 29% to CHF 2.5 billion, and impaired assets increased 15% to CHF 4,248 million. Investment Banking had aggregate credit reserves related to loans outstanding of CHF 2,359 million at June 30, 2002, including CHF 1,122 million in the Americas, CHF 823 million in Europe and the remainder in Asia. In addition, credit provisions against

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non-continuing real estate lending activities increased substantially. At June 30, 2002 and 2001, credit reserves related to the proprietary real estate business totalled approximately CHF 672 million and CHF 728 million,

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respectively. Aggregate credit provisions charged totalled CHF 600 million for the first six months of 2002 compared to CHF 261 million for the first six months of 2001.

CSFB Financial Services

The CSFB Financial Services segment provides international asset management to institutional, mutual fund and private investors through Credit Suisse Asset Management, financial services to broker-dealers and investment managers through Pershing, and financial advisory services to high-net-worth individuals and corporate investors through Private Client Services. Its main sources of operating income are asset-based fee income and transaction fees from investment advisory business.

In December 2001, CSFB Financial Services acquired SLC Asset Management Limited, SLC Pooled Pensions Limited and Sun Life of Canada Unit Managers Limited, the principal UK asset management subsidiaries of Sun Life Financial Services of Canada Inc., which we refer to collectively as SLCAM. The companies are asset management companies with contracts for the management of the insurance assets (including property) of their former affiliate, Sun Life Assurance Company of Canada (U.K.) Limited and third-party institutional and retail funds. In the fourth quarter of 2001, CSFB announced the sale of its CSFBDIRECT business in the United States and the United Kingdom and its brokerage service subsidiary Autranet Inc. The sales closed during the first quarter of 2002. Because of the acquisition of SLCAM and the disposition of CSFBDIRECT and Autranet, the results for the six months ended June 30, 2002 are not fully comparable with the results for the six months ended June 30, 2001. Beginning in the second quarter of 2002, CSFB Financial Services results included the Swiss transaction services business, which provides transactional services (cash clearing, payments, custody) and solutions to financial institutions.

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The following table sets forth the results of CSFB Financial Services for the six months ended June 30, 2002 and 2001: 1)

in CHF m	6 months 2002	6 months 2001
Net interest income	191	318
Net commission and service fee income	1,452	1,650
Net trading income	104	138
Other ordinary income	39	1
Operating income	1,786	2,107
Personnel expenses	847	1,120
Other operating expenses	527	680
Operating expenses	1,374	1,800
Gross operating profit	412	307
Depreciation of non-current assets	72	88
Valuation adjustments, provisions and losses	19	6
Net operating profit before extraordinary items,		

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acquisition-related costs and taxes	321	213

Extraordinary income/(expenses), net	0	(1)
Taxes	(90)	(18)

Net operating profit before acquisition-related costs	231	194

Other data		
Growth in discretionary institutional assets under management	(11.6%)	3.4%
of which net new assets	(2.9%)	2.2%
Growth in net new assets Private Client Services	5.5%	8.7%

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) reporting contractor costs as part of other operating expenses instead of personnel expenses, and b) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs are reported separately in the business unit level only.

Six months ended June 30, 2002 compared to six months ended June 30, 2001

CSFB Financial Services measures business performance based on growth of discretionary institutional net new assets and Private Client Services net new assets. As a result of negative economic and market conditions, discretionary institutional assets under management fell CHF 42.3 billion, or 11.6%, during the six months ended June 30, 2002, compared to an increase of CHF 12.3 billion, or 3.4%, in the six months ended June 30, 2001. Private Client Services net new assets grew CHF 5.3 billion, or 5.5%, during the six months ended June 30, 2002, compared to CHF 9.4 billion, or 8.7%, in the six months ended June 30, 2001.

Operating income decreased CHF 321 million, or 15.2%, to CHF 1,786 million, primarily as a result of the disposition of CSFBDIRECT as well as the negative impact of weak equity markets. Consequently, net commission and service fee income decreased CHF 198 million, or 12.0%, and net interest income decreased CHF 127 million, or 39.9%. In addition, Pershing's operating income fell 12.4% because of reduced trade volume and tighter interest rate spreads. In June 2002, CSFB Financial Services agreed

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to provide clearing services to the private client business of Deutsche Bank Alex. Brown and to acquire certain assets of Deutsche Bank Securities Inc.'s clearing business for retail broker-dealers.

Operating expenses decreased CHF 426 million, or 23.7%. Personnel expenses decreased CHF 273 million, or 24.4%, and other operating expenses decreased CHF 153 million, or 22.5%, primarily due to the sales of CSFBDIRECT and Autranet and cost reduction measures.

The following tables provide details of assets under management at June 30, 2002 and December 31, 2001 and for the six months ended June 30, 2002 and 2001: 1)

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in CHF bn 30.06.02 31.12.01

Advisory	195.3	246.9
Discretionary	346.1	393.6
Assets under management	541.4	640.5

	6 months 2002	6 months 2001
Net new assets	(2.9%)	2.2%
Market movement and other effects	(8.7%)	1.2%
Growth/(decline) in discretionary institutional assets under management	(11.6%)	3.4%

- 1) Certain reclassifications have been made to conform to the current presentation.

Assets under management decreased CHF 99.1 billion, or 15.5%, in the six months ended June 30, 2002, with institutional discretionary assets decreasing CHF 42.3 billion, or 11.6%. The majority of the decrease in assets under management was due to adverse market movements, including the weakening of the US dollar against the Swiss franc.

Corporate Center

The results presented as Corporate Center include our parent company operations including Group financing initiatives as well as income and expense items related to centrally managed, own use real estate, mainly comprised of bank premises within Switzerland. In addition, it includes consolidation adjustments and adjustments to segment accounts related to management reporting policies and reclassifications. For a discussion of these adjustments, please refer to "Item 5 -- Operating and Financial Review and Prospects -- Reporting principles" in our annual report on Form 20-F for the year ended December 31, 2001 filed with the SEC on May 15, 2002.

The Corporate Center performs typical parent company functions for the benefit of the Group as a whole. Overhead costs attributable to operating businesses are allocated to the respective segments. Certain Corporate Center expenses, primarily if they are associated with Group-sponsored projects, as well as restructuring provisions are not allocated to the segments.

Typically, the Corporate Center reports negative operating income, which is primarily related to an offset of a reclassification between operating income and expenses within the Investment Banking segment. Investment Banking's operating income and expenses differ from the Group's consolidated operating income and expenses because brokerage, execution and clearing expenses are included in operating expenses instead of netted against operating income. This allows CSFB's presentation of the income statement to be more consistent with certain of its US competitors. Please refer to "--Credit Suisse First Boston" for further information. The reclassification from operating income to operating expenses

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recorded at the Corporate Center was CHF 390 million for the six months ended June 30, 2002 compared to CHF 346 million in the first half 2001.

The following table sets forth the results of the Corporate Center for the six months ended June 30, 2002 and 2001:

in CHF m	6 months 2002	6 months 2001

Operating income	(825)	(181)
Personnel expenses	262	437
Other operating expenses	(784)	(765)

Operating expenses	(522)	(328)

Gross operating profit/(loss)	(303)	147

Depreciation of non-current assets	130	202
Valuation adjustments, provisions and losses	81	9

Loss before extraordinary items and taxes	(514)	(64)

Extraordinary income/(expenses), net	61	13
Taxes	(55)	29

Net loss before minority interests	(508)	(22)

Minority interests	(67)	(43)

Net loss	(575)	(65)

Six months ended June 30, 2002 compared to six months ended June 30, 2001

Because of the offsetting reclassifications from operating income to operating expenses mentioned above, a comparison of the gross operating profit/(loss) is more meaningful than discussing operating income and operating expenses on a gross basis.

Gross operating loss was CHF 303 million in the first half of 2002 compared to a gross operating profit of CHF 147 million in the first half of 2001. This was primarily due to the income statement recognition of significantly lower valuations of investments held at the Corporate Center. In addition, a realized gain from the sale of our insurance branch in France was recorded as operating income at Life & Pensions and Insurance and was reclassified to extraordinary income/(expense), net within the Corporate Center result in line with the treatment of other dispositions within the Group.

Depreciation of non-current assets decreased CHF 72 million, or 35.6%, in the first half of 2002 compared to the first half of 2001. For the six months ended June 30, 2001, we recorded a restructuring charge of CHF 48 million associated with the closing of the Luxembourg-based Pan-European online brokerage platform. In addition, depreciation on own use real estate decreased CHF 18 million.

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Valuation adjustments, provisions and losses increased CHF 72 million in the first half of 2002 primarily due to an increase of CHF 76 million related to a valuation adjustment on a participation and increased loan provisions.

Extraordinary income/(expenses), net increased CHF 48 million in the first half of 2002. This was primarily due to the sale of our insurance branch in France. In the first half of 2001 extraordinary income/ (expenses) included a gain in connection with the sale of WI which was partially offset by extraordinary expenses related to the closing of the online brokerage platform.

For a discussion of our critical accounting policies please refer to "Item 5 -- Operating and Financial Review and Prospects" in our annual report on Form 20-F for the year ended December 31, 2001 filed with the SEC on May 15, 2002.

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MARKET RISK

Market risk exposures in trading portfolios

The following table provides an overview of the value at risk, or VaR, estimates in our material trading portfolios at:

in CHF m	30.06.02	31.12.01

Interest rates	83	58
Foreign exchange rates	28	18
Equity prices	25	47
Commodity prices	1	4

Subtotal	137	127

Diversification benefit	(70)	(55)

Total market risk exposure	67	72

We compute the VaR estimates separately for each risk type and for the whole portfolio using the historical simulation methodology. Diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total loan portfolio. Estimates are based on VaR methodology for a 99% confidence level with a one-day holding period.

CSFB and other businesses with trading portfolios use "backtesting" for the assessment of the accuracy of the VaR model. Actual daily profit and loss is compared to VaR with a one-day holding period. The one-day VaR measure is intended to be larger than all but a certain fraction--as determined by the confidence level--of trading outcomes. Backtesting is performed at various levels, from segment level down to more specific trading areas. Results of the backtesting process at the business unit and aggregate levels demonstrated no exceptions in the six month period ended June 30, 2002.

Market risk exposures in other than trading portfolios

In the other than trading portfolios, including all non-trading books of the banking segments and the financial investments of the Insurance segments, the major elements of our market risk were exposures to changes in the CHF to USD

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and EUR exchange rates and interest rates as well as equity instrument price levels in Western Europe and North America.

The following table summarizes the market risk exposures in our material other than trading portfolios at:

in CHF m	30.06.02	31.12.01

Interest rates	675	530
Foreign exchange rates	443	561
Equity prices	1,485	2,676
Commodity prices	0	8

Subtotal	2,603	3,775

Diversification benefit	(1,125)	(1,444)

Total market risk exposure	1,478	2,331

(ESTIMATES ARE BASED ON VAR METHODOLOGY FOR A 99% CONFIDENCE LEVEL WITH A TEN-DAY HOLDING PERIOD)

The Corporate Center undertakes certain corporate financing activities such as the funding of business initiatives and holding of investments in other financial services companies. The market risks associated with the Corporate Center are managed according to the underlying objectives.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

Overview

Effective January 1, 2002, we realigned our existing operations into two business units, CSFS and CSFB.

CSFS includes:

- Private Banking, constituting Credit Suisse Private Banking, or CSPB, Credit Suisse Personal Finance, or CSPF, now called European Financial Services Initiative, and the affluent client business of Credit Suisse Banking, or CSB;
- Corporate & Retail Banking, which includes CSB (excluding the affluent client business) and youtrade, which was previously part of CSPF;
- Life & Pensions, formerly called Winterthur Life & Pensions, or WLP; and
- Insurance, formerly called Winterthur Insurance, or WIN.

CSFB includes:

- Investment Banking, which consists of the former CSFB but excludes Pershing and Private Client Services; and
- CSFB Financial Services, which includes Credit Suisse Asset Management, or CSAM, Pershing and Private Client Services.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

The following chart summarizes the changes in our reporting structure following the realignment effective January 1, 2002:

[GRAPHIC]

The following tables present the results for the years ended December 31, 2001, 2000 and 1999 for the CSFS and CSFB business units on an operating basis and on a basis consistent with our consolidated income statement. The results of the CSFS business unit reflect the combined results of the former business units WIN, WLP, CSB, CSPF and CSPB. The results of the CSFB business unit reflect the combined results of the former business units CSFB and CSAM.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

Credit Suisse Financial Services

The following table sets forth the results of CSFS on an operating basis for the years ended December 31: 1)

in CHF m	2001	2000	1999
Operating income	15,382	15,771	11,559
Personnel expenses	5,639	5,361	4,619
Other operating expenses	3,686	3,390	2,834
Operating expenses	9,325	8,751	7,453
Gross operating profit	6,057	7,020	4,106
Depreciation of non-current assets	581	384	232
Amortization of present value of future profit (PVFP)	237	14	0
Valuation adjustments, provisions and losses from the banking business 2)	383	723	665
Net operating profit before extraordinary items and taxes	4,856	5,899	3,209
Extraordinary income/(expenses), net	25	21	52
Taxes 3)	(1,113)	(1,313)	(692)
Net operating profit before minority interests	3,768	4,607	2,569
Amortization of acquired intangible assets and goodwill	(116)	(55)	(29)
Tax impact	2	0	0
Net profit before minority interests	3,654	4,552	2,540
Minority interests	(69)	(176)	(62)
Net profit	3,585	4,376	2,478

Reconciliation to net operating profit

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Amortization of acquired intangible assets and goodwill	116	55	29
Tax impact	(2)	0	0
<hr style="border-top: 1px dashed black;"/>			
Net operating profit	3,699	4,431	2,507
<hr style="border-top: 1px dashed black;"/>			

- 1) Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs are reported separately in the income statement.

- 2) Includes a valuation adjustment taken at Group level of CHF 22 million for 2001 and negative adjustments of CHF 191 million and CHF 99 million for 2000 and 1999, respectively, resulting from the difference between the statistical and the actual credit provisions.

- 3) Excluding tax impact on amortization of acquired intangible assets and goodwill.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

The following table presents the results of CSFS for each of the years in the three-year period ended December 31, 2001 including the effects of amortization of acquired intangible assets and goodwill: 1)

in CHF m	2001	2000	1999
<hr style="border-top: 1px dashed black;"/>			
Operating income	15,382	15,771	11,559
<hr style="border-top: 1px dashed black;"/>			
Personnel expenses	5,639	5,361	4,619
Other operating expenses	3,686	3,390	2,834
<hr style="border-top: 1px dashed black;"/>			
Operating expenses	9,325	8,751	7,453
<hr style="border-top: 1px dashed black;"/>			
Gross operating profit	6,057	7,020	4,106
<hr style="border-top: 1px dashed black;"/>			
Depreciation of non-current assets 2)	818	398	232
Amortization of acquired intangible assets and goodwill	116	55	29
Valuation adjustments, provisions and losses from the banking business 3)	383	723	665
<hr style="border-top: 1px dashed black;"/>			
Profit before extraordinary items and taxes	4,740	5,844	3,180
<hr style="border-top: 1px dashed black;"/>			
Extraordinary income/(expenses), net	25	21	52
Taxes	(1,111)	(1,313)	(692)
<hr style="border-top: 1px dashed black;"/>			
Net profit before minority interests	3,654	4,552	2,540
<hr style="border-top: 1px dashed black;"/>			
Minority interests	(69)	(176)	(62)
<hr style="border-top: 1px dashed black;"/>			
Net profit	3,585	4,376	2,478
<hr style="border-top: 1px dashed black;"/>			

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- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) Includes amortization of PVFP from the insurance business.
- 3) Includes a valuation adjustment taken at Group level of CHF 22 million for 2001 and negative adjustments of CHF 191 million and CHF 99 million for 2000 and 1999, respectively, resulting from the difference between the statistical and the actual credit provisions.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

Credit Suisse First Boston

The following table sets forth the results of CSFB on an operating basis for the years ended December 31: 1)

in CHF m	2001	2000	1999
Operating income	25,262	22,151	15,702
Personnel expenses	13,731	12,015	8,073
Other operating expenses	6,512	4,586	3,484
Operating expenses	20,243	16,601	11,557
Gross operating profit	5,019	5,550	4,145
Depreciation of non-current assets	951	673	393
Valuation adjustments, provisions and losses 2)	1,541	537	786
Net operating profit before extraordinary items, acquisition-related costs, exceptional items and taxes	2,527	4,340	2,966
Extraordinary income/(expenses), net	(15)	(1)	(2)
Taxes 3)	(524)	(1,107)	(739)
Net operating profit before acquisition-related costs, exceptional items and minority interests	1,988	3,232	2,225
Acquisition interest	(828)	(225)	(21)
Amortization of retention payments	(812)	(181)	0
Amortization of acquired intangible assets and goodwill	(1,455)	(349)	(90)
Exceptional items	(1,428)	0	0
Tax impact	1,148	167	2
Net (loss)/profit before minority interests	(1,387)	2,644	2,116
Minority interests	(1)	(3)	(1)
Net (loss)/profit	(1,388)	2,641	2,115
Reconciliation to net operating profit			
Amortization of acquired intangible assets and goodwill	1,455	349	90
Exceptional items 4)	1,428	0	0
Tax impact	(602)	(43)	(2)

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Net operating profit	893	2,947	2,203
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- 1) Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses, d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income and e) excluding exceptional items from operating income, personnel expenses, depreciation of non-current assets and valuation adjustments, provisions and losses. Acquisition-related costs and exceptional items are reported separately in the income statement.

- 2) Includes valuation adjustments taken at the Group level of CHF 194 million, CHF 6 million and CHF 0 million for 2001, 2000 and 1999, respectively, resulting from the difference between the statistical and the actual credit provisions. In 2001, CSFB recorded credit provisions of CHF 800 million in addition to the statistically derived provision level due to substantial deterioration in the economic environment.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

- 3) Excluding tax impact on acquisition-related costs and exceptional items. Prior to 2001, deferred tax assets for net operating loss carry-forwards were not recorded. In 2001, the accounting policy was changed to allow such deferred tax assets to be recorded in the event of sales of businesses at a taxable gain, where realization of the deferred tax assets is certain. The impact on the financial statements was a tax benefit of CHF 303 million in 2001. Prior-period financial statements disclosed herein would be unchanged under the new policy.

- 4) Certain exceptional items are excluded from the calculation of the Group's net operating profit. In 2001 these items included cost reduction initiatives of CHF 1,259 million and a settlement of CHF 169 million with the SEC and the NASDR regarding their investigations into certain IPO allocation practices.

The following table presents the results of CSFB for each of the years in the three-year period ended December 31, 2001 including the effects of acquisition interest, amortization of retention payments, amortization of acquired intangible assets and goodwill and the exceptional items described under "--Year ended December 31, 2001 compared to year ended December 31, 2000" in the annual report on Form 20-F for the year ended December 31, 2001: 1)

in CHF m	2001	2000	1999
Operating income	24,400	21,926	15,681
Personnel expenses	15,528	12,196	8,073

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Other operating expenses	6,512	4,586	3,484

Operating expenses	22,040	16,782	11,557

Gross operating profit	2,360	5,144	4,124

Depreciation of non-current assets	963	673	393
Amortization of acquired intangible assets and goodwill	1,455	349	90
Valuation adjustments, provisions and losses 2)	1,938	537	786

(Loss)/Profit before extraordinary items and taxes	(1,996)	3,585	2,855

Extraordinary income/(expenses), net	(15)	(1)	(2)
Taxes	624	(940)	(737)

Net (loss)/profit before minority interests	(1,387)	2,644	2,116

Minority interests	(1)	(3)	(1)

Net (loss)/profit	(1,388)	2,641	2,115

- 1) Certain reclassifications have been made to conform to the current presentation. This table differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in common with certain US competitors rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses and c) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income.
- 2) Includes valuation adjustments taken at the Group level of CHF 194 million, CHF 6 million, CHF 0 million for 2001, 2000 and 1999, respectively, resulting from the difference between the statistical and the actual credit provisions. In 2001, CSFB recorded credit provisions of CHF 800 million in addition to the statistically derived provision level due to substantial deterioration in the economic environment.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

The following tables present the results for the years ended December 31, 2001, 2000 and 1999 for the Private Banking and Corporate & Retail Banking segments of the CSFS business unit and the Investment Banking and CSFB Financial Services segments of the CSFB business unit on the original reported basis and on the new basis, after giving effect to the realignment. In the tables for Investment Banking and CSFB Financial Services, we have also reclassified contractor costs from personnel expenses to other operating expenses to conform to the presentation for the six months ended June 30, 2002. The Investment Banking table also reflects the movement of the results of certain non-continuing real-estate and distressed assets from Fixed Income to Other, to conform to Investment Banking's presentation for the six months ended June 30, 2002. The results of the Life & Pensions and Insurance segments of CSFS were not affected by the realignment and, accordingly, are omitted.

Private Banking
new reporting

CSFB
former reporting

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in CHF m 1)	2001	2000	1999	2001	2000	1999
Net interest income	1,976	2,121	1,655	1,171	1,247	898
Net commission and service fee income	4,519	4,869	3,625	3,939	4,171	3,187
Net trading income	640	837	649	568	752	592
Other ordinary income	110	86	110	103	81	38
Operating income	7,245	7,913	6,039	5,781	6,251	4,715
Personnel expenses	2,502	2,420	1,947	1,706	1,734	1,418
Other operating expenses	1,522	1,350	1,006	1,001	883	768
Operating expenses	4,024	3,770	2,953	2,707	2,617	2,186
Gross operating profit/(loss)	3,221	4,143	3,086	3,074	3,634	2,529
Depreciation of non-current assets	215	101	60	66	41	39
Valuation adjustments, provisions and losses	75	213	112	36	160	55
Net operating profit/(loss) before extraordinary items and taxes	2,931	3,829	2,914	2,972	3,433	2,435
Extraordinary income/(expenses), net	12	1	18	15	1	18
Taxes 3)	(642)	(865)	(623)	(631)	(766)	(516)
Net operating profit/(loss) before minority interests	2,301	2,965	2,309	2,356	2,668	1,937

- 1) Certain reclassifications have been made to conform to the current presentation. The segment income statement differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) As CSPF was a new initiative and not a separate operating segment, no financial information was separately disclosed for 1999.
- 3) Excluding tax impact on amortization of acquired intangible assets and goodwill.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

in CHF m 1)	Corporate & Retail Banking new reporting			
	2001	2000	1999	2001
Net interest income	1,658	1,513	1,470	2,456

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Net commission and service fee income	461	506	436	1,005
Net trading income	250	263	173	318
Other ordinary income	29	42	75	27

Operating income	2,398	2,324	2,154	3,806

Personnel expenses	1,000	940	872	1,602
Other operating expenses	620	673	628	851

Operating expenses	1,620	1,613	1,500	2,453

Gross operating profit	778	711	654	1,353

Depreciation of non-current assets	84	37	17	190
Valuation adjustments, provisions and losses	308	510	553	343

Net operating profit before extraordinary items and taxes	386	164	84	820

Extraordinary income/(expenses), net Taxes 2)	13 (94)	20 (42)	34 (23)	15 (202)

Net operating profit before minority interests	305	142	95	633

- 1) Certain reclassifications have been made to conform to the current presentation. The segment income statement differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) Excluding tax impact on amortization of acquired intangible assets and goodwill.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

in CHF m 1)	Investment Banking new reporting			form
	2001	2000	1999	2001

Fixed Income 2)	9,488	4,894	5,792	9,611
Equity	6,581	8,477	4,786	6,581
Investment Banking	4,697	6,147	3,454	4,696
Financial Services	--	--	--	2,569
Other 2)	451	574	500	172

Operating income	21,217	20,092	14,532	23,629

Personnel expenses	11,764	11,224	7,619	13,582
Other operating expenses	5,176	3,905	3,095	5,543

Operating expenses	16,940	15,129	10,714	19,125

Gross operating profit	4,277	4,963	3,818	4,504

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Depreciation of non-current assets	772	596	371	919
Valuation adjustments, provisions and losses	1,514	536	786	1,541
Net operating profit before extraordinary items, acquisition-related costs, exceptional items and taxes	1,991	3,831	2,661	2,044
Extraordinary income/(expenses), net	(1)	0	0	(1)
Taxes 3)	(439)	(1,033)	(715)	(455)
Net operating profit before acquisition-related costs, exceptional items and minority interests	1,551	2,798	1,946	1,588

- 1) Certain reclassifications have been made to conform to the current presentation. The segment income statement differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses, d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income and e) excluding exceptional items from operating income, personnel expenses, depreciation of non-current assets and valuation adjustments, provisions and losses. Acquisition-related costs, exceptional items and minority interests are reported separately at the business unit level only.
- 2) Reflects the movement of the results of certain non-continuing real estate and distressed assets from Fixed Income to Other.
- 3) Excluding tax impact on acquisition-related costs and exceptional items.

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OVERVIEW OF CHANGES TO SEGMENTS AS A RESULT OF REALIGNMENT

in CHF m 1)	CSFB Financial Services new reporting			
	2001	2000	1999	
Operating income	4,045	2,059	1,170	1,
Personnel expenses	1,967	791	454	
Other operating expenses	1,336	681	389	
Operating expenses	3,303	1,472	843	1,
Gross operating profit	742	587	327	
Depreciation of non-current assets	179	77	22	
Valuation adjustments, provisions and losses	27	1	0	

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Net operating profit before extraordinary items, acquisition-related costs, exceptional items and taxes	536	509	305
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Extraordinary income/(expenses), net	(14)	(1)	(2)
Taxes 2)	(85)	(74)	(24)
<hr style="border-top: 1px dashed black;"/>			
Net operating profit before acquisition-related costs, exceptional items and minority interests	437	434	279
<hr style="border-top: 1px dashed black;"/>			

- 1) Certain reclassifications have been made to conform to the current presentation. The segment income statement differs from the presentation of the Group's consolidated results in a) reporting contractor costs as part of other operating expenses instead of personnel expenses, b) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses, and c) excluding exceptional items from operating income, personnel expenses, depreciation of non-current assets and valuation adjustments, provisions and losses. Acquisition-related costs, exceptional items and minority interests are reported separately at the business unit level only.

- 2) Excluding tax impact on acquisition-related costs and exceptional items.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

The following notes for the six months ended June 30, 2002 and 2001, including the reconciliation to accounting principles generally accepted in the United States, should be read in conjunction with the financial statements presented in the Credit Suisse Group Q2 Quarterly Report 2002, furnished to the SEC on Form 6-K on August 14, 2002.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

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1 Segment reporting by operating segments

The activities of the Group are managed and organized based on the different types of products and services that the Group offers to its customers. Operating income includes income directly attributable to the individual segments as further described below.

The following presentation shows the Group's segment results for the six months ended June 30, 2002 and 2001. Based on the Group's management reporting principles, the Group reported results for six segments: Private Banking, Corporate & Retail Banking, Life & Pensions, Insurance, Investment Banking and CSFB Financial Services. The Credit Suisse Financial Services business unit totals the results of the Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance segments. The Credit Suisse First Boston business unit totals the results of the Investment Banking and CSFB Financial Services segments.

The Group's consolidated results comprise the results of the segments and of the Corporate Center. Corporate Center costs and revenues attributable to operating businesses have been allocated to the respective segments. The Corporate Center records expenses relating to projects sponsored by the Group, restructuring costs, the difference between provisions for expected credit risk recorded by each segment and actual credit loss experience, as well as other items as set out in note 4.1 of our audited consolidated financial statements as of and for each of the years in the three-year period ended December 31, 2001 beginning on page F-1 of this Form 6-K.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Segment income statement for the six months ended June 30, 2002 1)

in CHF m	Private Banking	Corporate & Retail Banking	Life & Pensions	Insurance	Subtotal	R
Operating income 2)	3,544	1,245	608	627	6,024	
Personnel expenses	1,252	468	432	765	2,917	
Other operating expenses	731	307	285	400	1,723	
Operating expenses	1,983	775	717	1,165	4,640	
Gross operating profit/(loss)	1,561	470	(109)	(538)	1,384	
Depreciation of non-current assets 3)	109	37	194	82	422	
Amortization of acquired intangible assets and goodwill	--	--	--	--	--	
Valuation adjustments, provisions and losses	43	151	--	--	194	
Net operating profit/(loss) before extraordinary items, acquisition- related costs and taxes	1,409	282	(303)	(620)	768	

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Extraordinary income/(expenses), net	19	(1)	0	0	18
Taxes	(308)	(66)	(109)	(17)	(500)
Net operating profit/(loss) before acquisition-related costs and minority interests	1,120	215	(412)	(637)	286
Amortization of acquired intangible assets and goodwill					(75)
Tax impact					1
Net profit before minority interests					212
Minority interests					83
Net profit					295

- 1) The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) For the purpose of the consolidated financial statements, operating income for the insurance businesses is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from insurance business.
- 3) Including amortization of Present Value of Future Profits, or PVFP, from the insurance businesses.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Segment income statement for the six months ended June 30, 2002 1) (continued)

in CHF m	Investment Banking	CSFB Financial Services	Subtotal	Reclassification
Operating income	9,317	1,786	11,103	(32)
Personnel expenses	5,268	847	6,115	35
Other operating expenses	1,947	527	2,474	-
Operating expenses	7,215	1,374	8,589	35
Gross operating profit/(loss)	2,102	412	2,514	(68)
Depreciation of non-current assets	320	72	392	-

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Amortization of acquired intangible assets and goodwill	--	--	--	68
Valuation adjustments, provisions and losses	739	19	758	--

Net operating profit/(loss) before extraordinary items, acquisition-related costs and taxes	1,043	321	1,364	(1,37)

Extraordinary income/(expenses), net	26	0	26	--
Taxes	(225)	(90)	(315)	36

Net operating profit before acquisition-related costs	844	231	1,075	(1,00)

Acquisition interest			(325)	32
Amortization of retention payments			(359)	35
Amortization of acquired intangible assets and goodwill			(687)	68
Tax impact			365	(36)

Net profit			69	--

- 1) The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately at the business unit level only.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Business unit income statement for the six months ended June 30, 2002
(continued)

in CHF m	Credit Suisse Financial Services	Credit Suisse First Boston	Subtotal	Corporate Center
Operating income	6,024	10,778	16,802	(825)
Personnel expenses	2,917	6,474	9,391	262
Other operating expenses	1,723	2,474	4,197	(784)
Operating expenses	4,640	8,948	13,588	(522)
Gross operating profit/(loss)	1,384	1,830	3,214	(303)

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Depreciation of non-current assets	422 1)	392	814	133
Amortization of acquired intangible assets and goodwill	75	687	762	(3)
Valuation adjustments, provisions and losses	194	758	952	81

Profit/(loss) before extraordinary items and taxes	693	(7)	686	(514)

Extraordinary income/(expenses), net	18	26	44	61
Taxes	(499)	50	(449)	(55)

Net profit/(loss) before minority interests	212	69	281	(508)

Minority interests	83	0	83	(67)

Net profit/(loss)	295	69	364	(575)

Other data				
Total assets as of June 30, 2002 2)	396,687	652,673	1,049,360	(61,775)

1) Including amortization of PVFP from the insurance businesses.

2) Intersegment consolidation items have been eliminated in Corporate Center.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Segment income statement for the six months ended June 30, 2001 1)

in CHF m	Private Banking	Corporate & Retail Banking	Life & Pensions	Insurance	Subtotal	Recla

Operating income 2)	3,828	1,247	1,416	1,811	8,302	

Personnel expenses	1,278	508	395	742	2,923	
Other operating expenses	756	338	300	407	1,801	

Operating expenses	2,034	846	695	1,149	4,724	

Gross operating profit	1,794	401	721	662	3,578	

Depreciation of non-current assets 3)	68	24	158	77	327	
Amortization of acquired intangible assets and goodwill	--	--	--	--	--	
Valuation adjustments, provisions and losses	102	149	--	--	251	

Net operating profit before extraordinary items,						

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acquisition-related costs and taxes	1,624	228	563	585	3,000

Extraordinary income/(expenses), net	2	9	0	0	11
Taxes	(405)	(56)	(129)	(180)	(770)

Net operating profit before acquisition-related costs and minority interests	1,221	181	434	405	2,241

Amortization of acquired intangible assets and goodwill					(42)
Tax impact					1

Net profit before minority interests					2,200

Minority interests					(88)

Net profit					2,112

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business level only.
- 2) For the purpose of the consolidated financial statements, operating income for the insurance businesses is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.
- 3) Including amortization of PVFP from the insurance businesses.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Segment income statement for the six months ended June 30, 2001 1) (continued)

in CHF m	Investment Banking	CSFB Financial Services	Subtotal	Reclassification

Operating income	12,521	2,107	14,628	(47)

Personnel expenses	7,106	1,120	8,226	40
Other operating expenses	2,452	680	3,132	-

Operating expenses	9,558	1,800	11,358	40

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Gross operating profit	2,963	307	3,270	(87)
Depreciation of non-current assets	366	88	454	-
Amortization of acquired intangible assets and goodwill	--	--	--	70
Valuation adjustments, provisions and losses	384	6	390	-
Net operating profit before extraordinary items, acquisition-related costs and taxes	2,213	213	2,426	(1,58)
Extraordinary income/(expenses), net	(1)	(1)	(2)	-
Taxes	(569)	(18)	(587)	42
Net operating profit before acquisition- related costs	1,643	194	1,837	(1,16)
Acquisition interest			(476)	47
Amortization of retention payments			(403)	40
Amortization of acquired intangible assets and goodwill			(709)	70
Tax impact			420	(42)
Net profit			669	-

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately at the business unit level only.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

1 Segment reporting by operating segments (continued)

Business unit income statement for the six months ended June 30, 2001 1)
(continued)

in CHF m 1)	Credit Suisse Financial Services	Credit Suisse First Boston	Subtotal	Co
Operating income	8,302	14,152	22,454	
Personnel expenses	2,923	8,629	11,552	
Other operating expenses	1,801	3,132	4,933	

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Operating expenses	4,724	11,761	16,485
<hr/>			
Gross operating profit	3,578	2,391	5,969
<hr/>			
Depreciation of non-current assets	327 2)	454	781
Amortization of acquired intangible assets and goodwill	42	709	751
Valuation adjustments, provisions and losses	251	390	641
<hr/>			
Profit before extraordinary items and taxes	2,958	838	3,796
<hr/>			
Extraordinary income/(expenses), net	11	(2)	9
Taxes	(769)	(167)	(936)
<hr/>			
Net profit before minority interests	2,200	669	2,869
<hr/>			
Minority interests	(88)	0	(88)
<hr/>			
Net profit	2,112	669	2,781
<hr/>			

- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) Including amortization of PVFP from the insurance businesses.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

- 2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001

The following narratives provide additional details to support the tabular reconciliation of net profit and shareholders' equity prepared under Swiss generally accepted accounting principles, or Swiss GAAP, to net profit and shareholders' equity prepared under US generally accepted accounting principles, or US GAAP. For those reconciling items where the differences between the methods under Swiss GAAP and US GAAP accounting are significant to a particular segment, the segment has been identified. For a definition of Swiss GAAP please refer to note 1 "Summary of significant accounting policies" in the notes to the consolidated financial statements for the years ended December 31, 2001, 2000 and 1999.

Valuation and income recognition differences between Swiss and US accounting principles

- a) Debt and equity securities

VALUATION

Under Swiss GAAP, debt and equity securities for the banking business that are held for sale and which do not constitute trading balances are carried at the lower of cost or market value (LOCOM). Unrealized losses are recorded through the income statement when market value is lower than cost. When market value increases, unrealized gains are only recorded to the extent losses were previously recognized.

Debt securities held until final maturity are valued at amortized cost (accrual method). Premiums and discounts are deferred and accrued over the term of the instrument until final maturity. Realized gains or losses that are interest

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related and that arise from the early disposal or redemption of the instrument are deferred and accrued over the remaining term of that instrument.

Under US GAAP, debt and equity securities must be classified as either:

- trading, which are valued at fair value with changes in fair value recorded through earnings;
- held to maturity, which are carried at amortized cost (debt securities only); or
- available-for-sale, which are carried at fair value, with changes in fair value recorded in other comprehensive income--a separate component of shareholders' equity.

In addition, premiums and discounts are amortized to interest income using the effective yield method over the contractual life of the securities. Gains or losses on the sales of debt and equity securities are recognized into income at the time of sale on a specific identified cost basis.

The US GAAP adjustments to net profit attributable to securities valuation differences were a decrease of CHF 100 million and an increase of CHF 48 million for the six months ended June 30, 2002 and 2001. The US GAAP adjustments to shareholders' equity attributable to securities valuation differences were an increase of CHF 1,497 million at June 30, 2002 and an increase of CHF 2,269 million at December 31, 2001.

PRIVATE EQUITY

Under Swiss GAAP, private equity investments are carried at Locom.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

Under US GAAP, in accordance with specialized industry accounting principles, private equity investments, held by subsidiaries, that are considered investment companies that engage exclusively in venture capital activities and other similar activities, are carried at estimated fair value, with changes in fair value recorded through current net profit.

The US GAAP adjustments to net profit attributable to private equity investments were a decrease of CHF 7 million in the first half of 2002 and a decrease of CHF 230 million in the six months ended June 30, 2001. The US GAAP adjustments to shareholders' equity attributable to private equity investments were an increase of CHF 181 million as of June 30, 2002 and an increase of CHF 209 million as of December 31, 2001.

b) Consolidation

SPECIAL PURPOSE ENTITIES

Under Swiss GAAP, consolidation of a special purpose entity (SPE) is required if the Group holds more than 50% of the voting rights of the entity, or where it has the ability to exercise control of the SPE. Consolidation would also be required if the Group has a legal or de facto obligation to support the entity, or the SPE is dependent on the Group for funding. Consolidation may be required by application of the principle of substance over form.

Under US GAAP, a sponsored SPE must be considered for consolidation unless it

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meets the criteria of a qualifying SPE as defined in the Statement of Financial Accounting Standard (SFAS) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities. If the SPE is not a qualifying SPE then the following factors must be considered to determine if the SPE has to be consolidated. The three criteria to be considered are:

(1) independent third parties have made a substantive equity investment;
(2) independent third parties control the SPE; and (3) independent third parties have the substantive risks and rewards of the assets of the SPE throughout its term. These criteria are subjective and must be analyzed together with all relevant facts and circumstances to determine whether consolidation is required.

The US GAAP adjustments to net profit attributable to the consolidation of SPEs not consolidated under Swiss GAAP were a decrease of CHF 3 million for the first half of 2002 and a decrease of CHF 42 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to the consolidation of SPEs not consolidated under Swiss GAAP were a increase of CHF 14 million as of June 30, 2002 and a decrease of CHF 15 million as of December 31, 2001.

DETERMINATION OF CONSOLIDATED SUBSIDIARIES AND EQUITY METHOD SUBSIDIARIES

Under Swiss GAAP, majority owned subsidiaries that do not operate in the core business of the Group may be accounted for using the equity method. US GAAP has no such exception to consolidating majority owned subsidiaries.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

Additionally, under Swiss GAAP, the accounting for investments using the equity method is generally the same as under US GAAP; however, US GAAP has stricter guidelines for determining whether an entity has the ability to exercise significant influence over the operating and financial policies of the investee.

The US GAAP adjustments to net profit attributable to differences in the determination of consolidated subsidiaries and equity method subsidiaries were a decrease of CHF 116 million in the first half of 2002 and a decrease of CHF 52 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to differences in determination of consolidated subsidiaries and equity method subsidiaries were a decrease of CHF 90 million as of June 30, 2002 and an increase of CHF 35 million as of December 31, 2001.

c) Transfer of financial assets

Swiss GAAP requires that, in transferring financial assets, the assets should be removed from the transferor's balance sheet and a gain or loss should be recognized when the following conditions are met:

- the securities are isolated from the transferor;
- the transferee obtains the right to pledge or exchange the transferred securities; and
- the transferor does not maintain effective control.

In addition, under Swiss GAAP, repurchase and reverse repurchase transactions held in the trading book (matched book repo transactions) are recorded at fair value.

Under US GAAP, the accounting for transfers of financial assets that are considered sales generally are based on the same conditions as under Swiss GAAP.

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However, meeting the US GAAP criteria is dependent on a "true sale" legal opinion, which is more stringent than Swiss GAAP. The resulting adjustment for transfers not deemed as sales is that the assets securitized remain on the balance sheet and the transaction is treated as a secured borrowing.

Under US GAAP, income from matched book repo transactions is recorded on an accrual basis.

The US GAAP adjustments to net profit attributable to differences in the accounting treatment of transfers of financial assets were a decrease of CHF 109 million in the first half of 2002 and a decrease of CHF 64 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to such differences in accounting treatment were a decrease of CHF 125 million as of June 30, 2002 and a decrease of CHF 29 million as of December 31, 2001.

d) Real estate

Under Swiss GAAP, banking segments' real estate held for own use, which has been designated as held for disposal, is carried at lower of cost less accumulated depreciation or market. Until a contract for sale is executed, depreciation continues on these properties.

Under US GAAP, real estate that is classified as held for disposal is carried at the lower of carrying amount or fair value less costs to sell. No depreciation is recorded on real estate held for disposal.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

e) General provisions

Under Swiss GAAP, valuation adjustments and reserves are permitted to be recorded when economically necessary or legally required. In accordance with Swiss banking regulations, a reserve for general banking risks is recorded as a separate component of shareholders' equity. Changes in shareholders' equity must be recorded as an extraordinary item in the income statement or result from a reclassification from valuation adjustments and provisions no longer required.

US GAAP does not allow general unallocated provisions. Probable and estimable costs, which can be identified with an event or set of events that have occurred prior to the balance sheet date, are accrued. The criteria for establishing such liabilities under US GAAP are more stringent than under Swiss GAAP.

The balance sheet line item VALUATION ADJUSTMENTS AND PROVISIONS includes provisions for restructuring, litigation, technology and other operational risks. Reserve for general banking risks is recorded as a separate component of shareholders' equity. For purposes of the US GAAP reconciliation, certain of these provisions are not allowed and have been reversed.

The US GAAP adjustments to net profit attributable to general provisions not allowed under US GAAP were a decrease of CHF 6 million in the first half 2002 and an increase of CHF 67 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to such provisions were an increase of CHF 163 million as of June 30, 2002 and an increase of CHF 169 million as of December 31, 2001.

f) Business combinations

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Under Swiss GAAP, prior to January 1, 1997, goodwill was charged to shareholders' equity in the year of acquisition. For acquisitions after January 1, 1997, the Group capitalizes goodwill and amortizes it over its estimated useful life on a straight-line basis.

Upon adoption of SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets, all business combinations effected after June 30, 2001 are accounted for using the purchase method. The associated goodwill and intangible assets with an indefinite life will not be amortized. Effective January 1, 2002, for business combinations completed prior to June 30, 2001, goodwill and intangible assets with an indefinite life are no longer amortized. Instead, goodwill and intangible assets associated with all business combinations are subject to an annual impairment test. To comply with this standard the amortization amounts recorded under Swiss GAAP are reversed for US GAAP presentation. For further detail please refer to the SFAS 142 transitional disclosure in note 9.

Further US GAAP adjustments are the result of: (1) capitalization of goodwill for pre-1997 acquisitions net of accumulated depreciation; (2) differences in the valuation of net assets at the date of acquisition including certain amounts which are expensed under US GAAP but capitalized under Swiss GAAP, including adjustments for items such as retention payments and certain restructuring charges; and differences related to share options plans.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

The US GAAP adjustments to net profit attributable to the accounting for business combinations were an increase of CHF 496 million in the first half of 2002 and a decrease of CHF 458 million for the six months ended June 30, 2001. The US GAAP adjustments to shareholders' equity attributable to the accounting for business combinations were an increase of CHF 1,378 million at June 30, 2002 and an increase of CHF 976 million at December 31, 2001.

g) Share-based compensation

Under Swiss GAAP, no expenses are recognized for share option plans upon grant or exercise. For share awards the market value of shares granted for the reporting period and for which no future service is required is accrued in the period in which the service is rendered. For shares granted under the requirement to provide future services the market value granted is deferred over the required future service period and at each balance sheet date the accrued cost is adjusted for the fair value change of the share price during the reporting period. The accrual is recognized within liabilities.

US GAAP permits the recognition of compensation expense based on the estimated fair value of the equity instruments issued or based on the intrinsic value of the equity instruments issued with the disclosure of pro forma effects of share compensation plans on net profit and earnings per share, as if the fair value had been recorded. The Group has chosen to record its obligation for stock compensation using the intrinsic value method. For share option plans, which have no intrinsic value at the date of grant and which have no cash settlement feature and no performance-based vesting requirements the fixed plan accounting is applied and no compensation expenses are recognized. Credit Suisse Group also has option plans outstanding, primarily related to the years 2000 and before, which have either a cash settlement feature or which are linked to performance-based vesting requirements. For those plans, variable plan accounting is applied until settlement. For share awards, the market value of shares granted for the reporting period and for which no future service is

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required is accrued in the period in which the service is rendered. If shares are granted under the requirement to provide future services the market value at the grant date is recognized over the required future service period. For US GAAP purposes, the Group's obligation to deliver shares in the future is recognized in additional paid-in capital.

The US GAAP adjustments to net profit related to share-based compensation were a decrease of CHF 32 million in the first half of 2002 and a decrease of CHF 75 million in the first half of 2001, and the related US GAAP adjustments to shareholders' equity were increases of CHF 2,430 million as of June 30, 2002 and CHF 3,421 million as of December 31, 2001.

h) Pension benefits

Most pension funds of Credit Suisse Group are separate legal entities and employees have to pay contributions to a specific pension fund. The Group also makes contributions to the pension plans.

Under Swiss GAAP, pension expense is equal to the amounts to be contributed by the employer based on the scheme. However, certain plans record pension expense based on a specific method of actuarial valuation of projected plan liabilities for accrued service. Plan assets are recorded at fair value. Certain assumptions, such as future salary increases, are not considered in the Swiss GAAP valuation.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

Under US GAAP, pension expense and liabilities for defined benefit plans are valued based on specific actuarial assumptions such as future salary increases, expected return on plan assets, employee turnover, mortality, retirement age and administrative expenses of the pension plan. In calculating the current pension benefit obligation, estimated future pension benefits are discounted to the current period. The discount rate was established by examining the rates of return of both high-quality, long-term corporate bonds and long-term government bonds. The methodology for determination of appropriate discount rates has been applied consistently groupwide.

The US GAAP adjustments attributable to pension benefits were increases of CHF 207 million in the first half of 2002 and CHF 120 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to pension benefits were an increase of CHF 149 million at June 30, 2002 and a decrease of CHF 65 million at December 31, 2001.

i) Taxation

Under Swiss GAAP, we generally do not recognize deferred tax assets for net operating loss carry-forwards. Deferred tax assets on net operating losses are recorded in the event management's assessment is that their realization in a future period is certain, based on contracts existing at the balance sheet date to sell businesses at a taxable gain.

Under US GAAP, a deferred tax asset is recognized for net operating loss carry-forwards, net of an allowance for the estimated unrealizable amount.

The US GAAP adjustments to net profit attributable to the recognition of the tax effect of net operating loss carry-forwards were an increase of CHF 676 million in the first half of 2002 and an increase of CHF 31 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to the

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recognition of the tax effect of net operating loss carry-forwards were an increase of CHF 1,044 million as of June 30, 2002 and an increase of CHF 368 as of December 31, 2001.

An additional adjustment arises from the aggregate differences between Swiss GAAP and US GAAP accounting principles that will result in taxable or deductible amounts in future years (temporary differences).

The US GAAP adjustment to net profit for such temporary differences were an increase of CHF 136 million in the first half of 2002 and a decrease of CHF 101 million in the first half of 2001, and the related US GAAP adjustments to shareholders' equity were increases of CHF 159 million as of June 30, 2002 and CHF 104 million as of December 31, 2001.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

j) Loans

LOAN FEES AND COSTS

Under Swiss GAAP, loan origination fee income is deferred but direct loan origination costs are normally expensed.

Under US GAAP, certain qualifying direct loan origination costs must be deferred and amortized over the life of the loan using the effective interest method.

LOAN IMPAIRMENT

Under Swiss GAAP, provisions for impaired loans are recorded based on either the fair value of the underlying collateral or the undiscounted future cash flows if the loans are not collateralized.

For certain non-collateral dependent impaired loans, US GAAP requires measurement of impairment using the present value of future cash flows.

The Group has estimated that the difference to net profit or shareholders' equity between impaired loan valuation recognized for Swiss GAAP and impaired loan valuation that would have been recognized for US GAAP is not material.

k) Leasing

For Swiss GAAP purposes, the Group, as lessor, classifies lease contracts as financial leases and records a leasing receivable based on the leased asset's underlying value at lease inception. This balance is amortized over the life of the lease using the interest method.

For US GAAP purposes, certain of these lease contracts are classified as operating leases. The underlying leased asset is recorded as a fixed asset and depreciated on a straight-line basis over its useful life. This adjustment relates to the difference between the interest amortization of the lease receivable under Swiss GAAP and the straight-line depreciation of leased assets under US GAAP.

l) Derivatives

Under Swiss GAAP, trading derivatives are recorded on the balance sheet at fair value as positive and negative replacement values. Changes in fair value are reported in earnings unless the derivative is designated and qualifies as a

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hedge. Gains and losses on hedging derivative instruments are recognized in income on the same basis as the underlying item being hedged. There is no requirement for an external transaction to lay off all risks associated with intercompany hedges on a one-to-one basis.

Effective January 1, 2001 the Group adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities--an amendment of SFAS No. 133. Under SFAS No. 133, all derivatives are required to be recognized as assets or liabilities in the consolidated balance sheet at fair value. The recognition of the changes in the fair value depends upon the intended use and designation of the derivative. If the derivative instrument is not a hedge, then changes in fair value are recognized in earnings. If a derivative

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

qualifies as a hedge, depending on the nature of the hedge, changes in fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings or recognized in other comprehensive income.

The US GAAP adjustments attributable to derivatives related to net profit were a decrease of CHF 309 million in the first half of 2002 and an increase of CHF 889 million in the first half of 2001, and the related US GAAP adjustments to shareholders' equity were a decrease of CHF 162 million as of June 30, 2002 and an increase of CHF 33 million as of December 31, 2001.

m) Own shares and own bonds

OWN SHARES

Under Swiss GAAP, own shares included in securities trading portfolio and financial investments are carried at fair value and LOCOM, respectively. Derivatives on own shares are carried at fair value and are reported as positive and negative replacement values in other assets and other liabilities, respectively. Gains and losses on sales, dividends received and changes in market value are recorded in net profit.

Under US GAAP, own shares are recorded at cost and reported as treasury shares resulting in a reduction to total shareholders' equity. Derivatives on own shares are classified as assets, liabilities or in shareholders' equity depending on the manner of settlement. Unrealized and realized gains and losses on own shares and derivatives on own shares where the Group has the choice or obligation to settle in shares and dividends received on own shares are excluded from net profit.

The US GAAP adjustments to net profit for own shares were an increase of CHF 640 million in the first half of 2002 and a decrease of CHF 55 million in the first half of 2001, and the related US GAAP adjustments to shareholders' equity were decreases of CHF 4,158 million as of June 30, 2002 and CHF 5,165 million as of December 31, 2001.

OWN BONDS

Under Swiss GAAP, the Group's own bonds included in securities trading portfolio are recorded at fair value with changes in fair value recorded in net profit.

Under US GAAP, the purchase of own bonds is treated as a reduction of the debt

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outstanding. Any difference between the cost of repurchase and the carrying value of the liability is treated as an extraordinary gain or loss during the period. Any gain or loss on resale is treated as a premium or discount and amortized over the remaining term of the liability.

The Group has estimated that the differences between own bond transactions recognized under Swiss GAAP and own bond transactions that would have been recognized under US GAAP is not material to net profit or shareholders' equity.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

n) Foreign currency

Accounting for foreign currency is similar under Swiss and US GAAP. Specifically, each Group entity must choose and document a functional currency in which its financial statements will be prepared. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions and result in gains and/or losses recognized in earnings. Foreign currency gains and losses related to trading activity are included in trading income. Foreign currency translation adjustments, resulting from consolidation of financial statements with different functional currencies, are recorded in equity.

For Swiss GAAP, the determination of the functional currency is generally the same as under US GAAP. Under Swiss GAAP, the local currency is normally assumed to be the functional currency. US GAAP has stricter guidelines and the determination of the functional currency is made based on evaluation of the primary economic environment in which the entity operates using specific salient economic indicators. This difference results in certain Group affiliates having different functional currencies for US GAAP than for Swiss GAAP and, consequently, different amounts of foreign currency gains and losses reported in the Group's consolidated net profit.

o) Capitalization of software

Under Swiss GAAP, certain costs related to the acquisition and development of internal use computer software have been expensed as incurred. Beginning January 1, 2002, such costs are capitalized and depreciated over the estimated useful life of the software. This treatment is in line with the treatment under US GAAP.

The US GAAP adjustments attributable to capitalization of software were a decrease of CHF 134 million in the first half of 2002 compared to an increase of CHF 175 million in the first half of 2001. The US GAAP adjustments to shareholders' equity attributable to capitalization of software were an increase of CHF 562 million at June 30, 2002 and an increase of CHF 700 million at December 31, 2001.

p) Winterthur purchase accounting

Under Swiss GAAP, the Group accounted for the merger of Credit Suisse Group and "Winterthur" Swiss Insurance Company using the pooling of interests method. The balance sheets and income statements of the companies were combined and no adjustments to carrying values of the assets and liabilities were made.

Under US GAAP, the business combination is accounted for under the purchase method of accounting with Credit Suisse Group as the acquirer. Under the purchase method, the acquirer reports the assets and liabilities of the acquired

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company at fair market value on the date of acquisition. Any excess of the fair market value of the consideration given over the fair market value of the net tangible assets acquired

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)
is allocated first to identifiable intangible assets based on their fair value, if determinable, with the remainder allocated to goodwill.

in CHF m	Shareholders' equity 30.06.02	Shareholders' equity 31.12.01	Net 6
Investments	2,548	2,713	
Life insurance	236	148	
Goodwill	3,489	3,681	
Retirement benefits	164	164	
Taxation	(841)	(867)	
Total purchase accounting adjustments	5,596	5,839	

Investments

Under purchase accounting, investments are restated to fair value at the date of acquisition. The unrealized gains and losses on available-for-sale securities existing before the date of acquisition are reclassified in shareholders' equity from net unrealized gains to retained earnings. The fair value at the date of acquisition becomes the new cost basis for the investments and the realized gains and losses on disposal of investments, depreciation on real estate and the unrealized gains and losses on available-for-sale securities are adjusted for the new cost basis.

Life insurance

DEFERRED POLICY ACQUISITION COSTS

Under purchase accounting, the deferred policy acquisition costs for life insurance existing at the date of acquisition are eliminated.

PRESENT VALUE OF FUTURE PROFITS

The Present Value of Future Profits (PVFP) is the present value of anticipated profits embedded in the life and health insurance in force at the date of the merger with "Winterthur" Swiss Insurance Company. Interest accrues on the unamortized PVFP based upon the policy liability rate or contract rate. The PVFP asset is amortized over the years that such profits are anticipated to be received in proportion to the estimated gross margins or estimated gross profits for participating traditional life products and non-traditional life products, respectively, and over the premium paying period in proportion to premiums for other traditional life products.

Any PVFP from previous acquisitions by Winterthur existing at the date of acquisition is eliminated.

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TECHNICAL PROVISIONS

Under purchase accounting, life insurance technical provisions are revalued at the date of acquisition, using current assumptions at such date.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

2 Differences between Swiss and US accounting principles -- for the six months ended June 30, 2002 and 2001 (continued)

Goodwill

The excess of consideration paid of CHF 14,600 million for Winterthur over the fair value of the net tangible assets received has been recorded as goodwill which is subject to an annual impairment test.

A decrease of CHF 191 million has been recorded as goodwill adjustments in the first half of 2002. This is related to the disposals of our insurance operations in France and Austria.

Retirement benefits

Under purchase accounting, the projected benefit obligation and fair value of plan assets are remeasured at the date of acquisition.

Taxation

This adjustment represents the tax effect of the purchase accounting adjustments that result in temporary differences.

3a Reconciliation of Swiss GAAP and US GAAP net profit

in CHF m	References are to note 2	6 months 2002	6 mont 20
Swiss GAAP net (loss)/profit before minority interests		(227)	2,8
Swiss GAAP minority interests		16	(1
Swiss GAAP net (loss)/profit		(211)	2,7
Adjustments in respect of			
Debt and equity securities	(a)	(107)	(1
Consolidation	(b)	(119)	(
Transfer of financial assets	(c)	(109)	(
Real estate	(d)	1	
General provisions	(e)	(6)	
Business combinations	(f)	496	(4
Share-based compensation	(g)	(32)	(
Pension plans	(h)	207	1
Taxation	(i)	812	(
Loans	(j)	(37)	
Leasing	(k)	50	
Derivatives	(l)	(309)	8
Own shares and own bonds	(m)	640	(
Foreign currency	(n)	(23)	
Capitalization of software	(o)	(134)	1
Winterthur purchase accounting	(p)	(548)	(1,4

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Total adjustments	782	(1,0
US GAAP net profit	571	1,6
US GAAP minority interests	18	(1
US GAAP net profit before minority interests	553	1,7

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

3b Reconciliation of Swiss GAAP and US GAAP shareholders' equity

in CHF m	References are to note 2	30.06.02	31.12.01
Swiss GAAP shareholders' equity before minority interests		36,458	38,921
Swiss GAAP minority interests		(2,892)	(3,121)
Swiss GAAP shareholders' equity		33,566	35,800
Adjustments in respect of			
Debt and equity securities	(a)	1,678	2,478
Consolidation	(b)	(76)	20
Transfer of financial assets	(c)	(125)	(29)
Real estate	(d)	2	1
General provisions	(e)	163	169
Business combinations	(f)	1,378	976
Share-based compensation	(g)	2,430	3,421
Pension plans	(h)	149	(65)
Taxation	(i)	1,203	472
Loans	(j)	236	274
Leasing	(k)	22	(28)
Derivatives	(l)	(162)	33
Own shares and own bonds	(m)	(4,158)	(5,165)
Foreign currency	(n)	0	0
Capitalization of software	(o)	562	700
Winterthur purchase accounting	(p)	5,596	5,839
Total adjustments		8,898	9,096
US GAAP shareholders' equity		42,464	44,896
US GAAP minority interests		(2,919)	(3,155)
US GAAP shareholders' equity before minority interests		45,383	48,051

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

4a Condensed consolidated statements of income

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The following are condensed consolidated statements of income for the six months ended June 30, 2002 and 2001. In the following table US GAAP amounts reflect adjustments for the valuation and income recognition differences as described in note 2 and presentation differences described in note 46.3 of the audited consolidated financial statements beginning on page F-1 of this Form 6-K. Swiss GAAP has been reformatted to reflect US GAAP presentation.

in CHF m	US GAAP 6 months 2002	US GAAP 6 months 2001	Swiss GAAP reformat 6 months 2001
Interest income	16,492	25,105	16,492
Commissions and fees	9,245	10,235	9,245
Trading revenue	1,377	5,724	1,377
Realized gains/(losses) from sales of investments, net	(2,572)	49	(2,572)
Insurance premiums	15,427	15,083	15,427
Other revenue	2,252	2,990	1,377
Total revenue	42,221	59,186	42,221
Interest expense	10,840	20,489	10,840
Revenues, net of interest expense	31,381	38,697	31,381
Provision for credit losses	844	237	844
Policyholder benefits and claims	14,101	13,736	14,101
Total provisions for benefits, claims and credit losses	14,945	13,973	15,945
Insurance underwriting and acquisition expenses	2,023	2,223	2,023
Dividends to policyholders	(827)	808	(827)
Salaries and employee benefits	9,177	11,957	9,177
Premises and equipment expenses, net	1,881	1,992	1,881
Restructuring charges	13	43	13
Other expenses	4,212	5,607	3,352
Total operating expenses	16,479	22,630	16,479
(Loss)/profit before taxes, extraordinary items, cumulative effect of changes in accounting principles and minority interests	(43)	2,094	(43)
Income taxes	(538)	492	(538)
Profit/(loss) before extraordinary items, cumulative effect of changes in accounting principles and minority interests	495	1,602	(43)
Extraordinary income/(expenses), net	0	1	0
Cumulative effect of changes in accounting principles	58	147	58
Net profit/(loss) before minority interests	553	1,750	(43)
Minority interests	(18)	123	(18)
Net profit/(loss)	571	1,627	(61)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

4b Condensed consolidated balance sheets

The following are condensed consolidated balance sheets of the Group at June 30, 2002 and December 31, 2001. In the following table US GAAP amounts reflect adjustments for the valuation and income recognition differences as described in note 2 and the presentation differences described in note 46.3 of the audited consolidated financial statements beginning on page F-1 of this Form 6-K. Swiss GAAP has been reformatted to reflect US GAAP presentation.

in CHF m	US GAAP 30.06.02	US GAAP 31.12.01	Swiss GAAP reformatted 30.06.02

Assets			
Cash and cash equivalents	20,985	9,524	20,950
Interest-bearing deposits with banks	35,723	34,055	29,055
Brokerage receivables	29,485	33,863	35,068
Investment securities 1)	120,189	130,217	120,678
Trading account assets	161,569	180,707	134,091
Encumbered assets	157,839	141,632	157,839
Real estate held for investment	10,131	10,395	7,708
Federal funds sold, securities purchased under resale agreements, and securities borrowing transactions	265,502	298,810	209,486
Loans, net of allowance for credit losses 2)	174,746	173,534	171,446
Tangible fixed assets	9,740	10,133	8,427
Premiums and insurance balances receivable, net	7,819	8,024	7,815
Reinsurance recoverables	3,821	4,509	3,821
Goodwill	18,301	17,997	12,000
Present value of future profits	4,540	4,749	2,186
Deferred policy acquisition costs	5,470	4,237	6,924
Other assets	44,877	58,067	45,840
Assets held for separate accounts	13,760	14,519	13,760

Total assets	1,084,497	1,134,972	987,094

1) Including venture capital of CHF 13,591 million and CHF 13,985 million for US GAAP in 2002 and 2001, respectively, and CHF 13,956 million and CHF 14,457 million for Swiss GAAP reformatted for 2002 and 2001, respectively.

2) Net of allowance for credit losses of CHF 7,829 million and CHF 9,245 million for US GAAP in 2002 and 2001, respectively, and CHF 7,840 million and CHF 9,234 million for Swiss GAAP reformatted in 2002 and 2001, respectively.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

4b Condensed consolidated balance sheets (continued)

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in CHF m	US GAAP 30.06.02	US GAAP 31.12.01	Swiss GAAP reformatted 30.06.02

Liabilities and shareholders' equity			
Deposits	261,244	270,690	260,777
Short-term borrowings	14,133	24,957	14,135
Brokerage payables	33,815	44,013	36,826
Trading account liabilities	184,452	161,997	170,080
Insurance policy and claims reserves	102,392	100,946	102,058
Provision for dividends to policyholders	4,052	5,917	3,886
Provision for unearned premiums	8,783	6,914	8,783
Policyholder funds	14,673	15,028	14,667
Federal funds purchased, securities sold under repurchase agreements, and securities lending transactions	236,606	276,621	191,293
Other liabilities	55,426	62,149	37,262
Long-term debt	109,625	102,591	96,956
Liabilities held for separate accounts	13,913	15,098	13,913

Total liabilities	1,039,114	1,086,921	950,636

Minority interests	2,919	3,155	2,892

Common shares	3,591	3,590	3,591
Additional paid in capital	24,388	25,490	19,931
Common shares in treasury, at cost	(5,281)	(5,602)	0
Retained earnings	18,925	19,612	10,803
Accumulated other comprehensive income	270	2,493	(548)
Net income after minority interests	571	(687)	(211)

Total shareholders' equity	42,464	44,896	33,566

Total liabilities and shareholders' equity	1,084,497	1,134,972	987,094

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

5 Earnings per share

	6 months 2002	6 months 2001

Net (loss)/profit available for common shares (in CHF m)		
Swiss GAAP--basic	(211)	2,716
Interest on convertible debt	1	1

Swiss GAAP--diluted	(210)	2,717

US GAAP--basic	571	1,627
Interest on convertible debt	0	0

US GAAP--diluted	571	1,627

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Weighted-average number of shares outstanding		
Swiss GAAP--basic	1,189,147,860	1,198,959,740
Potential dilutive common shares		
Contingent issuable stock	0	132,594
Incremental shares from assumed conversions		
Convertible bonds	616,805	815,108
Share options	5,740,345	10,338,615

Potential dilutive common shares	6,357,150	11,286,317

Swiss GAAP--diluted	1,195,505,010	1,210,246,057

US GAAP--basic 1)	1,117,857,440	1,090,726,679
Potential dilutive common shares		
Contingent issuable stock	56,198,604	61,832,167
Incremental shares from assumed conversions		
Convertible bonds	616,805	815,108
Share options	5,614,388	9,700,316

Potential dilutive common shares	62,429,797	72,347,591

US GAAP--diluted	1,180,287,237	1,163,074,270

Earnings per share (in CHF)		
Swiss GAAP--basic		
Earnings before extraordinary items	(0.27)	2.25
Extraordinary items	0.09	0.02

Net earnings per share--basic	(0.18)	2.27

Swiss GAAP--diluted		
Earnings before extraordinary items	(0.26)	2.23
Extraordinary items	0.08	0.01

Net earnings per share--diluted	(0.18)	2.24

US GAAP basic		
Earnings before extraordinary items	0.46	1.36
Effect of cumulative change in accounting principles	0.05	0.13
Extraordinary items	0.00	0.00

US GAAP--basic	0.51	1.49

US GAAP diluted		
Earnings before extraordinary items	0.43	1.27
Effect of cumulative change in accounting principles	0.05	0.13
Extraordinary items	0.00	0.00

US GAAP--diluted	0.48	1.40

All share-related data have been adjusted for the 4-for-1 share split effective as of August 15, 2001.

1) Own shares are deducted in the computation of the weighted-average number of shares outstanding.

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6 Consolidated cash flows

The following table of consolidated cash flows was prepared based on changes in the Swiss GAAP balance sheet amounts presented in the categories specified by US GAAP.

in CHF m	6 months 2002	6 months 2001

Cash flows from operating activities		
Net (loss)/profit	(211)	2,716
Adjustments to reconcile net profit/(loss) to net cash from operating activities		
Depreciation and amortization	1,779	1,802
Provision for losses	876	601
Provision for deferred taxes	(745)	568
Other provisions	(700)	(458)
Change in technical provisions for the insurance business	3,385	6,817
Loss/(gain) from investing activities, net	2,150	(1,621)
Equity in earnings of non-consolidated participations	(62)	(7)
Gain from disposal of non-consolidated participations, net	(59)	(4)
Change in minority interests	(131)	241
Receivables from the insurance business	148	(2,543)
Payables from the insurance business	(509)	1,460
Securities and precious metals trading positions	(23,894)	(30,987)
Deferred policy acquisition costs	(1,078)	(526)
(Increase)/decrease in accrued income and other assets	(2,640)	2,403
Increase/(decrease) in accrued expenses and other liabilities	2,188	(9,726)
Amortization of premiums/(accretion) of discounts, net	193	(173)

Total adjustments	(19,099)	(32,153)

Net cash used in operating activities	(19,310)	(29,437)

Cash flows from investing activities		
Decrease in money market papers	915	4,699
(Increase)/decrease in due from banks	(19,253)	16,873
(Increase)/decrease in due from customers/mortgages	5,626	(35,112)
Investments in subsidiaries and participations	(234)	(551)
Disposal of subsidiaries and participations	378	225
Purchase of investments	(63,086)	(56,730)
Maturities of investments	3,345	6,198
Disposal of investments	55,496	45,994
Capital expenditures on tangible and intangible assets	(663)	(1,074)
Disposal of tangible and intangible assets	91	608
Other, net	(92)	(68)

Net cash used in investing activities	(17,477)	(18,938)

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in CHF m	6 months 2002	6 months 2001
Cash flows from financing activities		
Decrease in money market papers issued	(1,022)	(3,069)
Increase in due to banks	6,905	14,763
Increase in due to customers	13,010	36,393
Issuance of medium-term notes and bonds	28,554	3,412
Repayments of medium-term notes and bonds	(13,295)	(2,542)
Deposits to policyowner account balances	1,578	1,008
Withdrawals from policyowner account balances	(1,164)	(1,061)
Increase from issuance / retirement of common shares	4,042	70
Dividends paid (including minority interests)	(127)	(144)
Other, net	75	(18)
Net cash provided by financing activities	38,556	48,812
Effect of exchange rate changes on cash	(218)	7
Net increase in cash and cash equivalents	1,551	444
Cash and other liquid assets at beginning of financial year	3,092	2,928
Cash and other liquid assets at end of the period	4,643	3,372

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

7 US GAAP consolidated changes in shareholders' equity

The following table for the changes in shareholders' equity is in accordance with US GAAP.

in CHF m (except number of shares)	Common shares outstanding 1)	Common shares	Additional paid in capital 2)	Retained earnings	Accu compre in
Balance at December 31, 2000	1,103,882,156	6,009	25,497	19,439	
Net profit	--	--	--	1,627	
Other comprehensive income, net of tax	--	--	--	--	
Issuance of common shares	1,847,328	9	60	--	
Share-based compensation	--	--	147	--	
Accrual for earned share compensation	--	--	944	--	
Release of treasury shares for share compensation	22,035,769	--	(1,670)	--	
Sale of treasury shares	120,383,439	--	228	--	
Repurchase of treasury shares	(150,869,392)	--	(69)	--	
Dividend on treasury shares	--	--	--	(14)	
Balance at June 30, 2001	1,097,279,300	6,018	25,137	21,052	

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Balance at December 31, 2001	1,120,723,235	3,590	25,490	18,925
Net profit	--	--	--	571
Other comprehensive income, net of tax	--	--	--	--
Issuance of common shares	440,073	1	14	--
Share-based compensation	--	--	21	--
Accrual for earned share compensation	--	--	632	--
Release of treasury shares for share compensation	21,081,221	--	(1,592)	--
Sale of treasury shares	3,004,662	--	(163)	--
Repurchase of treasury shares	(19,768,000)	--	0	--
Net premium/discount on treasury share and own share derivative activity	--	--	(14)	--
Balance at June 30, 2002	1,125,481,191	3,591	24,388	19,496

All share-related data have been adjusted for the 4-for-1 share split effective as of August 15, 2001.

- 1) At par value CHF 3 each, fully paid.
- 2) Balances include the accrued cost for shares to be delivered under the share award plans. The cost attributable to share award plans at June 30, 2002 and 2001 amounted to CHF 2,292 million and CHF 2,578 million, respectively.
- 3) Unrealized investment gains and losses have been reduced to the extent that there is a legal or contractual obligation to pass those gains and losses to policyholders when recognized. As a result, unrealized gains and losses have been reduced by CHF 506 m and CHF 11 in 2002 and 2001, respectively.
- 4) Comprising 71,568,693 and 106,319,988 treasury shares at June 30, 2002 and 2001, respectively. In addition to the treasury shares, a maximum of 229,611,840 and 191,718,152 unissued shares (conditional and authorized capital) at June 30, 2002 and 2001, respectively, were available for issuance without the approval of the shareholders.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

8 US GAAP accumulated other comprehensive income

The following table of accumulated other comprehensive income is in accordance with US GAAP.

in CHF m	Foreign currency translation adjustments	Unrealized gains/(losses) on securities	Unrealized gains/(losses) on cash flow hedges	Minimum pension liability adjustment
As of December 31, 2000	347	5,890	0	(1)
Net profit	--	--	--	--
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	1,517	--	--	--

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Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 112 m	--	(1,304)	--	--
Reclassification adjustment for (gains)/losses included in net income, net of tax of CHF 58 m	--	(711)	--	--
Unrealized gains/(losses) on cash flow hedges:				
Unrealized holding gains/(losses) arising during periods, net of tax of CHF 1 m	--	--	(60)	--
Reclassification adjustment for (gains)/losses included in net income, net of tax of CHF 0 m	--	--	0	--
Cumulative effect of changes in accounting principles, net of tax 0 m	--	--	(23)	--
Changes in other comprehensive income	1,517	(2,015)	(83)	0
As of June 30, 2001	1,864	3,875	(83)	(1)
Total comprehensive income for the six months ended June 30, 2001	--	--	--	--
As of December 31, 2001	299	2,508	(98)	(216)
Net profit	--	--	--	--
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(1,598)	--	--	--
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 999 m	--	(2,024)	--	--
Reclassification adjustment for (gains)/losses included in net income, net of tax of CHF (956) m	--	1,404	--	--
Unrealized gains/(losses) on cash flow hedges:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 0 m	--	--	(25)	--
Reclassification adjustment for (gains)/losses included in net income, net of tax of CHF 0 m	--	--	34	--
Cumulative effect of changes in accounting principles, net of tax 0 m	--	--	0	--
Minimum pension liability adjustment, net of tax of CHF 8 m	--	--	--	(14)
Changes in other comprehensive income	(1,598)	(620)	9	(14)
As of June 30, 2002	(1,299)	1,888	(89)	(230)
Total comprehensive income for the				

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six months ended June 30, 2002

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

9 Recently issued US accounting standards

Accounting for business combinations, goodwill and other intangible assets

In July 2001, the FASB issued SFAS No. 141, Business Combinations (SFAS No. 141) and SFAS No. 142, Goodwill and Other Intangible Assets (SFAS No. 142).

SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. The use of the pooling of interests is prohibited. This statement is effective for business combinations initiated after June 30, 2001 and for purchase method of accounting business combinations completed after June 30, 2001. In addition, SFAS 141 requires certain intangible assets to be recognized apart from goodwill and sets forth specific criteria relating to the recognition of intangible assets acquired in business combinations.

SFAS No. 142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach. Accordingly, amortization of goodwill and intangible assets with indefinite lives, including goodwill recorded in prior business combinations, has ceased upon adoption of SFAS No. 142. Other intangible assets with finite lives will continue to be amortized over their assigned useful lives. For the Group and other calendar year companies, this statement is effective for financial years beginning after December 15, 2001.

Effective July 1, 2001, the Group adopted the provisions of SFAS 141 and certain provisions of SFAS 142 as required for goodwill and intangible assets resulting from business combinations consummated after June 30, 2001. Effective January 1, 2002, the Group adopted the remaining provisions of SFAS 142.

The Group completed the required transitional impairment test of goodwill and indefinite life intangible assets as of January 1, 2002, and determined that there was no impairment to goodwill or intangible assets and no effect on the Group's consolidated financial condition or results of operations as of January 1, 2002. Additionally, upon adoption, the Group reclassified certain intangible assets as follows: CHF 1,946 million from finite life intangibles to goodwill and CHF 71 million from goodwill to finite life intangibles. See below for more information on goodwill and identifiable intangible assets.

The following table presents the net profit and earnings per share for the first six months of 2002 and 2001 and the full years 2001, 2000 and 1999 adjusted to exclude amortization expense (net of taxes)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

9 Recently issued US accounting standards (continued)
related to goodwill which is no longer amortized. For the periods presented there was no amortization of indefinite life intangible assets which, under SFAS No. 142, are no longer amortized.

6 months 6 months Full year Full

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in CHF m, except per share amounts	2002	2001	2001
<hr/>			
Net profit/(loss)			
Reported net profit/(loss) under US GAAP	571	1,627	(687)
Goodwill amortization	0	796	1,587
<hr/>			
Adjusted net profit under US GAAP	571	2,423	900
<hr/>			
Basic earnings per share			
Reported basic earnings per share	0.51	1.49	(0.62)
Goodwill amortization	0.00	0.73	1.44
<hr/>			
Adjusted basic earnings per share	0.51	2.22	0.82
<hr/>			
Diluted earnings per share			
Reported diluted earnings per share	0.48	1.40	(0.59)
Goodwill amortization	0.00	0.68	1.36
<hr/>			
Adjusted diluted earnings per share	0.48	2.08	0.77
<hr/>			

During the first six months of 2002, a goodwill write-off of CHF 220 million was recorded in connection with the disposal of CSFBDIRECT and Autranet, Inc. A CHF 191 million write-off resulted from the disposals of our insurance operations in France and Austria. The Group recorded goodwill of CHF 110 million during the first half of 2002 in connection with CSFB's acquisition of HOLT Value Associates LP, a provider of independent research and valuation services to asset managers based in Chicago, and other acquisitions.

The changes in goodwill during the first six months of 2002 were as follows:

in CHF m	Balance at January 1, 2002	Goodwill acquired during the period	Goodwill disposed/ impaired during the period	Other
Private Banking	582	1	0	(2)
Corporate & Retail Banking	182	14	0	(
Life & Pensions	2,216	1	(17)	(
Insurance	2,540	36	(174)	(1
Investment Banking	13,478	58	(220)	(1,30
CSFB Financial Services	874	0	0	7
<hr/>				
Total	19,872	110	(411)	(1,27
<hr/>				

- 1) Includes foreign exchange impact on non-CHF denominated goodwill and other reclassifications.

At June 30, 2002, CHF 6 million of the Group's acquired intangible assets were considered to be indefinite life and not subject to amortization. All other acquired intangible assets are subject to amortization. During the first six months of 2002, the Group recorded CHF 80 million of intangible

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

9 Recently issued US accounting standards (continued)
assets with amortization periods from three to six years. The components of
intangible assets were as follows:

in CHF m	30.06.02			Gross carrying amount	31 Ac amo
	Gross carrying amount	Accumulated amortization	Net carrying amount		
Present value of future profits	5,900	1,360	4,540	5,904	
Capitalization of software	3,833	1,441	2,392	3,886	
Trade names / Trademarks	1,379	145	1,234	1,650	
Client relationships	362	44	318	3,137	
Other	196	88	108	1,130	
Total amortizing intangible assets	11,670	3,078	8,592	15,707	
Indefinite life intangible assets			6		
Total intangible assets			8,598		

Intangible assets amortization expense was CHF 646 million and CHF 791 million for the six months ended June 30, 2002 and 2001, respectively. Intangible assets amortization expense is estimated to be CHF 717 million for the remainder of 2002, CHF 1,295 million in 2003, CHF 1,164 million in 2004, CHF 889 million in 2005, CHF 494 million in 2006, and CHF 474 million in 2007.

Accounting for the impairment or disposal of long-lived assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144).

SFAS No. 144 supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of (SFAS 121), and the accounting and reporting provisions of APB opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions (APB 30). This statement also amends ARB 51, Consolidated Financial Statements (ARB 51), to eliminate the exception to consolidation for a temporarily controlled subsidiary.

SFAS No. 144 requires all long-lived assets to be disposed of and discontinued operations to be measured at the lower of the carrying amount or fair value less costs to sell. SFAS No. 144 establishes additional criteria for determining when a long-lived asset is held-for-sale. It also broadens the definition of discontinued operations but does not allow for the accrual of future operating losses, as was previously permitted.

The Group adopted SFAS No. 144 on January 1, 2002. The provisions of the new standard are generally to be applied prospectively. There was no impact on the

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Group's consolidated financial condition or results of operations as a result of adopting SFAS No. 144.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

9 Recently issued US accounting standards (continued)
Future Application of Accounting Standards

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections (SFAS No. 145). SFAS 145 rescinds SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt (SFAS No. 4), and an amendment of that statement, SFAS No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements (SFAS No. 64). This statement amends SFAS No. 13, Accounting for Leases (SFAS No. 13), to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The statement is effective for fiscal years beginning after May 15, 2002. Management believes that the adoption of SFAS 145 will not have a significant impact on the Group's consolidated financial condition or results of operations.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS No. 146), which requires companies to recognize costs associated with exit or disposal activities when they are incurred, rather than at the date of a commitment to an exit or disposal plan. In addition, SFAS No. 146 requires that the liability be measured at fair value and be adjusted for changes in estimated cash flows. Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with restructuring, a discontinued operation, plant closing, or other exit or disposal activity. The statement is effective for exit or disposal activities initiated after December 31, 2002. The Group believes that the adoption of SFAS 146 will not have a significant impact on the Group's consolidated financial condition or results of operations.

10 Income taxes

The Group is incorporated in Switzerland and operates in various countries with differing tax laws and rates. A substantial amount of the Group's income before taxes and related taxes are generated outside of Switzerland. Consequently, the effective tax rate may vary from period to period to reflect the generation of taxable income in tax jurisdictions.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

10 Income taxes (continued)

A reconciliation of taxes computed at the statutory rate of 25% to the actual taxes is shown in the following table based on Swiss GAAP.

	6 months 2002 in CHF m	6 months 2002 in %	12 months 2001 in CHF m

Statutory tax/tax rate	(69)	25.0	(575)
Increase/(decrease) in taxes resulting from effects of different tax rates	68	(24.5)	681

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Net operating losses (NOL) for which no deferred tax			
asset is recognized	(933)	337.1	(846)
Utilization of NOL	38	(13.8)	181
Changes in deferred tax valuation allowance	182	(65.8)	(64)
Lower taxed income	311	(112.4)	487
Non deductible expenses, allowances and deductions	(436)	157.7	(616)
Other	336	(121.4)	266
<hr style="border-top: 1px dashed black;"/>			
Effective tax/tax rate	(503)	181.9	(486)
<hr style="border-top: 1px dashed black;"/>			

At June 30, 2002 and December 31, 2001, deferred tax assets based on Swiss GAAP totaled CHF 5,894 million and CHF 6,910 million, respectively, while deferred tax liabilities based on Swiss GAAP totaled CHF 5,037 million and CHF 5,740 million at June 30, 2002 and December 31, 2001, respectively.

The gross deferred tax assets in accordance with US GAAP were CHF 12,398 million at June 30, 2002 and CHF 10,256 million at December 31, 2001. The valuation allowance in accordance with US GAAP was CHF 1,579 million at June 30, 2002 and CHF 1,400 million at December 31, 2001. The valuation allowance on the deferred tax assets on net operating losses from the Investment Banking segment increased. The valuation allowance for our insurance businesses remained unchanged. As a result, the total deferred tax assets net of valuation allowance were CHF 10,819 million at June 30, 2002. Total deferred tax liabilities were CHF 9,035 million and net deferred tax assets were CHF 1,784 million at June 30, 2002.

11 Derivatives financial information

In the first half of 2002, Winterthur significantly increased the amount of derivatives held compared to previous periods. This was primarily due to the put options entered into in early June 2002 linked to equity market indices in an effort to partially hedge the exposure to the equity markets for equity securities held as available-for-sale, which were significantly impacted by the decline in the equity markets worldwide.

These hedges are considered to be economic hedges but do not qualify for hedge accounting under SFAS No. 133. Therefore, the hedged securities are accounted for as available-for-sale while the derivatives are marked to market with the gain/loss recognized through the income statement. This accounting treatment is expected to result in a temporary mismatch between economic gain/loss and reported investment result.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

12 Litigation

Certain significant legal proceedings and matters have been previously disclosed in the Company's Annual Report on Form 20-F for the year ended December 31, 2001 and in other reports furnished to the SEC on Form 6-K. The following is an update of such proceedings.

World War II Settlement

Several post-settlement disputes have arisen regarding the implementation of the settlement, including a dispute that involves an assertion, contested by us and the other Swiss bank, that they owe approximately USD 4.8 million in additional

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interest because of an alleged shortfall of interest payments on the Escrow Fund. In addition, while the Group has received certain contributions from other Swiss companies that did not participate in the litigation, it no longer expects to receive significant additional contributions. On July 11, 2002, the Winters/Schenker case against Life & Pensions was dismissed for lack of personal jurisdiction.

Litigation Relating to South Africa

A purported class action claim has been filed in the United States District Court for the Southern District of New York against us and two other banks alleging that the defendants are liable under international law by virtue of their business in South Africa during the apartheid era prior to 1995. Similar suits have been filed against other companies, and the suits are being consolidated. The Group believes it has meritorious dispositive motions, which are due to be filed in the fall of this year.

IPO Allocation-related Litigation and Inquiries

IN RE INITIAL PUBLIC OFFERING ANTITRUST LITIGATION

On May 24, 2002, Credit Suisse First Boston Corporation, or CSFB Corp., moved to dismiss the amended complaint filed in the US District Court for the Southern District of New York alleging violations of the federal and state antitrust laws in connection with alleged initial public offering, or IPO, allocation practices.

IN RE INITIAL PUBLIC OFFERING SECURITIES LITIGATION

On July 1, 2002, CSFB Corp., Donaldson, Lufkin & Jenrette Securities Corporation and several other investment banks moved to dismiss the consolidated amended class action complaints filed in the US District Court for the Southern District of New York in connection with alleged IPO allocation practices.

MDCM HOLDINGS, INC. LITIGATION

On June 25, 2002, the Court denied CSFB Corp.'s motion to dismiss the amended complaint in the action pending in the US District Court for the Southern District of New York brought by a putative class of issuers in IPOs in which CSFB Corp. acted as lead manager.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

12 Litigation (continued) INQUIRIES

CSFB Corp. has received requests for information from a US Congressional committee and the National Association of Securities Dealers Inc., as well as a subpoena from the Secretary of the Commonwealth of Massachusetts Securities Division, as part of their investigations into the practice known as "spinning," in connection with the allocation of IPOs. We are cooperating fully with these inquiries.

Securities and Exchange Board of India Interim Order

On June 13, 2002, the Securities and Exchange Board of India, or SEBI, suspended the stockbroker registration of CSFB India for two years, with the term of the suspension beginning to run on April 18, 2001.

Enron-related Litigation and Inquiries

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NEWPOWER HOLDINGS, INC. LITIGATION

On July 31, 2002, plaintiffs filed a consolidated complaint alleging violations of the federal securities laws due to alleged material misrepresentations in, and omissions of material fact from, the registration statement and prospectus issued in connection with NewPower's October 5, 2000 IPO, and for alleged misrepresentations and omissions regarding NewPower after the IPO. One former CSFB employee, who was a director of NewPower, is also named as a defendant in the consolidated complaint.

TITTLE V. ENRON CORP., ET AL.

On May 8, 2002, CSFB Corp. moved to dismiss this matter.

NEWBY V. ENRON CORP., ET AL.

On May 8, 2002, CSFB Corp. moved to dismiss the consolidated putative class action complaint in this matter.

THE RETIREMENT SYSTEMS OF ALABAMA V. MERRILL LYNCH & CO., ET AL.

This matter has been remanded to Alabama state court, and on July 18, 2002, CSFB Corp. moved to dismiss plaintiff's third amended complaint. On August 19, 2002, the Court denied all defendants' motions to dismiss.

HUDSON SOFT CO., LTD., ET AL. V. CREDIT SUISSE FIRST BOSTON CORP., ET AL.

This lawsuit was filed on July 22, 2002, in the US District Court for the Southern District of New York, by a purchaser of certain credit-linked notes against certain executives and directors of Enron, Arthur Andersen and certain partners, executives and employees of Arthur Andersen, the law firm of Vinson & Elkins, L.L.P. and certain of its partners, CSFB Corp., Credit Suisse First Boston International, Credit Suisse First Boston (Europe) Limited, Donaldson, Lufkin & Jenrette and certain other investment banks. Three CSFB employees (as well as certain employees of other investment banks) were also named as

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

12 Litigation (continued)

defendants in the complaint. The complaint alleges violations of the Racketeer Influenced and Corrupt Organizations Act, or RICO, in connection with various offerings of credit-linked notes.

BRAZOS ELECTRIC POWER COOPERATIVE, INC. V. PONDEROSA PINE ENERGY, L.L.C., ET AL.

On July 12, 2002, CSFB Corp. was named as an additional defendant in an action brought by a non-profit electric power cooperative against various defendants, including certain energy and power companies, financial institutions, other investment banks and one individual, in the District Court of Johnson County in the State of Texas. On July 25, 2002, certain defendants removed the case to the US District Court for the Northern District of Texas. The complaint alleges violations of Texas statutory and common law in connection with the purchase of an electric generating plant in Texas by an Enron designee.

PUBLIC EMPLOYEES RETIREMENT SYSTEM OF OHIO, ET AL. V. FASTOW, ET AL.

On September 4, 2002, certain executives and directors of Enron, Arthur Andersen, the law firm of Vinson & Elkins, L.L.P., CSFB Corp. and certain other investment banks were named in an action filed in the Court of Common Pleas of

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Franklin County, Ohio by four Ohio state retirement systems. The complaint alleges violations of the Texas Securities Act, as well as violations of statutory and common law due to alleged misstatements and omissions of material fact from certain registration statements and prospectuses issued in connection with the sales of certain Enron debt securities and common stock, alleged material misstatements and omissions regarding the financial condition of Enron, and alleged conspiracy in connection with the dissemination of such statements and omissions.

WASHINGTON STATE INVESTMENT BOARD, ET AL. V. LAY, ET AL.

On September 9, 2002, certain executives and directors of Enron, Arthur Andersen and certain partners, executives and employees of Arthur Andersen, the law firms of Vinson & Elkins, L.L.P. and Kirkland & Ellis, and CSFB Corp. and certain other investment banks, were named in a putative class action filed in the US District Court for the Southern District of Texas by purchasers of Enron publicly traded equity and debt securities between September 9, 1997 and October 18, 1998. Although the complaint contains other allegations, CSFB Corp. has been named only in connection with the claims under the federal securities laws for alleged misstatements and omissions of material fact regarding the financial condition of Enron and for controlling person liability.

INQUIRIES

CSFB Corp. has received additional requests for information from certain US Congressional committees and additional requests for information and/or subpoenas from governmental and regulatory agencies regarding certain transactions and business relationships with Enron and its affiliates, including certain Enron-related special purpose entities. We are cooperating fully with such inquiries.

Research-related Litigation and Inquiries

On April 17, 2002, the claims against CSFB Corp. and four other investment banks, in the Fadem trust putative class action filed with the US District Court for the Southern District of New York alleging

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (unaudited)

12 Litigation (continued)

violations of the federal securities laws resulting from the issuance of research reports on certain internet and technology company stocks, were dismissed without prejudice.

COVAD COMMUNICATIONS LITIGATION

On August 30, 2002, CSFB Corp. and two other investment banks were named in an action filed in the US District Court for the Southern District of New York by a putative class consisting of individuals and entities who purchased shares in Covad Communications Company. The defendants are alleged to have violated federal securities law by issuing false and misleading analyst reports in an effort to obtain investment banking business from Covad and other issuers.

INQUIRIES

CSFB Corp. has received a subpoena from the US Department of Justice and from the Commonwealth of Massachusetts as well as a request for information from a US Congressional Committee relating to research departments. On September 19, 2002, the Commonwealth of Massachusetts through the Office of the Secretary referred this matter to the New York State Attorney General for consideration as to

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whether a criminal proceeding should be initiated. We are cooperating fully with these inquiries.

Other

The Group and its subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings, including those described above, concerning matters arising in connection with the conduct of the businesses of the Group and its subsidiaries. Some of these actions have been brought on behalf of various classes of claimants and seek damages of material and indeterminate amounts. Management believes, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on the financial condition of the Group as a whole, but could be material to the Group's operating results for any particular period.

We intend to defend ourselves vigorously against all of the claims asserted in these matters.

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SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Banking average balances and interest rates

The following tables set forth average interest-earning assets, average interest-bearing liabilities and average rates for our banking businesses for the six months ended June 30, 2002 and 2001. Month-end balances were predominately used in computing the averages disclosed below. We believe these amounts approximate daily averages.

	6 months 2002		Average rate in %	Average balanc in CHF
	Average balance in CHF m	Interest income in CHF m		

Money market papers				
Switzerland	2,857	26	1.8%	2,46
Foreign	26,061	368	2.8%	26,65
Due from banks				
Switzerland	8,905	137	3.1%	11,51
Foreign	191,721	3,537	3.7%	216,60
Due from customers				
Switzerland	38,697	801	4.1%	42,09
Foreign	122,063	2,207	3.6%	116,25
Mortgages				
Switzerland	71,080	1,525	4.3%	72,57
Foreign	17,737	628	7.1%	20,66
Interest-earning trading portfolios				
Switzerland	10,834	107	2.0%	20,35
Foreign	206,089	5,151	5.0%	207,91
Interest-earning financial investments				
Switzerland	4,960	84	3.4%	4,37
Foreign	31,559	195	1.2%	21,27
Net interest income/(expenses) on swaps				
Switzerland	--	48	--	--
Foreign	--	1	--	--

Interest-earning assets	732,563	14,815	4.0%	762,74

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Specific allowance for losses	(9,085)			(10,240)
Participations	3,992			2,880
Non-interest earning assets	159,827			154,420
Total assets	887,297	14,815	3.3%	909,790
Percentage of assets attributable to foreign activities	81.4%			80.8%

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SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Banking average balances and interest rates (continued)

	6 months 2002			
	Average balance in CHF m	Interest expenses in CHF m	Average rate in %	Average balance in CHF m
Money market papers issued				
Switzerland	111	2	3.6%	—
Foreign	21,142	276	2.6%	29,600
Due to banks				
Switzerland	47,788	357	1.5%	59,140
Foreign	268,409	5,357	4.0%	313,470
Due to customers in savings and investment deposits				
Switzerland	32,894	229	1.4%	35,060
Foreign	3,073	12	0.8%	3,500
Due to customers, other				
Switzerland	51,721	369	1.4%	54,700
Foreign	182,515	2,259	2.5%	161,140
Swiss cash bonds				
Switzerland	3,027	54	3.6%	3,150
Foreign	—	—	—	—
Bonds and mortgage-backed bonds				
Switzerland	10,397	229	4.4%	11,720
Foreign	78,522	1,728	4.4%	56,720
Net interest income/(expenses) on swaps				
Switzerland	—	17	—	—
Foreign	—	(66)	—	—
Interest-bearing liabilities	699,599	10,823	3.1%	728,230
Non-interest bearing liabilities	155,654			145,150
Total liabilities	855,253	10,823	2.5%	873,390
Shareholders' equity	32,044			36,400
Total liabilities and shareholders' equity	887,297			909,790
Percentage of liabilities attributable to foreign activities	79.3%			79.5%

SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Banking average balances and interest rates (continued)

The average rates earned and paid on related assets and liabilities can fluctuate within wide ranges and are influenced by several key factors; the most significant factor is the changes in global interest rates. Additional factors include changes in the mix of business of the Group, both geographic and product types, and foreign exchange rate movements between the Swiss franc and the currency of the underlying individual assets and liabilities.

	6 months 2002		6 months	
	Net interest income in CHF m	Interest rate spread in %	Net interest income in CHF m	I
Switzerland	1,471	2.3%	1,213	
Foreign	2,521	0.6%	1,912	
Total net	3,992	0.9%	3,125	

The following table shows selected margin information applicable to our banking businesses for the six months ended June 30, 2002 and 2001:

in %	Average rate	Average rate
	6 months 2002	6 months 2001
Switzerland	2.1%	1.6%
Foreign	0.8%	0.6%
Net interest margin	1.1%	0.8%

SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Analysis of changes in net interest income

The following table allocates, by categories of interest-earning assets and interest-bearing liabilities, changes in net interest income due to changes in volume and in rates for the six months ended June 30, 2002 compared to the six months ended June 30, 2001. Volume and rate variances have been calculated in movements in average balances and changes in average rates. Changes due to a combination of volume and rate have been allocated to the change due to average rate.

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in CHF m	6 months 2002 vs. 6 months 2001		Net
	Average volume	Average rate	

Money market papers			
Switzerland	8	(32)	
Foreign	(18)	(413)	
Due from banks			
Switzerland	(79)	(134)	
Foreign	(889)	(3,317)	
Due from customers			
Switzerland	(83)	(147)	
Foreign	203	(2,063)	
Mortgages			
Switzerland	(34)	(91)	
Foreign	(110)	(40)	
Interest-earning trading portfolios			
Switzerland	(113)	(22)	
Foreign	(56)	(1,167)	
Interest-earning financial investments			
Switzerland	9	7	
Foreign	70	(20)	

Interest-earning assets			
Switzerland	(292)	(419)	
Foreign	(800)	(7,020)	

Change in interest income excluding swaps	(1,092)	(7,439)	

Swaps			
Switzerland			
Foreign			

Change in interest income			

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SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Analysis of changes in net interest income (continued)

in CHF m	6 months 2002 vs. 6 months 2001		Net
	Average volume	Average rate	

Money market papers issued			
Switzerland	0	2	
Foreign	(212)	(254)	
Due to banks			
Switzerland	(189)	(437)	
Foreign	(1,466)	(3,377)	
Due to customers in savings and investment deposits			

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Switzerland	(17)	(36)
Foreign	(2)	(3)
Due to customers, other		
Switzerland	(36)	(255)
Foreign	713	(3,833)
Swiss cash bonds		
Switzerland	(2)	(1)
Foreign	--	--
Bonds and mortgage-backed bonds		
Switzerland	(30)	(9)
Foreign	634	(556)

Interest-bearing liabilities		
Switzerland	(274)	(736)
Foreign	(333)	(8,023)

Change in interest expenses excluding swaps	(607)	(8,759)

Swaps		
Switzerland		
Foreign		

Change in interest expenses		

Change in net interest income		
Switzerland	(18)	317
Foreign	(467)	1,003

Change in net interest income excluding swaps	(485)	1,320

Swaps		
Switzerland		
Foreign		

Net change in swaps		

Change in net interest income		
Switzerland		
Foreign		

Total change in net interest income		

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SUPPLEMENTAL INFORMATION REQUIRED BY INDUSTRY GUIDE 3

Gross write-offs of loans by industry

The following table summarizes gross write-offs of loans by industry for the six months ended June 30, 2002 and 2001:

in CHF m	6 months 2002	6 months 2001
Due from banks	1	11
Commercial:		

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Financial services	80	534
Real estate companies	380	430
Other services including technology companies	180	199
Manufacturing	153	147
Wholesale and retail trade	181	120
Construction	112	110
Transportation and communication	395	43
Health and social services	26	44
Hotels and restaurants	43	53
Agriculture and mining	162	13
Non-profit and international organizations	1	7

Commercial	1,713	1,700

Consumers	389	275
Public authorities	0	0
Lease financings	8	0

Total gross write-offs	2,111	1,986

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

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[KPMG LOGO]

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Report of the Independent Auditors

THE BOARD OF DIRECTORS OF CREDIT SUISSE GROUP

We have audited the accompanying consolidated balance sheets of Credit Suisse Group and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income and source and application of funds for each

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of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of Credit Suisse Group management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Credit Suisse Group and subsidiaries as of December 31, 2001 and 2000, and the results of their operations, and source and application of funds for each of the years in the three-year period ended December 31, 2001, in conformity with accounting principles generally accepted in Switzerland and comply with Swiss law.

Accounting principles generally accepted in Switzerland vary in certain significant respects from accounting principles generally accepted in the United States of America. Application of accounting principles generally accepted in the United States of America would have affected shareholders' equity as of December 31, 2001 and 2000 and the results of operations for each of the three years then ended, to the extent summarised in Note 46 to the consolidated financial statements.

Zurich, March 1, 2002, except Notes 46 and 47 which are as of April 26, 2002

KPMG Klynveld Peat Marwick Goerdeler SA

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Chartered accountant

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Certified accountant

Member Firm of
KPMG International
/ / / / / / / /

Member of the Swiss Institute of Certified
Accountants and Tax Consultants

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in CHF m	Notes	2001	2000
Interest and discount income	8	28,687	30,181

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Interest and dividend income from trading portfolios	8	13,078	8,021
Interest and dividend income from financial investments	8	514	706
Interest expenses	8	(35,528)	(33,595)
Net interest income	6, 7	6,751	5,313
Commission income from lending activities		780	717
Commissions income from securities and investment transactions		16,609	16,039
Commissions income from other services		1,421	669
Commission expenses		(965)	(829)
Net commission and service fee income	6, 7	17,845	16,596
Net trading income	6, 7, 9	9,183	8,791
Premiums earned, net	15	32,195	28,690
Claims incurred and actuarial provisions	16	(29,731)	(28,900)
Commission expenses, net		(2,040)	(2,113)
Investment income from the insurance business		5,876	8,489
Net income from the insurance business	6, 7	6,300	6,166
Income from the sale of financial investments		1,146	1,023
Income from investments in associates		166	199
Income from other non-consolidated participations		24	18
Real estate income		171	140
Sundry ordinary income		1,091	1,243
Sundry ordinary expenses		(3,523)	(2,258)
Other ordinary income/(expenses), net	6, 7	(925)	365
Operating income		39,154	37,231
Personnel expenses	6, 7	21,890	18,503
Other operating expenses	6, 7	8,394	6,645
Operating expenses		30,284	25,148
Gross operating profit		8,870	12,083
Depreciation of non-current assets	10	2,186	1,353
Amortization of acquired intangible assets	10	793	157
Amortization of goodwill	10	770	246
Valuation adjustments, provisions and losses from the banking business	11	2,592	1,265
Depreciation, valuation adjustments and losses	6, 7	6,341	3,021
Profit before extraordinary items, taxes and minority interests		2,529	9,062
Extraordinary income	6, 7, 12	52	105
Extraordinary expenses	6, 7, 13	(281)	(1,796)
Taxes	6, 7, 14	(486)	(1,349)
Net profit before minority interests		1,814	6,022
Minority interests	6, 7	(227)	(237)
Net profit		1,587	5,785

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Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

The accompanying notes are an integral part of these financial statements.

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet
in CHF m

	Notes	31.12.01	31.1

Assets			
Cash and other liquid assets	38	3,092	2
Money market papers	18, 38	32,027	30
Due from banks	19, 38	203,785	218
Receivables from the insurance business	38	11,823	9
Due from customers	19, 38	186,151	170
Mortgages	19, 38	92,655	92
Securities and precious metals trading portfolios	20, 38	208,374	198
Financial investments from the banking business	22, 38	37,306	25
Investments from the insurance business	23	131,291	132
Non-consolidated participations	25	1,846	1
Tangible fixed assets	4, 26	9,422	9
Intangible assets	28	22,850	23
Accrued income and prepaid expenses		18,095	16
Other assets	29	63,796	54

Total assets	4, 40, 41	1,022,513	987

Subordinated assets		1,578	4
Receivables due from non-consolidated participations		276	

Liabilities and shareholders' equity			
Money market papers issued	38	19,252	23
Due to banks	38	335,932	359
Payables from the insurance business	38	11,864	8
Due to customers in savings and investment deposits	38	38,547	39
Due to customers, other	38	261,752	213
Medium-term notes (cash bonds)	31, 38	3,019	3
Bonds and mortgage-backed bonds	31, 38	81,505	65
Accrued expenses and deferred income		25,512	28
Other liabilities	32	56,493	57
Valuation adjustments and provisions	33	11,362	13
Technical provisions for the insurance business	34	138,354	132

Total liabilities		983,592	943

Reserve for general banking risks	35	2,319	2
Share capital	35	3,590	6
Capital reserve	35	19,446	19
Revaluation reserves for the insurance business	35	749	4
Reserve for own shares	35	2,469	
Retained earnings	35	5,640	2
Minority interests	35	3,121	2

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Net profit	35	1,587	5
Total shareholders' equity		38,921	43
Total liabilities and shareholders' equity	40, 41	1,022,513	987
Subordinated liabilities		20,892	21
Liabilities due to non-consolidated participations		1,098	

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

The accompanying notes are an integral part of these financial statements.

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of source and application of funds

in CHF m	2001	2000	1999
Net profit	1,587	5,785	4,250
Provisions for credit and other risks	2,732	2,736	1,423
Losses	59	144	79
Provisions for taxes	486	1,349	855
Depreciation and amortization	3,749	1,756	1,091
Extraordinary income	(4)	(10)	(32)
Extraordinary expenses	238	190	101
Participations valued according to the equity method	(166)	(199)	(78)
Accrued income and prepaid expenses	(1,801)	(4,480)	673
Accrued expenses and deferred income	(2,509)	13,069	2,552
Operating activities	4,371	20,340	10,914
Share capital (including par value reduction)	(2,419)	565	62
Capital surplus and retained earnings	(4,407)	7,478	225
Dividends paid	(175)	(1,986)	(1,430)
Foreign currency translation impact	112	(703)	1,318
Minority interests	701	1,517	(381)
Equity transactions	(6,188)	6,871	(206)
Investments in companies	(171)	145	(463)
Real estate	(134)	186	(267)
Other tangible fixed and intangible assets	(2,588)	(21,391)	(4,585)
Investments in long-term assets	(2,893)	(21,060)	(5,315)
Financial investments from the banking business	(11,799)	(6,746)	(1,361)
Investments from the insurance business	1,341	(14,861)	(7,575)
Valuation adjustments and provisions	(4,395)	(3,941)	(591)
Technical provisions for the insurance business 1)	6,179	18,194	11,213
Other assets	(8,074)	(3,554)	7,072
Other liabilities	(1,160)	6,426	(5,124)
Financial investments, provisions, other assets and			

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liabilities	(17,908)	(4,482)	3,634
From operations, equity transactions and investments	(22,618)	1,669	9,027
Money market papers	(1,900)	(1,133)	(2,401)
Due from banks	14,759	(53,585)	(24,647)
Receivables from the insurance business	(1,952)	(2,719)	1,042
Due from customers	(17,293)	(65,573)	(2,324)
Mortgages	(291)	(15,696)	(6,089)
Assets	(6,677)	(138,706)	(34,419)
Money market papers issued	(3,924)	1,056	7,385
Due to banks	(23,509)	160,598	44,494
Payables from the insurance business	3,057	2,452	(2,109)
Due to customers in savings and investment deposits	(686)	(4,774)	(2,611)
Due to customers, other	48,203	31,467	3,521
Medium-term notes and bonds	15,775	18,196	(244)
Liabilities	38,916	208,995	50,436
From other balance sheet items	32,239	70,289	16,017
Change in liquid assets	9,621	71,958	25,044
Securities and precious metals trading portfolios	(9,457)	(72,171)	(24,231)
Cash and other liquid assets	(164)	213	(813)

Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

- 1) In line with insurance practice, the change in the technical provisions is shown as a total amount under changes in provisions affecting the cash flow.

The accompanying notes are an integral part of these financial statements.

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

Consolidated off-balance sheet and fiduciary business

in CHF m	Maturity within 1 year 31.12.01	Maturity greater than 1 year 31.12.01	Total gross amount 31.12.01	Total gross amount 31.12.00
Credit guarantees in form of bills of exchange and other guarantees	28,684	2,846	31,530	8,550
Bid bonds, delivery and performance bonds, letters of indemnity, other performance-related guarantees	4,432	1,024	5,456	5,256
Irrevocable commitments in respect of documentary credits	4,201	180	4,381	3,221
Other contingent liabilities	3,956	1,528	5,484	5,026

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Contingent liabilities	41,273	5,578	46,851	22,053
Irrevocable commitments	92,727	37,137	129,864	126,998
Liabilities for calls on shares and other equity instruments	167	627	794	305
Confirmed credits	75	1	76	150
Total off-balance sheet	134,242	43,343	177,585	149,506
Fiduciary transactions				

- 1) Book value for off-balance sheet positions represents the amount at risk, meaning gross amount less any subparticipations.
- 2) Including credit guarantees of securities lent as arranger of CHF 21,148 m.

Off-balance sheet collateral

in CHF m	Mortgage collateral	Other collateral	Without collateral	3
Credit guarantees in form of bills of exchange and other guarantees	30	25,537	4,222	
Bid bonds, delivery and performance bonds, letters of indemnity, other performance-related guarantees	130	2,484	2,442	
Irrevocable commitments in respect of documentary credits	1	1,504	1,752	
Other contingent liabilities	76	1,850	3,558	
Contingent liabilities	237	31,375	11,974	
Irrevocable commitments	832	68,585	60,447	
Liabilities for calls on shares and other equity instruments	0	0	794	
Confirmed credits	0	1	75	
Total off-balance sheet	1,069	99,961	73,290	
As of December 31, 2000	7,374	85,306	54,778	

Other information
in CHF m

	31.12.01	31.12.00
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Outstanding commitments		
to fund loans at fixed rates	7,677	7,803
to fund loans at variable rates	104,976	110,722
to sell loans	0	221
Unused lines of credit granted to customers	12,598	7,314
Exposure with respect to the debts of other guaranteed	21,122	8,425

The accompanying notes are an integral part of these financial statements.

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ITEM 18: CONSOLIDATED FINANCIAL STATEMENTS

Derivative instruments

in CHF bn	Nominal value 31.12.01	Positive replacement value 31.12.01	Negative replacement value 31.12.01	Nominal valu 31.12.01
Forward rate agreements	243.3	0.2	0.2	109.
Swaps	5,469.0	80.1	79.8	3,674.
Options bought and sold (OTC)	1,647.7	14.1	16.2	886.
Forwards	74.7	2.3	2.3	268.
Futures	581.1	0.1	0.1	466.
Options bought and sold (traded)	1,105.0	0.2	0.1	386.
Interest rate products	9,120.8	97.0	98.7	5,793.
Forwards 1)	1,125.3	19.1	16.6	558.
Swaps 2)	389.2	14.6	17.9	305.
Options bought and sold (OTC)	419.9	5.8	5.7	273.
Futures	1.3	0.0	0.0	1.
Options bought and sold (traded)	0.6	0.1	0.0	0.
Foreign exchange products	1,936.3	39.6	40.2	1,139.
Forwards 1)	19.5	0.6	0.7	18.
Options bought and sold (OTC)	10.0	0.7	1.1	16.
Futures	0.0	0.0	0.0	0.
Options bought and sold (traded)	0.0	0.0	0.0	0.
Precious metals products	29.5	1.3	1.8	34.
Forwards	38.3	3.5	1.5	22.
Options bought and sold (OTC)	185.5	9.3	11.9	265.
Futures	39.2	0.6	0.0	44.
Options bought and sold (traded)	130.9	0.7	0.2	140.
Equity/index-related products	393.9	14.1	13.6	473.
Forwards	110.3	2.8	3.1	69.
Options bought and sold (OTC)	6.6	0.6	0.2	6.
Futures	1.7	0.0	0.0	2.
Options bought and sold (traded)	2.1	0.1	0.2	1.
Other products	120.7	3.5	3.5	80.
Total derivative instruments	11,601.2	155.5	157.8	7,521.
Netting agreements		(104.3)	(104.3)	
Replacement values from the insurance business 3)		(0.2)	(0.3)	

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Total replacement values according to the balance sheet (other assets/ liabilities)	51.0	53.2
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- 1) Including outstanding spot transactions.
- 2) Cross-currency interest rate swaps.
- 3) Included in the investments from the insurance business.

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of significant accounting policies

BASIS FOR ACCOUNTING

The Credit Suisse Group (the Group) consolidated financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks and the respective Implementing Ordinance, the Federal Banking Commission guidelines and Swiss GAAP FER Financial Reporting Standards for the insurance business of the Group, which collectively are the generally accepted accounting principles for banks and insurance companies, respectively, in Switzerland, or Swiss GAAP. The consolidation and valuation policies of the Group are in compliance with the Swiss stock exchange listing regulations. The financial year for the Group ends on December 31. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

CONSOLIDATION

The consolidated financial statements include the accounts of Credit Suisse Group and its subsidiaries. The Group consolidates subsidiaries in which it holds, directly or indirectly, more than 50% of the voting rights of an entity or where it has the ability to exercise control over an entity. The effects of inter-company transactions are eliminated in preparing the consolidated financial statements. Minority interests in shareholders' equity and net profit are disclosed separately.

The Group accounts for participations in which it holds 20% to 50% of the voting rights and/or has the ability to exercise a significant influence using the equity method of accounting. The Group's profit or loss share is included in OTHER ORDINARY INCOME. Certain majority-owned participations which operate outside of the Group's core business are accounted for according to the equity method.

Participations in which the Group holds less than 20% of the voting rights and/or does not have the ability to exercise significant influence are held at cost, less provision for other than temporary impairment. These items are included in NON-CONSOLIDATED PARTICIPATIONS.

FOREIGN CURRENCY TRANSLATION

For the purpose of consolidation, the balance sheets of foreign Group companies

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are translated into Swiss francs using the year-end exchange rate, and their income statements are translated using the average exchange rate prevailing throughout the year. Translation adjustments arising on consolidation are recorded directly in shareholders' equity.

In the annual accounts of the individual Group companies, assets, liabilities and off-balance sheet items denominated in foreign currencies are translated into the relevant reporting currency using the year-end exchange rate. Income and expense items denominated in foreign currencies are translated into the reporting currency using the exchange rate as of the transaction date. Resulting exchange differences are included in the consolidated income statement, except for differences relating to debt and equity securities held as available-for-sale by the insurance business, which are recorded directly in shareholders' equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OFFSETTING

In the banking business, receivables and payables are offset when all the following conditions are met: receivables and payables arise from transactions of similar nature, with the same counterparty, with the same or earlier maturity of the receivable and in the same currency and which cannot lead to a counterparty risk. Positive and negative replacement values are offset with the same counterparty when bilateral agreements exist that are recognized and legally enforceable. In the insurance business, receivables and payables are offset when the Group has a legal right to offset amounts with the same counterparty and transactions are expected to be settled on a net basis.

TRADE DATE/SETTLEMENT DATE ACCOUNTING

Proprietary and customer securities spot transactions are recorded on a trade date basis. Foreign exchange, money market and precious metals transactions are recorded on settlement (value) date. Prior to the settlement (value) date, foreign exchange and precious metals transactions are reported with their replacement values in OTHER ASSETS and OTHER LIABILITIES, respectively.

CASH, DUE FROM BANKS AND MONEY MARKET PAPERS

Cash and due from banks are accounted for at nominal value. Money market instruments held for trading are carried at fair value. Money market instruments not held for trading or for sale are recorded net of unamortized premiums/discounts. The necessary provisions for recognizable risks and potential losses are normally deducted from the appropriate asset items in the balance sheet.

LOANS (DUE FROM CUSTOMERS AND MORTGAGES)

Loans are initially recorded at cost, which is for originated loans generally equal to the principal amount. Loans held-to-maturity are recorded net of unamortized premiums/discounts. Loans held-for-sale are recorded at lower of cost or market value. Interest income is accrued as earned.

Loans are carried net of any provisions for impairment. The Group provides for credit losses based on regular and detailed analysis of each loan in the portfolio considering collateral and counterparty risk. If uncertainty exists as to the repayment of either principal or interest, a provision is either established or adjusted accordingly.

The Group considers a loan impaired when, based on current information and

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events, it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. In the banking business, 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. The Group continues to accrue interest for collection purposes; however, a corresponding provision is set up against interest income. In addition, for any accrued but unpaid interest at the date the loan is placed on non-performing status, a corresponding provision is booked against the accrual through the income statement. At this time and on a periodic basis going forward, the remaining principal is evaluated for collectibility and a provision is established for the 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 in such a doubtful state that further accrual of interest is deemed not necessary and is ceased. At this time and on a periodic basis going forward, any unreserved remaining principal balance is evaluated for collectibility and an additional provision is established as required. Only loans classified as non-interest earning can

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

be written-off (both principal and interest). Write-off of a loan occurs when the Group is certain that there is no possibility to recover the principal.

Interest collected on non-performing loans is accounted for using the cash basis, cost recovery method or a combination of both, as appropriate. Interest collected on non-interest earning loans is accounted for using the cost recovery method only. Generally, an impaired loan may be restored to performing status when all delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain creditworthiness performance criteria are met.

SECURITIES AND PRECIOUS METALS TRADING PORTFOLIOS

Debt and equity securities and precious metals held in the trading portfolio are carried at fair value.

Fair value is determined using quoted market prices, where a price-efficient and liquid market exists. In the absence of such a market, the fair value is established on the basis of a valuation model. Unrealized and realized gains and losses on these positions are recognized in NET TRADING INCOME. Interest and dividend income from the trading portfolio is recorded in NET INTEREST INCOME.

FINANCIAL INVESTMENTS FROM THE BANKING BUSINESS

This position includes securities, private equity investments, real estate held-for-sale as well as debt securities held-to-maturity. Participations acquired and held for subsequent disposal are also included in FINANCIAL INVESTMENTS.

Debt and equity securities and real estate held-for-sale are valued at lower of cost or market. Unrealized losses are recorded in the income statement when the market value is lower than the cost. When the market value increases, unrealized gains are recorded only to the extent losses were previously recognized. Losses on debt securities due to impairment in creditworthiness are recorded in VALUATION ADJUSTMENTS, PROVISION AND LOSSES.

Debt securities held-to-maturity are carried at amortized cost (accrual method). Premiums and discounts are recognized over the term of the instrument until

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final maturity. Realized profits or losses, which are interest related and which arise from the early disposal or redemption of the instrument are recognized over the remaining term of the instrument sold. Losses due to impairment in creditworthiness are recorded in VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES.

DERIVATIVE INSTRUMENTS - BANKING BUSINESS

Positive and negative replacement values of all derivative instruments are reported within OTHER ASSETS and OTHER LIABILITIES, respectively.

Trading derivative instruments are carried at fair value as positive and negative replacement values. The replacement values are presented net by counterparty for transactions in those products where the Group has a legal right to set off; otherwise the replacement values are presented gross by contract. Realized and unrealized gains and losses are included in NET TRADING INCOME. The majority of the Group's derivative positions are trading related.

The Group uses derivatives to manage interest rate, foreign currency, equity market and credit risks. When applying hedge accounting, gains and losses on the derivative instruments are recognized in income on the same basis as the underlying exposure. Derivatives in the banking book not used for

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

hedging purposes are typically valued at lower of cost or market. However, certain derivative instruments used for interest rate risk management are valued according to the accrual method. The interest component is accrued or deferred over the term of the instrument. Realized gains or losses, which are interest related and which arise from the early disposal or redemption of the instrument, are also accrued or deferred over the remaining term of the instrument.

Gains and losses related to qualifying hedges of firm commitments and probable anticipated transactions are deferred and recognized in income or as adjustments to carrying amounts when the hedged transactions occur.

INVESTMENTS FROM THE INSURANCE BUSINESS

Debt and equity securities held as available-for-sale are carried at fair value. Unrealized gains and losses including foreign exchange gains and losses are recorded within REVALUATION RESERVES FOR THE INSURANCE BUSINESS in shareholders' equity, net of deferred taxes. Realized gains and losses on securities are determined using the specific identification method. Realized gains and losses and the amortization of premiums and discounts relating to debt securities are included in INVESTMENT INCOME FROM THE INSURANCE BUSINESS.

Debt and equity securities held as trading are carried at fair value. Debt securities held-to-maturity are carried at amortized cost. Non-marketable securities are valued at fair value which normally equals cost. Gains and losses from the valuation of the trading portfolio and realized gains and losses on these positions are recorded in INVESTMENT INCOME FROM THE INSURANCE BUSINESS.

A decline in the market value of any available-for-sale or held-to-maturity securities below cost that is deemed to be other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to INVESTMENT INCOME FROM THE INSURANCE BUSINESS and a new cost basis for the security is established.

Real estate held for investment, including capital improvements, is carried at cost less accumulated depreciation over its estimated useful life, generally 40 to 67 years. In some of our operating regions, the economic useful lives are

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substantially longer than in other regions, based on the materials used and varying construction codes. Land is not depreciated. It is the Group's policy to evaluate for impairment whenever events or circumstances indicate the carrying value of an asset may not be recoverable. An impairment is deemed to have occurred if the carrying value of a property exceeds its expected future cash flows, computed undiscounted and without interest charges. Methods for measuring impairment include market appraisals and cash flow analyses and recognizing impairment results in a new cost basis. Depreciation and write-downs are included in INVESTMENT INCOME FROM THE INSURANCE BUSINESS.

Investments for the benefit of life insurance policyholders who bear the investment risk are carried at fair value.

Loans, mortgages and short-term investments are accounted for at nominal value, net of any provisions for impairment. The Group considers a loan impaired when, based on current information and events, it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. The provision charge for credit losses is recorded in INVESTMENT INCOME FROM THE INSURANCE BUSINESS.

Derivatives are used to manage interest rate, foreign currency and equity market risks. Gains and losses on the hedging derivative instruments are recognized in income on the same basis as the underlying

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

exposure. All derivatives are recognized on the balance sheet at their fair value. The effective portion of derivative instruments used to hedge a position is recorded in the income statement with an offsetting entry related to the hedged item.

OWN SHARES AND OWN BONDS

The Group buys and sells own shares, own bonds and derivatives on own shares within its normal trading and market-making activities. In addition, the Group holds own shares to hedge commitments arising from employee compensation schemes. Own shares are included in the trading portfolio and are carried at fair value, or are held in FINANCIAL INVESTMENTS FROM THE BANKING BUSINESS and are carried at lower of cost or market, or are held in INVESTMENTS FROM THE INSURANCE BUSINESS and are carried at fair value. Own shares repurchased for cancellation are carried at cost. Changes in fair value and realized gains and losses on own shares and own bonds included in the trading portfolio are reported in NET TRADING INCOME. Changes in the fair value of own shares and bonds held in INVESTMENTS FROM THE INSURANCE BUSINESS are reported in shareholders' equity, net of tax, and the realized gains and losses from such investments are reported in INVESTMENTS INCOME FROM THE INSURANCE BUSINESS. Interest earned and dividends received are reported as INTEREST INCOME. Derivatives on own shares are carried at fair value and reported as positive and negative replacement values in OTHER ASSETS and OTHER LIABILITIES, respectively. Realized and unrealized gains and losses on derivatives on own shares are recognized in NET TRADING INCOME.

TANGIBLE FIXED ASSETS

Real estate held for own use, including capital improvements, is carried at cost less accumulated depreciation over its estimated useful life, generally 40 to 67 years. In some of our operating regions the economic useful lives are substantially longer than in other regions, based on the materials used and varying construction codes. Land is not depreciated. Other tangible fixed assets such as computers, machinery, furnishings, vehicles and other equipment, as well

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as alterations and improvements to rented premises, are depreciated using the straight-line method over their estimated useful life, generally three to five years.

It is the Group's policy to evaluate for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is deemed to have occurred if the carrying value of a tangible fixed asset exceeds its expected future cash flows, computed undiscounted and without interest charges. Methods for measuring impairment include market appraisals and cash flow analyses and recognizing impairment results in a new cost basis.

INTANGIBLE ASSETS

The Group capitalizes certain costs relating to the acquisition, installation and development of software. The Group depreciates capitalized software costs on a straight-line basis over the estimated useful life of the software, normally not exceeding three years.

Identifiable intangible assets are generally acquired through business combinations and other transfers of assets. Acquired intangible assets are initially recorded at fair value and depreciated over their estimated useful life, not to exceed 20 years. The useful life of intangible assets relating to individuals does not exceed five years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Goodwill represents the excess of purchase price over the estimated fair value of net assets acquired at the acquisition date. The goodwill included in this balance sheet position arises from acquisitions after January 1, 1997. Prior to January 1, 1997, goodwill was charged to equity. Goodwill is amortized using the straight-line method over its estimated useful life, not to exceed 20 years.

The Present Value of Future Profits (PVFP) is the present value of anticipated profits embedded in each life and health insurance portfolio purchased. Interest accrues on the unamortized PVFP based upon the policy liability rate or contract rate. The PVFP asset is amortized over the years that such profits are anticipated to be received in proportion to the estimated gross margins or estimated gross profits for participating traditional life products and non-traditional life products, respectively, and over the premium-paying period in proportion to premiums for other traditional life products.

Expected future profits used in determining the PVFP are based on actuarial determinations of future premium collection, mortality, morbidity, surrenders, operating expenses, and yields on assets supporting policy liabilities as well as other factors.

The discount rate used to determine the PVFP is the rate of return required to invest in the business being acquired. Additionally, the PVFP asset is adjusted for the impact on estimated gross margins and profits net of unrealized gains and losses on securities.

Periodically, the PVFP asset is evaluated for recoverability. If the present value of future net cash flows from the blocks of business acquired is insufficient to recover the PVFP, the difference is charged to expense as an additional write-off of the PVFP.

It is the Group's policy to evaluate for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. An impairment is deemed to have occurred if the carrying value of

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an intangible asset exceeds its expected future cash flows, computed undiscounted and without interest charges. Methods for measuring impairment include where appropriate, market appraisals and cash flow analyses and recognizing impairment results in a new cost basis.

DEFERRED POLICY ACQUISITION COSTS

Deferred policy acquisition costs consist primarily of commissions, underwriting expense and policy issuance costs and are included in ACCRUED INCOME AND PREPAID EXPENSE. Acquisition costs, which vary with and are directly related to the acquisition of insurance contracts, are deferred to the extent they are deemed recoverable.

Deferred policy acquisition costs on participating traditional life products are amortized over the expected life of the contracts in proportion to the estimated gross margins. Deferred policy acquisition costs on other traditional life products are amortized over the premium paying period of the related policies in proportion to net premiums using assumptions consistent with those used in computing the provision for future policy benefits. Deferred policy acquisition costs on non-traditional life products are amortized over the expected life of the contracts as a constant percentage of the estimated gross profits.

The effect on the amortization of deferred policy acquisition costs of revisions to estimated gross margins or profits for all contracts are reflected in the current period income statement. The deferred policy acquisition costs asset related to participating traditional life products and non-traditional life products is adjusted for the impact on estimated gross margins or profits net of unrealized gains and losses on securities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred policy acquisition costs for non-life products are amortized over the periods in which the premiums are earned. Future investment income attributable to related premiums is taken into account in measuring the recoverability of the carrying value of this asset.

TAXES

Income tax expense is calculated on the basis of the annual results of the individual financial statements of the Group companies. Deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are calculated based on expected tax rates and are recorded in OTHER ASSETS and VALUATION ADJUSTMENTS AND PROVISIONS, respectively. Deferred income tax expense represents the net change in the deferred tax asset or liability balance during the year and is charged to tax expense, except to the extent the change relates to transactions recognized directly in shareholders' equity. This amount together with income taxes payable or receivable in the current year represents the total income tax expense for the year. Generally, deferred tax assets for net operating loss carry-forwards are not recognized. Deferred tax assets on net operating losses are recorded in the event management's assessment is that their realization in a future period is certain, based on contracts existing at the balance sheet date to sell businesses at a taxable gain. Other deferred tax assets are recognized subject to management's judgment that realization is more likely than not. No provision is made for non-recoverable withholding taxes on undistributed profits of Group companies.

RESERVE FOR GENERAL BANKING RISKS

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In accordance with Swiss banking regulations, the reserve for general banking risks is recorded as a separate component of shareholders' equity. Changes to this equity component are disclosed as an extraordinary item in the income statement.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS (REPOS)

The Group enters into purchases of securities under agreements to resell as well as sales of securities under agreements to repurchase substantially identical securities. Such agreements normally do not constitute economic sales and are therefore treated as financing transactions. Securities sold subject to such agreements continue to be recognized in the balance sheet. The proceeds from the sale of these securities are treated as liabilities. Securities purchased under agreements to resell are recognized as loans collateralized by securities. Receivables and liabilities are valued using the accrual method. Those held in the trading book (matched book repo trading) are carried at fair value. Transactions in which economic control over the securities transferred has been relinquished are reported as either purchases or sales together with a related forward commitment to resell or repurchase.

SECURITIES LENDING AND BORROWING

Securities borrowed and lent with cash collateral and daily margining are reported as repurchase and reverse repurchase transactions. All other securities borrowed and lent that are collateralized by cash are included in the balance sheet at amounts equal to the cash advanced or received. Securities lent or securities provided as collateral for securities borrowed continue to be recognized in the balance sheet at their carrying value if control over the securities transferred is not relinquished. Securities borrowed and securities received as collateral for securities lent are only recognized in the balance sheet if control

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

over the securities transferred is relinquished. Lending fees earned or incurred are recognized as interest income and interest expense, respectively for the banking business and as INVESTMENT INCOME FROM THE INSURANCE BUSINESS for the insurance business.

PENSION PLANS

The Group sponsors various retirement benefit plans for its employees worldwide. These plans include both defined benefit and defined contribution plans, as well as other retirement benefits such as post-retirement life insurance and post-employment medical benefits. Pension expense is recorded in PERSONNEL EXPENSES and is based on either actual contributions or actuarial valuation methods and projected plan liabilities for accrued service.

PREMIUM INCOME AND RELATED EXPENSES

Premiums from traditional life products, both participating and non-participating, are recognized as revenue when due from the policyholder. Profit for contracts with a limited number of premium payments is deferred and recognized over the period that coverage is provided.

Premiums from non-traditional life products are recognized as revenue when due from the policyholder. For contracts with front-end fees, any excess front-end fees are deferred and recognized in proportion to the estimated gross profits. These deferred fees are adjusted for the impact on estimated gross profits net of unrealized gains and losses on securities.

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Premiums from non-life products are recorded at inception of the contract and are earned primarily on a pro-rata basis over the term of the related policy coverage with the unearned portion deferred in the balance sheet as unearned premiums.

REINSURANCE

Contracts providing for indemnification against loss or liability relating to insurance risk are accounted for as reinsurance. Reinsurance contracts that do not transfer significant insurance risk are accounted for as deposits.

Gains on retroactive reinsurance ceded are deferred and amortized over the estimated remaining settlement period.

TECHNICAL PROVISIONS FOR THE INSURANCE BUSINESS

PROVISION FOR FUTURE POLICYHOLDER BENEFITS

The provision for future policyholder benefits for participating traditional life products is computed using the net level premium method, which represents the present value of future policy benefits less the present value of future net premiums. The method uses assumptions for mortality and interest rates guaranteed in the contracts or used in determining dividends.

The provision for future policyholder benefits for other traditional life products is computed using the net level premium method. The assumptions are based on the Group's experience and industry standards including provision for adverse deviations that were in effect as of the issue date of the contract.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The provision for future policyholder benefits for non-traditional life products is equal to the account value, which represents premiums received and allocated investment return credited to the policy less deductions for mortality costs and expense charges.

When the provision for future policyholder benefits plus the present value of expected future gross premiums for a product are insufficient to provide for expected future benefits and expenses for the line of business, deferred policy acquisition costs are written-off to income and, if required, a premium deficiency reserve is established by a charge to income. A premium deficiency reserve is adjusted for the impact of net unrealized gains and losses.

PROVISION FOR DEATH AND OTHER BENEFITS

Claim reserves represent amounts due on life and accident and health claims that have accrued as of the balance sheet date, but have not yet been paid. This includes incurred but not reported claims (IBNR) and claims expense liability. The interest rate used to discount future payments is impacted by the net unrealized gains and losses on securities, resulting in an adjustment to claim reserves.

PROVISION FOR FUTURE DIVIDENDS TO POLICYHOLDERS

Dividends on participating traditional life products are accrued when earned and calculated in accordance with local statutory or contractual regulations. The provision for policyholder dividends also includes a deferred bonus reserve (DBR), which represents amounts that result from differences between these presented financial statements and the local statutory financial statements and

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that will reverse and enter into future policyholder dividends calculations. The calculation of the DBR reflects only the contractual or regulatory defined minimum distribution to policyholders.

The provision for policyholder dividends is adjusted for the impact of net unrealized gains and losses on securities to the extent that the policyholder will participate in such gains and losses on the basis of contractual or regulatory requirements when they are realized.

LIFE PRODUCTS, WHERE THE INVESTMENT RISK IS BORNE BY POLICYHOLDERS

Assets and liabilities are maintained separately for non-traditional life products designed to meet specific investment objectives of policyholders. The policyholder bears the investment risk associated with the products, and investment income and investment gains and losses accrue directly to the policyholders. Assets and liabilities associated with these products are carried at fair value. Changes in the fair value of assets and liabilities are recognized in INVESTMENT INCOME FROM THE INSURANCE BUSINESS and CLAIMS INCURRED AND ACTUARIAL PROVISIONS.

PROVISION FOR UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Claim and claim adjustment expenses are recorded as incurred. Claim provisions comprise estimates of the unpaid portion of the reported losses and estimates of the amount of losses incurred but not yet reported to the insurer. Management periodically reviews the estimates, which may change in light of new information. Any subsequent adjustments are recorded in the period in which they are determined.

Certain claim reserves for which the payment pattern and ultimate cost are fixed and reliably determinable on an individual claim basis are discounted at a maximum of the risk-free rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Changes to accounting policies

Prior to 2001, deferred tax assets for net operating loss carry-forwards were not recorded. The new policy only allows such deferred tax assets to be recorded in the event of a sale of a business at a taxable gain where the realization of the deferred tax asset is certain. The impact on the 2001 financial statements was a tax benefit of CHF 303 million (USD 179 million). The 2000 and 1999 consolidated financial statements would be unchanged had they been prepared under the new policy.

3 Acquisitions and divestitures

The scope of consolidation has undergone the following material changes:

Acquisitions

VOJENSKY OTEVRENY PENZIJNI FOND (VOPF)

On April 4, 2001, Winterthur Life & Pensions acquired one of the largest Czech pension funds, Vojensky Otevreny Penzijni Fond (VOPF). The Group acquired 93.28% of total capital on January 18, 2001 and 6.66% of total capital on May 9, 2001.

JO HAMBRO INVESTMENT MANAGEMENT LIMITED

On February 7, 2001, Credit Suisse Private Banking acquired JO Hambro Investment

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Management Ltd., an investment company targeting high-net-worth individuals.

COMMERCIAL GENERAL UNION

On September 30, 2001, Winterthur Insurance acquired the non-life insurance activities of Commercial General Union in Belgium.

SLC ASSET MANAGEMENT

On December 7, 2001, Credit Suisse Asset Management acquired SLC Asset Management Limited, SLC Pooled Pensions Limited and Sun Life of Canada Unit Managers Limited, the principal UK asset management subsidiaries of Sun Life Financial Services of Canada Inc. The companies are asset management companies with contracts for management of the insurance assets (including property) of their former affiliate Sun Life Assurances Company of Canada (UK) Limited and third-party institutional and retail funds.

Divestitures

WINTERTHUR INTERNATIONAL

Effective June 30, 2001, Winterthur Insurance sold its large multinational corporate insurance business Winterthur International to the Bermuda-based financial services group XL Capital Ltd.

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CSFBDIRECT, INC.

On February 1, 2002, Credit Suisse First Boston (USA), Inc. completed the previously announced sale of CSFBDIRECT, Inc., its US-based online trading operations, to the Bank of Montreal.

DLJDIRECT, LTD.

On January 25, 2002, Credit Suisse First Boston (USA), Inc. completed the previously announced sale of DLJDIRECT, Ltd., its UK-based online trading operations, to TD Waterhouse.

AUTRANET

On February 1, 2002, Credit Suisse First Boston (USA), Inc. completed the previously announced sale of Autranet, a broker-dealer subsidiary active in the distribution to institutional investors of investment research products purchased from independent research specialists, to The Bank of New York.

4 Segment reporting

4.1 Segment reporting by operating segments

The activities of the Group are managed and organized based on the different types of products and services that the Group offers to its customers. Operating income includes income directly attributable to the individual segments as further described below.

The following presentation shows the Group's segment results for the years ended December 31, 2001, 2000 and 1999 based on the structure in effect from January 1, 2002. Based on the Group's management reporting principles after giving effect to the realignment, the Group reports six segments: Private Banking, Corporate & Retail Banking, Life & Pensions, Insurance, Investment

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Banking and CSFB Financial Services. The Credit Suisse Financial Services business unit totals the results of the Private Banking, Corporate & Retail Banking, Life & Pensions and Insurance segments. The Credit Suisse First Boston business unit totals the results of the Investment Banking and CSFB Financial Services segments.

The Group's consolidated results comprise the results of the segments and of the Corporate Center. Corporate Center costs and revenues attributable to operating businesses have been allocated to the respective segments. The Corporate Center also records expenses relating to projects sponsored by the Group, restructuring costs, the difference between provisions for expected credit risk recorded by each segment and actual credit loss experience, as well as other items as set out below.

INTER-SEGMENT REVENUE SHARING AND COST ALLOCATION

Responsibility for each of the Group's products is allocated to one of the segments. In cases where one segment contributes to the performance of another, revenue sharing agreements are in place to compensate for such efforts. These agreements are negotiated periodically by the relevant segments on a product-by-product basis. Allocated revenues are added to, or deducted from, the revenue line item of the respective segments.

Certain administrative, processing and information technology services may be based in one segment but shared by other segments. The segment supplying the service receives compensation from the recipient

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
segment on the basis of service level agreements and transfer payments. Service level agreements are negotiated periodically by the relevant segments with regard to each individual product or service. The cost of shared services and their related allocations are added to, or deducted from, OTHER OPERATING EXPENSES in the respective segments.

The aim of the revenue sharing and cost allocation agreements is to reflect the pricing structure of an unrelated third-party transaction, although this is not achieved in all cases.

OWN USE REAL ESTATE

Own use real estate in Switzerland, which consists primarily of bank premises, is managed centrally. Real estate costs reflect market rent plus an additional charge if actual costs exceed market rent. These costs are included in the OTHER OPERATING EXPENSES line of each segment.

VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES

Provisions for credit risk at the segment level are generally based on expected credit losses, which are determined according to a statistical model derived from historical average losses. Management believes that the statistical model provides a long-term view of credit loss experience. In any year, statistically determined provisions may be higher or lower than the actual credit experience relating to the credit risks covered by this model, depending on the economic environment, interest rates and other factors. The segments record an expense item for statistically determined expected credit provisions. On a consolidated basis, the VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES line in the income statement reflects actual credit provisions for the year. To reflect the difference between the expected credit provisions recorded by the segment and

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the actual credit provisions for the year, an adjustment is recorded at the Corporate Center.

Non-credit related losses and counterparty defaults other than those relating to the lending business are not covered by the statistical model. Provisions for these losses and defaults are based on actual experience and are recorded by the relevant segment.

TAXES

Taxes are calculated individually for each segment, on the basis of average tax rates across its various geographic markets, as if the segment operated on a stand-alone basis. The difference between these average tax rates and the actual consolidated tax expense results in an adjustment to taxes at the Corporate Center.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)

Segment income statement for the year ended December 31, 2001 1)

in CHF m	Private Banking	Corporate & Retail Banking	Life & Pensions	Insurance	Subtotal
Operating income 2)	7,245	2,398	2,503	3,236	15,382
Personnel expenses	2,502	1,000	749	1,388	5,639
Other operating expenses	1,522	620	671	873	3,686
Operating expenses	4,024	1,620	1,420	2,261	9,325
Gross operating profit	3,221	778	1,083	975	6,057
Depreciation of non-current assets 3)	215	84	350	169	818
Amortization of acquired intangible assets and goodwill	--	--	--	--	--
Valuation adjustments, provisions and losses	75	308	--	--	383
Net operating profit before extraordinary items, acquisition-related costs and taxes	2,931	386	733	806	4,856
Extraordinary income/(expenses), net	12	13	0	0	25
Taxes	(642)	(94)	(153)	(224)	(1,113)
Net operating profit before acquisition-related costs and minority interests	2,301	305	580	582	3,768
Amortization of acquired intangible assets and goodwill					(116)
Tax impact					2
Net profit before minority interests					3,654

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Minority interests	(69)
Net profit	3,585

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) Operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.
- 3) Including amortization of Present Value of Future Profits, or PVFP from the insurance businesses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
Segment income statement for the year ended December 31, 2001 (continued) 1)

in CHF m	Investment Banking	CSFB Financial Services	Subtotal	Reclassifications
Operating income	21,217	4,045	25,262	(828)
Personnel expenses	11,764	1,967	13,731	812
Other operating expenses	5,176	1,336	6,512	--
Operating expenses	16,940	3,303	20,243	812
Gross operating profit	4,277	742	5,019	(1,640)
Depreciation of non-current assets	772	179	951	--
Amortization of acquired intangible assets and goodwill	--	--	--	1,455
Valuation adjustments, provisions and losses	1,514	27	1,541	--
Net operating profit/(loss) before extraordinary items, acquisition-related costs, exceptional items and taxes	1,991	536	2,527	(3,095)
Extraordinary income/(expenses), net	(1)	(14)	(15)	--
Taxes	(439)	(85)	(524)	812
Net operating profit/(loss) before acquisition-related costs,				

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exceptional items and minority interests	1,551	437	1,988	(2,283)
Acquisition interest			(828)	828
Amortization of retention payments			(812)	812
Amortization of acquired intangible assets and goodwill			(1,455)	1,455
Exceptional items			(1,428)	--
Tax impact			1,148	(812)
Net profit/(loss) before minority interests			(1,387)	--
Minority interests			(1)	--
Net profit/(loss)			(1,388)	--

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses, d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income and e) excluding exceptional items from operating income, personnel expenses, depreciation of non-current assets and valuation adjustments, provisions and losses. Acquisition-related costs, exceptional items and minority interests are reported separately at the business unit level only.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)

Business unit income statement for the year ended December 31, 2001 (continued)

1)

in CHF m	Credit Suisse Financial Services	Credit Suisse First Boston	Subtotal
Operating income	15,382	24,400	39,782
Personnel expenses	5,639	15,528	21,167
Other operating expenses	3,686	6,512	10,198
Operating expenses	9,325	22,040	31,365
Gross operating profit	6,057	2,360	8,417
Depreciation of non-current assets	818 2)	963	1,781

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Amortization of acquired intangible assets and goodwill	116	1,455	1,571
Valuation adjustments, provisions and losses	383	1,938	2,321
<hr/>			
Profit/(loss) before extraordinary items and taxes	4,740	(1,996)	2,744
<hr/>			
Extraordinary income/(expenses), net	25	(15)	10
Taxes	(1,111)	624	(487)
<hr/>			
Net profit/(loss) before minority interests	3,654	(1,387)	2,267
<hr/>			
Minority interests	(69)	(1)	(70)
<hr/>			
Net profit/(loss)	3,585	(1,388)	2,197
<hr/>			
Other data			
Total assets as of December 31, 2001 3)	395,164	698,518	1,093,682
<hr/>			

- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) Including amortization of PVFP from the insurance businesses.
- 3) Intersegment consolidation items have been eliminated in Corporate Center.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
Segment income statement for the year ended December 31, 2000 1)

in CHF m	Private Banking	Corporate & Retail Banking	Life & Pensions	Insurance	Subtotal
<hr/>					
Operating income 2)	7,913	2,324	2,075	3,459	15,771
<hr/>					
Personnel expenses	2,420	940	664	1,337	5,361
Other operating expenses	1,350	673	544	823	3,390
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Operating expenses	3,770	1,613	1,208	2,160	8,751
<hr/>					
Gross operating profit	4,143	711	867	1,299	7,020
<hr/>					
Depreciation of non-current assets 3)	101	37	101	159	398
Amortization of acquired intangible assets and goodwill	--	--	--	--	--
Valuation adjustments, provisions and losses	213	510	--	--	723
<hr/>					
Net operating profit before extraordinary items, acquisition-related costs and taxes	3,829	164	766	1,140	5,899
<hr/>					
Extraordinary income/(expenses), net	1	20	0	0	21

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Taxes	(865)	(42)	(101)	(305)	(1,313)
Net operating profit before acquisition-related costs and minority interests	2,965	142	665	835	4,607
Amortization of acquired intangible assets and goodwill					(55)
Net profit before minority interests					4,552
Minority interests					(176)
Net profit					4,376

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) Operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.
- 3) Including amortization of PVFP from the insurance businesses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
Segment income statement for the year ended December 31, 2000 (continued) 1)

in CHF m	Investment Banking	CSFB Financial Services	Subtotal	Re
Operating income	20,092	2,059	22,151	
Personnel expenses	11,224	791	12,015	
Other operating expenses	3,905	681	4,586	
Operating expenses	15,129	1,472	16,601	
Gross operating profit	4,963	587	5,550	
Depreciation of non-current assets	596	77	673	
Amortization of acquired intangible assets and goodwill	--	--	--	
Valuation adjustments, provisions and losses	536	1	537	
Net operating profit before extraordinary items, acquisition-related costs and taxes	3,831	509	4,340	
Extraordinary income/(expenses), net	0	(1)	(1)	

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Taxes	(1,033)	(74)	(1,107)
Net operating profit before acquisition-related costs and minority interests	2,798	434	3,232
Acquisition interest			(225)
Amortization of retention payments			(181)
Amortization of acquired intangible assets and goodwill			(349)
Tax impact			167
Net profit before minority interests			2,644
Minority interests			(3)
Net profit			2,641

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs and minority interests are reported separately at the business unit level only.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
Business unit income statement for the year ended December 31, 2000 (continued)
1)

in CHF m 1)	Credit Suisse Financial Services	Credit Suisse First Boston	Subtotal
Operating income	15,771	21,926	37,697
Personnel expenses	5,361	12,196	17,557
Other operating expenses	3,390	4,586	7,976
Operating expenses	8,751	16,782	25,533
Gross operating profit	7,020	5,144	12,164
Depreciation of non-current assets	398 2)	673	1,071
Amortization of acquired intangible assets and goodwill	55	349	404
Valuation adjustments, provisions and losses	723	537	1,260

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Profit before extraordinary items and taxes	5,844	3,585	9,429
Extraordinary income/(expenses), net	21	(1)	20
Taxes	(1,313)	(940)	(2,253)
Net profit before minority interests	4,552	2,644	7,196
Minority interests	(176)	(3)	(179)
Net profit	4,376	2,641	7,017
Other data			
Total assets as of December 31, 2000 3)	365,176	684,713	1,049,889

- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) Including amortization of PVFP from the insurance businesses.
- 3) Intersegment consolidation items have been eliminated in Corporate Center.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)

Segment income statement for the year ended December 31, 1999 1)

in CHF m	Private Banking	Corporate & Retail Banking	Life & Pensions	Insurance	Subtotal
Operating income 2)	6,039	2,154	626	2,740	11,559
Personnel expenses	1,947	872	533	1,267	4,619
Other operating expenses	1,006	628	413	787	2,834
Operating expenses	2,953	1,500	946	2,054	7,453
Gross operating profit/(loss)	3,086	654	(320)	686	4,106
Depreciation of non-current assets 3)	60	17	84	71	232
Amortization of acquired intangible assets and goodwill	--	--	--	--	--
Valuation adjustments, provisions and losses	112	553	--	--	665
Net operating profit/(loss) before extraordinary items, acquisition-related costs and taxes	2,914	84	(404)	615	3,209
Extraordinary income/(expenses), net	18	34	0	0	52
Taxes	(623)	(23)	132	(178)	(692)
Net operating profit/(loss) before					

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acquisition-related costs and minority interests	2,309	95	(272)	437	2,569
Amortization of acquired intangible assets and goodwill					(29)
Net profit before minority interests					2,540
Minority interests					(62)
Net profit					2,478

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.
- 2) Operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.
- 3) Including amortization of PVFP from the insurance businesses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)
Segment income statement for the year ended December 31, 1999 (continued) 1)

in CHF m	Investment Banking	CSFB Financial Services	Subtotal	Re
Operating income	14,532	1,170	15,702	
Personnel expenses	7,619	454	8,073	
Other operating expenses	3,095	389	3,484	
Operating expenses	10,714	843	11,557	
Gross operating profit	3,818	327	4,145	
Depreciation of non-current assets	371	22	393	
Amortization of acquired intangible assets and goodwill	--	--	--	
Valuation adjustments, provisions and losses	786	0	786	
Net operating profit before extraordinary items, acquisition-related costs and taxes	2,661	305	2,966	
Extraordinary income/(expenses), net	0	(2)	(2)	
Taxes	(715)	(24)	(739)	

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Net operating profit before acquisition-related costs and minority interests	1,946	279	2,225
<hr style="border-top: 1px dashed black;"/>			
Acquisition interest			(21)
Amortization of acquired intangible assets and goodwill			(90)
Tax impact			2
<hr style="border-top: 1px dashed black;"/>			
Net profit before minority interests			2,116
<hr style="border-top: 1px dashed black;"/>			
Minority interests			(1)
<hr style="border-top: 1px dashed black;"/>			
Net profit			2,115
<hr style="border-top: 1px dashed black;"/>			

- 1) Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs and minority interests are reported separately at the business unit level only.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 Segment reporting by operating segments (continued)

Business unit income statement for the year ended December 31, 1999 (Continued)

1)

in CHF m	Credit Suisse Financial Services	Credit Suisse First Boston	Subtotal
<hr style="border-top: 1px dashed black;"/>			
Operating income	11,559	15,681	27,240
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Personnel expenses	4,619	8,073	12,692
Other operating expenses	2,834	3,484	6,318
<hr style="border-top: 1px dashed black;"/>			
Operating expenses	7,453	11,557	19,010
<hr style="border-top: 1px dashed black;"/>			
Gross operating profit	4,106	4,124	8,230
<hr style="border-top: 1px dashed black;"/>			
Depreciation of non-current assets	232 2)	393	625
Amortization of acquired intangible assets and goodwill	29	90	119
Valuation adjustments, provisions and losses	665	786	1,451
<hr style="border-top: 1px dashed black;"/>			
Profit before extraordinary items and taxes	3,180	2,855	6,035
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Extraordinary income/(expenses), net	52	(2)	50
Taxes	(692)	(737)	(1,429)

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Net profit before minority interests	2,540	2,116	4,656
Minority interests	(62)	(1)	(63)
Net profit	2,478	2,115	4,593
Other data			
Total assets as of December 31, 1999 3)	342,608	452,906	795,514

- 1) Certain reclassifications have been made to conform to the current presentation.
- 2) Including amortization of PVFP from the insurance businesses.
- 3) Intersegment consolidation items have been eliminated in Corporate Center.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 Segment reporting by geographic segments

Segment reporting by geographic location

The geographic analysis of income and assets is provided in order to comply with the STATEMENT OF FINANCIAL ACCOUNTING STANDARDS (SFAS) 131, DISCLOSURE ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION and does not reflect the way the Group is managed. Management believes "Note 4.1 Segment reporting by operating segments" is a more meaningful representation of the way in which the Group is managed.

Gross operating income 2001 1) in CHF m	Switzerland	Other European Countries	Americas	P
Interest income	7,188	10,999	22,324	
Commission and service fee income	5,099	3,263	9,634	
Net trading income	1,386	3,541	3,582	
Insurance premiums earned, net	11,505	17,122	2,777	
Investment income from the insurance business	3,373	2,266	276	
Other ordinary income	1,030	822	155	
Gross operating income	29,581	38,013	38,748	
Expenses 2)	--	--	--	
Operating income	--	--	--	

Gross operating income 2000 1) in CHF m	Switzerland	Other European Countries	Americas	Pa
--	-------------	--------------------------------	----------	----

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Interest income	7,474	10,508	19,444
Commission and service fee income	5,492	3,445	7,627
Net trading income	1,790	3,477	2,311
Insurance premiums earned, net	10,975	14,543	2,458
Investment income from the insurance business	3,962	4,358	338
Other ordinary income	1,379	645	336
Gross operating income	31,072	36,976	32,514
Expenses 2)	-	-	-
Operating income	-	-	-

Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

- 1) The geographic analysis is based on the location of the office recording the transactions.
- 2) Includes interest expenses, commission expenses, claims incurred and technical provisions for the insurance business, commission expenses from the insurance business and sundry ordinary expenses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.2 Segment reporting by geographic segments (continued)

Gross operating income 1999 1) in CHF m	Switzerland	Other European Countries	Americas	Pa
Interest income	5,159	7,900	9,821	
Commission and service fee income	4,379	2,355	4,205	
Net trading income	1,371	2,464	1,552	
Insurance premiums earned, net	10,851	12,876	2,072	
Investment income from the insurance business	2,545	3,802	295	
Other ordinary income	565	255	108	
Gross operating income	24,870	29,652	18,053	
Expenses 2)	-	-	-	
Operating income	-	-	-	

Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

- 1) The geographic analysis is based on the location of the office recording the transactions.
- 2) Includes interest expenses, commission expenses, claims incurred and technical provisions for the insurance business, commission expenses from the insurance business and sundry ordinary expenses.

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Assets by countries/regions 1) in CHF m	Tangible fixed assets		Total a
	31.12.01	31.12.00	31.12.01
Switzerland	4,692	4,708	208,427
United Kingdom	1,270	1,330	146,415
Germany	591	533	74,553
Other European countries	474	462	107,411
North America	1,663	2,148	380,009
Central and South America	513	521	33,161
Asia/Pacific	214	206	66,388
Middle Eastern countries	4	4	3,820
Africa	1	1	2,329
Total	9,422	9,913	1,022,513

1) The geographic analysis of tangible fixed assets is based on the location of the reporting entities, whereas the analysis of total assets is driven by the customers' domicile.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Subsequent events

Acquisitions and divestitures

HOLT VALUE ASSOCIATES L.P.

On January 31, 2002, Credit Suisse First Boston (USA), Inc. acquired HOLT Value Associates, L.P., a leading provider of independent research and valuation services to asset managers.

Changes in capital structure

The Group's Board of Directors will propose a par value reduction of CHF 2 per share in lieu of a dividend to the Annual General Meeting on May 31, 2002. If approved by the Annual General Meeting, this capital reduction will be paid out on August 14, 2002.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Income statement of the banking and insurance business 1)

in CHF m	Banking business			Insurance business		
	2001	2000	1999	2001	2000	1999
Net interest income	6,680	5,239	5,252	--	--	--

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Net commission and service income	17,866	16,629	10,870	--	--	--
Net trading income	9,183	8,791	6,578	--	--	--
Income from the insurance business 2)	--	--	--	6,352	6,197	4,226
Other ordinary income/(expenses), net	(538)	1,046	577	(380)	(666)	(853)
Operating income	33,191	31,705	23,277	5,972	5,531	3,373
Salaries and other compensation	17,414	14,616	10,331	1,675	1,523	1,298
Employee benefits	1,452	1,159	908	358	359	297
Other personnel expenses	886	724	515	105	122	205
Personnel expenses 2)	19,752	16,499	11,754	2,138	2,004	1,800
Premises and real estate expenses	1,155	811	731	238	248	132
Expenses for IT, machinery, furnishings, vehicles and other equipment	1,536	985	898	325	250	287
Sundry operating expenses	4,162	3,483	2,397	984	868	782
Other operating expenses 2)	6,853	5,279	4,026	1,547	1,366	1,201
Operating expenses	26,605	21,778	15,780	3,685	3,370	3,001
Gross operating profit	6,586	9,927	7,497	2,287	2,161	372
Depreciation of non-current assets	1,667	1,092	828	519	261	153
Amortization of acquired intangible assets	793	157	0	0	0	0
Amortization of goodwill	697	215	101	73	31	9
Valuation adjustments, provisions and losses from the banking business	2,592	1,265	1,540	--	--	--
Depreciation, valuation adjustments and losses	5,749	2,729	2,469	592	292	162
Profit before extraordinary items, taxes and minority interests	837	7,198	5,028	1,695	1,869	210
Extraordinary income	52	105	93	0	0	0
Extraordinary expenses	(50)	(1,796)	(152)	(231)	0	0
Taxes	(108)	(943)	(809)	(378)	(406)	(45)
Net profit before minority interests	731	4,564	4,160	1,086	1,463	165
Minority interests	(179)	(91)	(28)	(48)	(146)	(40)
Net profit	552	4,473	4,132	1,038	1,317	125

- 1) Income statements for the banking and insurance business are presented on a stand-alone basis.
- 2) Expenses due to the handling of both claims and investments are allocated to the income from the insurance business, of which CHF 599 m (2000:

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CHF 525 m, 1999: CHF 579 m) are related to personnel expenses and CHF 371 m (2000: CHF 355 m, 1999: CHF 511 m) to other operating expenses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Income statement by origin 1) in CHF m	Switzerland 2001	Foreign 2001	Switzerland 2000	For
Net interest income	2,921	3,830	3,357	1
Net commission and service fee income	4,699	13,146	5,344	11
Net trading income	1,386	7,797	1,790	7
Income from the insurance business	2,426	3,874	2,574	3
Other ordinary income/(expenses), net	114	(1,039)	261	
Operating income	11,546	27,608	13,326	23
Personnel expenses	4,370	17,520	4,386	14
Other operating expenses	2,325	6,069	2,315	4
Operating expenses	6,695	23,589	6,701	18
Gross operating profit	4,851	4,019	6,625	5
% of total	55%	45%	55%	
Depreciation of non-current assets	995	1,191	696	
Amortization of acquired intangible assets	0	793	0	
Amortization of goodwill	85	685	47	
Valuation adjustments, provisions and losses from the banking business	616	1,976	706	
Depreciation, valuation adjustments and losses	1,696	4,645	1,449	1
Profit before extraordinary items, taxes and minority interests	3,155	(626)	5,176	3
Extraordinary income/(expenses)	(225)	(4)	(152)	(1)
Taxes	(799)	313	(983)	
% of total	164%	(64%)	73%	
Net profit before minority interests	2,131	(317)	4,041	1
Minority interests	126	(353)	27	
Net profit	2,257	(670)	4,068	1
% of total	142%	(42%)	70%	

1) The analysis is based on the location of the office recording the transactions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Net interest income in CHF m

	2001	2000	
Interest income on loans due from customers	13,438	13,853	10
Interest income on loans due from banks	13,179	14,225	7
Interest income from money market papers	1,590	1,725	1
Credit commissions treated as interest earnings	329	252	
Interest income from leasing operations	151	126	
Interest and discount income	28,687	30,181	19
Interest income	11,351	7,136	3
Dividend income	1,727	885	
Interest and dividend income from trading portfolios	13,078	8,021	4
Interest income	352	345	
Dividend income	162	361	
Interest and dividend income from financial investments	514	706	
Interest income	42,279	38,908	23
Interest expenses for liabilities due to customers	(15,786)	(15,475)	(12)
Interest expenses for liabilities due to banks	(19,742)	(18,120)	(6)
Interest expenses	(35,528)	(33,595)	(18)
of which interest expenses for subordinated liabilities	(916)	(879)	
Total net interest income	6,751	5,313	5

Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

9 Net trading income in CHF m

	2001	2000	
Debt instruments	1,932	2,243	2
Equity instruments	4,897	4,963	2
Foreign exchange and banknote trading	1,648	1,075	1
Precious metals	3	123	
Other	703	387	
Total net trading income	9,183	8,791	6

Certain reclassifications have been made to prior-period amounts to conform to the current presentation.

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10 Depreciation and amortization in CHF m	2001	2000	
Real estate	207	239	
Other tangible fixed assets	1,269	933	
Present value of future profits (PVFP) 1)	237	14	
Other intangible assets	387	151	
Non-consolidated participations	86	16	
Depreciation of non-current assets	2,186	1,353	
Amortization of acquired intangible assets	793	157	
Amortization of goodwill	770	246	
Total depreciation and amortization	3,749	1,756	1

1) Interest accrued of CHF 157 m (2000: CHF 156 m, 1999: CHF 50 m) on the unamortized PVFP balance presented net against amortization.

11 Valuation adjustments, provisions and losses from the banking business in CHF m	2001	2000	
Valuation allowances	1,634	973	1
of which losses from lending activities	13	62	
Balance sheet risks	4	(83)	
Off-balance sheet risks	80	(11)	
Other provisions	828	304	
Losses on financial investments	46	82	
Total valuation adjustments, provisions and losses from the banking business	2,592	1,265	1
Non-technical provisions for the insurance business 1)	136	95	

1) Included in other expenses from the insurance business.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Extraordinary income in CHF m	2001	2000	
Gains from the disposal of participations	4	2	
Release of reserve for general banking risks	0	8	
Other extraordinary income	48	95	
Total extraordinary income	52	105	

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13 Extraordinary expenses in CHF m	2001	2000	1
Losses from the disposal of participations	238	0	1
Allocation to reserve for general banking risks	0	190	1
Restructuring charges	19	1,501	1
Other extraordinary expenses	24	105	1
Total extraordinary expenses	281	1,796	1

Restructuring charges 1) in CHF m	2001	2000	1
Personnel	43	932	1
Premises 2)	7	268	1
Other 3)	13	342	1
Total restructuring charges	63	1,542	1
of which included in extraordinary expenses	19	1,501	1
of which included in ordinary expenses	44	41	1

- 1) See note 33 "Valuation allowances and provisions" for further details.
- 2) Premises charges include lease termination costs, moving expenses and losses related to the closure and sale of property.
- 3) Other charges include technology write-offs, rebranding and advertising costs and consultancy fees.

In 2001, restructuring charges of CHF 44 million related to the insurance business and CHF 19 million related to e-business activities.

During 2000, the Group recorded restructuring charges of CHF 1,499 million related to the acquisition of Donaldson, Lufkin & Jenrette, Inc. Personnel charges of CHF 900 million included CHF 664 million for announced and anticipated termination benefits and CHF 236 million for other personnel-related expenses including retention awards. Substantially all of the remaining CHF 43 million of restructuring costs in 2000 related to Winterthur Life & Pensions' acquisition of Colonial UK.

In 1999, restructuring charges of CHF 34 million related to Credit Suisse Asset Management's acquisition of Warburg Pincus Asset Management.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Taxes

in CHF m	2001	2000
Switzerland	659	953

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Foreign	755	1,981	1,
-----	-----	-----	-----
Current taxes	1,414	2,934	1,
-----	-----	-----	-----
Switzerland	140	30	(
Foreign	(1,068)	(1,615)	(
-----	-----	-----	-----
Deferred taxes	(928)	(1,585)	(
-----	-----	-----	-----
Total taxes	486	1,349	
-----	-----	-----	-----

15 Income statement of the insurance business

in CHF m	2001	2000	19
-----	-----	-----	-----
Non-life			
-----	-----	-----	-----
Net premiums written	16,840	14,632	12,60
Change in provision for unearned premiums and in provision for future policy benefits (health)	(1,833)	(1,113)	(54
-----	-----	-----	-----
Net premiums earned	15,007	13,519	12,05
-----	-----	-----	-----
Claims and annuities paid	(10,311)	(10,108)	(8,83
Change in provision for unpaid claims and annuities	(1,198)	(324)	(31
-----	-----	-----	-----
Claims and annuities incurred	(11,509)	(10,432)	(9,14
-----	-----	-----	-----
Dividends paid to policyholder	(290)	(309)	(34
Change in provision for future dividends to policyholders	(21)	(66)	(4
-----	-----	-----	-----
Dividends to policyholders incurred	(311)	(375)	(38
-----	-----	-----	-----
Operating expenses	(4,336)	(3,971)	(3,63
-----	-----	-----	-----
Underwriting result	(1,149)	(1,259)	(1,11
-----	-----	-----	-----
Net investment income	2,217	2,385	1,69
Interest received on deposits and bank accounts	29	96	9
Interest paid	(97)	(114)	(7
Other income/(expenses), including foreign currency translation impact	(165)	53	2
-----	-----	-----	-----
Profit before taxes and minority interests	835	1,161	61
-----	-----	-----	-----

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Income statement of the insurance business (continued)

in CHF m	2001	2000	1
----------	------	------	---

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Life

Net premiums written	17,203	15,172	14,203
Change in provisions for unearned premiums	(15)	(1)	(1)
Net premiums earned	17,188	15,171	14,192
Death and other benefits paid	(11,922)	(9,417)	(7,850)
Change in provisions for death and other benefits	(245)	(317)	(10)
Death and other benefits incurred	(12,167)	(9,734)	(8,060)
Change in provision for future policy benefits	(5,457)	(6,377)	(7,100)
Dividends paid to policyholders	(1,449)	(1,439)	(1,439)
Change in provision for future dividends to policyholders	1,162	(543)	(1,162)
Dividends to policyholders incurred	(287)	(1,982)	(1,982)
Operating expenses	(1,870)	(1,685)	(1,685)
Net investment income	3,651	6,051	5,051
Interest received on deposits and bank accounts	86	88	88
Interest on bonuses credited to policyholders	(135)	(116)	(116)
Interest paid	(193)	(215)	(215)
Other income/(expenses), including foreign currency translation impact	(53)	(416)	(416)
Profit before taxes and minority interests	763	785	785
Combined			
Profit before taxes and minority interests	1,598	1,946	1,946
Interest on debentures	(61)	(46)	(46)
Amortization of goodwill	(73)	(31)	(31)
Taxes	(378)	(406)	(406)
Profit before minority interests	1,086	1,463	1,463
Minority interests	(48)	(146)	(146)
Net profit	1,038	1,317	1,317

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Insurance premiums, claims and related reinsurance

in CHF m	2001	2000	1999
Non-life			
Switzerland	2,949	2,933	2,873
Other European countries	10,920	9,716	7,839
North America	3,536	3,213	2,627
Asia-Pacific	149	199	243

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Other regions	52	64	42
-----	-----	-----	-----
Direct written premiums	17,606	16,125	13,624
-----	-----	-----	-----
Assumed	806	383	277
Ceded	(1,572)	(1,876)	(1,297)
-----	-----	-----	-----
Net premiums written	16,840	14,632	12,604
-----	-----	-----	-----
Direct	16,162	14,711	13,084
Assumed	524	340	216
Ceded	(1,679)	(1,532)	(1,244)
-----	-----	-----	-----
Net premiums earned	15,007	13,519	12,056
-----	-----	-----	-----
Direct	(12,489)	(11,644)	(9,894)
Assumed	(451)	141	(406)
Ceded	1,431	1,071	1,155
-----	-----	-----	-----
Claims and annuities incurred, net	(11,509)	(10,432)	(9,145)
-----	-----	-----	-----
Life			
Switzerland	8,340	7,814	7,813
Other European countries	8,146	7,059	6,223
Asia-Pacific	707	564	148
-----	-----	-----	-----
Direct written premiums	17,193	15,437	14,184
-----	-----	-----	-----
Assumed	220	15	20
Ceded	(210)	(280)	(116)
-----	-----	-----	-----
Net premiums written	17,203	15,172	14,088
-----	-----	-----	-----
Direct	17,190	15,438	14,178
Assumed	208	14	20
Ceded	(210)	(281)	(108)
-----	-----	-----	-----
Net premiums earned	17,188	15,171	14,090
-----	-----	-----	-----
Direct	(12,189)	(9,788)	(8,086)
Assumed	(52)	(48)	(4)
Ceded	74	102	57
-----	-----	-----	-----
Death and other benefits incurred, net	(12,167)	(9,734)	(8,033)
-----	-----	-----	-----
Combined			
Direct written premiums	34,799	31,562	27,808
Assumed	1,026	398	297
Ceded	(1,782)	(2,156)	(1,413)
-----	-----	-----	-----
Net premiums written	34,043	29,804	26,692
-----	-----	-----	-----

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Net investment income from the insurance business

in CHF m	2001	2000	1999

Non-life			
Debt securities and loans	974	1,029	933
Equity securities	161	160	115
Real estate	127	120	128
Mortgages	60	59	58
Short-term investments	95	109	79
Non-consolidated participations	15	48	6

Investment income	1,432	1,525	1,319

Realized gains/(losses) on real estate	170	38	20
Realized gains/(losses) on other investments	750	1,022	482
(Depreciation)/appreciation on investments	(31)	(28)	(30)

Gains/(losses) on investments	889	1,032	472

Investment expenses	(104)	(172)	(100)

Net investment income	2,217	2,385	1,691

Life			
Debt securities and loans	2,798	2,793	2,592
Equity securities	462	404	387
Real estate	395	372	360
Mortgages	421	398	408
Short-term investments	85	67	49
Non-consolidated participations	14	9	0

Investment income	4,175	4,043	3,796

Realized gains/(losses) on real estate	31	40	(78)
Realized gains/(losses) on other investments	926	2,670	930
(Depreciation)/appreciation on investments	(123)	(105)	(86)

Gains/(losses) on investments	834	2,605	766

Investment income	224	214	111
Gains/(losses)	(1,338)	(544)	639

Net investment income where the investment risk is borne by policyholders	(1,114)	(330)	750

Investment expenses	(244)	(267)	(264)

Net investment income	3,651	6,051	5,048

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Net investment income from the insurance business (continued)

in CHF m	2001	2000	1999

Combined			
Debt securities and loans	3,772	3,822	3,525
Equity securities	623	564	502
Real estate	522	492	488
Mortgages	481	457	466
Short-term investments	180	176	128
Non-consolidated participations	29	57	6

Investment income	5,607	5,568	5,115

Gains/(losses) on investments	1,723	3,637	1,238
Net investment income where the investment risk is borne by policyholders	(1,114)	(330)	750
Investment expenses	(348)	(439)	(364)

Net investment income from the insurance business	5,868	8,436	6,739

18 Money market papers

in CHF m	31.12.01	31.12.00

Government treasury notes and bills	10,612	7,236
Money market placements	15,595	17,298
Other bills of exchange and money market papers	5,820	5,593

Total money market papers	32,027	30,127

of which rediscountable or pledgeable with central banks	12,698	9,162

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Loans

19.1 Due from banks in CHF m	31.12.01	31.12.00

Due from banks, gross	203,821	218,614
Valuation allowance	(36)	(93)

Total due from banks, net	203,785	218,521

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Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

19.2 Due from customers and mortgages in CHF m	31.12.01	31.12.00
<hr style="border-top: 1px dashed black;"/>		
Due from customers, gross	192,349	176,627
Valuation allowance	(6,198)	(6,199)
<hr style="border-top: 1px dashed black;"/>		
Due from customers, net	186,151	170,428
<hr style="border-top: 1px dashed black;"/>		
Mortgages, gross	95,685	96,926
Valuation allowance	(3,030)	(4,494)
<hr style="border-top: 1px dashed black;"/>		
Mortgages, net	92,655	92,432
<hr style="border-top: 1px dashed black;"/>		
Total due from customers and mortgages, net	278,806	262,860
<hr style="border-top: 1px dashed black;"/>		

Due from customers and mortgages by sector

in CHF m	31.12.01	31.12.00
<hr style="border-top: 1px dashed black;"/>		
Financial services	39,213	39,013
Real estate companies	17,627	16,870
Other services including technology companies	22,860	22,000
Manufacturing	12,791	12,536
Wholesale and retail trade	10,970	13,411
Construction	3,676	3,970
Transportation and communication	10,904	5,005
Health and social services	1,854	2,813
Hotels and restaurants	2,866	3,103
Agriculture and mining	1,600	2,706
Non-profit and international organizations	27	210
<hr style="border-top: 1px dashed black;"/>		
Commercial	124,388	121,637
<hr style="border-top: 1px dashed black;"/>		
Consumers	86,358	87,436
Public authorities	5,000	4,817
Lease financings	3,135	2,653
Professional securities transactions and securitized loans	69,153	57,010
<hr style="border-top: 1px dashed black;"/>		
Due from customers and mortgages, gross	288,034	273,553
<hr style="border-top: 1px dashed black;"/>		
Valuation allowance	(9,228)	(10,693)
<hr style="border-top: 1px dashed black;"/>		
Total due from customers and mortgages, net	278,806	262,860
<hr style="border-top: 1px dashed black;"/>		

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19.3 Collateral of due from customers and mortgages

in CHF m	Mortgage collateral	Other collateral	With collateral

Due from customers	5,902	121,338	58
Residential properties	64,856		
Business and office properties	11,487		
Commercial and industrial properties	11,117		
Other properties	5,195		

Mortgages	92,655		

Total collateral	98,557	121,338	58

As of December 31, 2000	98,389	105,801	58

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

19.4 Loan valuation allowance

in CHF m		
-----		31.
Due from banks		
Due from customers		
Mortgages		

Total loan valuation allowance		

of which on principal		
of which on interest		

Roll forward of loan valuation allowance

in CHF m	2001	

At beginning of financial year	10,786	1
Net additions charged to income statement	1,613	
Net write-offs	(3,805)	(
Balances acquired/(sold)	(3)	
Provisions for interest	400	
Foreign currency translation impact and other	273	

At end of financial year	9,264	1

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19.5 Impaired loans in CHF m		31.

With a specific allowance		1
Without a specific allowance		

Total impaired loans, gross		1

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19.5 Impaired loans (continued) in CHF m		31.

Non-performing loans		
Non-interest earning loans		
Restructured loans		
Potential problem loans		

Total impaired loans, gross		1

Impaired loans include non-performing loans, non-interest earning loans, troubled debt restructuring and potential problem loans. Troubled debt restructuring consists of: loans that are accruing at interest rates different from the original terms of such loans; restructurings involving the forgiveness of principal and/or accrued interest; or restructurings involving the receipt of an equity interest from the counterparty. On receipt of cash, suspended interest is recovered first, except when amounts are outstanding for costs and other late payment charges, in which case cash received is first applied to these costs and other late payment charges.

Potential problem loans consist of loans where interest payments are being made. However, there exists some doubt in the credit officer's assessment as to the timing and/or certainty of the repayment of contractual principal. At December 31, 2001, the Group did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled debt restructuring.

Other information in CHF m		2001	2000	

Average balance of impaired loans		14,197	16,545	2
Interest income which was recognized		184	314	
Interest income recognized on a cash basis		169	308	

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Recognized in connection with the sales of loans were CHF 162 million and CHF 39 million net losses during 2001 and 2000, respectively, and CHF 83 million net gains in 1999.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Securities and precious metals trading portfolios in CHF m	31.12.01	31.

Listed on stock exchange	66,308	6
Unlisted	91,434	6

Debt instruments	157,742	12

of which own bonds and medium-term notes	1,037	
Listed on stock exchange	44,202	5
Unlisted	5,123	

Equity instruments	49,325	6

of which own shares	4,410	
Precious metals	1,307	

Total securities and precious metals trading portfolios	208,374	19

of which rediscountable or pledgeable with central banks	77,306	7

Substantial assets and liabilities included in other balance sheet positions 1)		
Lent trading positions (due from banks and customers)	76	
Borrowed trading positions (due to banks and customers)	2,996	
Derivative instruments from trading activities		
Positive replacement values (other assets)	49,651	4
Negative replacement values (other liabilities)	52,386	4

1) These are valued at fair value and any related profit/loss is shown in net trading income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Own shares included in securities trading portfolios

	2001	2000
	No. of	No. of
	shares	shares
		in CHF

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In registered share equivalents, including derivatives

At beginning of financial year	6,035,628	46
At end of financial year	(92,891)	(

The number of shares has been adjusted for the 4-for-1 share split effective as of August 15, 2001.

22 Financial investments from the banking business

in CHF m	Cost		Market va
	31.12.01	31.12.00	31.12.01
Listed on stock exchange	--	--	--
Unlisted	--	--	--
Debt instruments	-	-	-
of which valued according to the accrual method	--	-	--
of which valued at lower of cost or market	1,176	965	1,098
of which own bonds and medium-term notes	-	-	-
Listed on stock exchange	3,849	3,564	5,706
Unlisted	--	-	--
Equity instruments	--	-	--
of which own shares	-	-	-
of which qualifying participations	-	-	-
Repossessed commodities	16	0	6
Precious metals	9	9	9
Real estate	2,291	2,620	2,080
Total financial investments from the banking business	--	--	--
of which valued at lower of cost or market	7,341	7,158	8,899
of which securities rediscountable or pledgeable with central banks	-	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Investments from the insurance business

December 31, 2001 in CHF m	Book value	Amortized cost	Gross unrealized gains	un
-------------------------------	------------	-------------------	------------------------------	----

Debt securities issued by Swiss Federal Government,

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cantonal or local governmental entities	8,287	8,205	152
Debt securities issued by foreign governments	19,503	19,252	474
Corporate debt securities	22,947	22,542	672
Other	15,823	15,409	543
-----	-----	-----	-----
Debt securities	66,560	65,408	1,841
-----	-----	-----	-----
Equity securities	22,332	22,145	2,406
-----	-----	-----	-----
Total securities - available-for-sale	88,892	87,553	4,247
-----	-----	-----	-----
Debt securities	1,858	--	--
Equity securities	37	--	--
-----	-----	-----	-----
Total securities - trading	1,895	--	--
-----	-----	-----	-----
Own shares	184	--	--
Mortgage loans	9,811	--	--
Other loans	4,648	--	--
Real estate	7,549	--	--
Short-term investments and other	3,793	--	--
-----	-----	-----	-----
Investments from the insurance business	116,772	--	--
-----	-----	-----	-----
Equity securities	10,934	--	--
Debt securities	2,495	--	--
Short-term investments	794	--	--
Real estate	296	--	--
-----	-----	-----	-----
Investments where the investment risk is borne by the policyholders	14,519	--	--
-----	-----	-----	-----
Total investments from the insurance business	131,291	--	--
-----	-----	-----	-----

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Investments from the insurance business (continued)

December 31, 2000 in CHF m	Book value	Amortized cost	Gross unrealized gains	un
-----	-----	-----	-----	-----
Debt securities issued by Swiss Federal Government, cantonal or local governmental entities	5,748	5,645	128	
Debt securities issued by foreign governments	18,497	18,012	648	
Corporate debt securities	36,381	35,829	1,111	
Other	2,952	2,736	260	
-----	-----	-----	-----	-----
Debt securities	63,578	62,222	2,147	
-----	-----	-----	-----	-----
Equity securities	31,718	24,114	9,021	
-----	-----	-----	-----	-----
Total securities - available-for-sale	95,296	86,336	11,168	
-----	-----	-----	-----	-----

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Own shares	59	--	--
Mortgage loans	9,424	--	--
Other loans	4,316	--	--
Real estate	7,098	--	--
Short-term investments and other	3,550	--	--

Investments from the insurance business	119,743	--	--

Equity securities	10,136	--	--
Debt securities	1,233	--	--
Short-term investments	1,402	--	--
Real estate	118	--	--

Investments where the investment risk is borne by the policyholders	12,889	--	--

Total investments from the insurance business	132,632	--	--

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Own shares included in financial investments from the banking and insurance business

	2001 No. of shares	2001 in CHF m

In registered share equivalents, including derivatives		
At beginning of financial year	471,484	36
At end of financial year	11,048,553	777

The number of shares has been adjusted for the 4-for-1 share split effective as of August 15, 2001.

25 Non-consolidated participations

in CHF m	Cost	Accumulated write-offs	Net book value 31.12.00	Additions	Disposals	Write-offs	a

Investments in associates	1,459	0	1,459	173	(267)	(15)	
Other non-consolidated participations	385	(15)	370	217	(86)	(71)	

Total non-consolidated participations	1,844	(15)	1,829	390	(353)	(86)	

Listed on stock exchange			0				
Unlisted			1,829				

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26. Tangible fixed assets in CHF m	Own use premises	Real estate investment	Leasehold improvements

Historical cost			
At beginning of financial year	6,772	508	2,175
Additions	349	22	377
Disposals and write-offs	(91)	(16)	(414)
Balances acquired/(sold)	(14)	(3)	(82)
Reclassifications 1)	(233)	(56)	(53)
Foreign currency translation impact	(5)	7	41

At end of financial year	6,778	462	2,044

Accumulated depreciation			
At beginning of financial year	1,186	61	471
Depreciation	192	15	206
Disposals and write-offs	(39)	1	(56)
Balances acquired/(sold)	(9)	(3)	2
Reclassifications 1)	(116)	(6)	7
Foreign currency translation impact	(3)	(1)	8

At end of financial year	1,211	67	638

Net book value at end of financial year	5,567	395	1,406

Net book value at beginning of financial year	5,586	447	1,704

1) Including CHF 148 m transfer to real estate held for investment from the insurance business, CHF 45 m to real estate held for sale and CHF 33 m to intangible assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fire insurance values in CHF m	31.12.01	31.12.00

Real estate (including investments from the insurance business)	18,462	18,625
Other tangible fixed assets	3,911	3,889

27. Operating leases

The following is a schedule of future minimum rental payments required under operating leases-les transactions that have initial or remaining non-cancelable lease terms in excess of one year, as December 31, 2001.

in CHF m

31.12

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2002	8
2003	7
2004	6
2005	6
2006	5
Thereafter	5,1

Future operating lease commitments	8,4
Minimum non-cancelable sublease rentals	(2)

Total net future minimum lease commitments	8,1

The following shows the composition of total rent expense for all operating leases except those with a term of one month or less that were not renewed for the years ended December 31:

Rental expenses in CHF m	2001	2000

Minimum rentals	860	585
Contingent rentals	0	3

Gross rental expenses	860	588
Sublease rental income	(43)	(17)

Total net rental expenses	817	571

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Intangible assets

in CHF m	Acquired intangible assets	Goodwill	Present value of future profits 1)	Softwa

Historical cost				
At beginning of financial year	7,291	13,201	2,575	1,0
Additions	39	1,607	59	6
Disposals and write-offs	(739)	(283)	0	(1
Unrealized gains/(losses)	--	--	31	
Balances acquired/(sold)	0	0	0	(
Reclassifications 2)	0	(52)	11	(
Foreign currency translation impact	199	247	(46)	

At end of financial year	6,790	14,720	2,630	1,5

Accumulated depreciation				
At beginning of financial year	171	332	53	3
Depreciation and amortization	793	770	237 3)	3
Disposals and write-offs	(69)	(36)	0	(
Balances acquired/(sold)	0	0	0	(
Reclassifications 2)	0	(4)	11	(
Foreign currency translation impact	(3)	(6)	(6)	

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At end of financial year	892	1,056	295	6
Net book value at end of financial year	5,898	13,664	2,335	9
Net book value at beginning of financial year	7,120	12,869	2,522	7

- 1) PVFP: Present value of future profits embedded in each life and health insurance portfolio purchased, see note 1 Summary of significant accounting policies.
- 2) Including CHF 33 m transfer from tangible assets and CHF 46 m to provisions.
- 3) Interest accrued of CHF 157 m on the unamortized PVFP balance is presented net against amortization.

29. Other assets in CHF m	31.12.01	31.12.00
Trading derivative instruments	49,651	43,919
Other derivative instruments	1,378	1,118
Positive replacement value of derivative instruments	51,029	45,037
Deferred tax assets	6,910	6,883
Other	5,857	2,748
Total other assets	63,796	54,668

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Assets pledged or assigned and assets subject to ownership reservation 1) in CHF m	31.12.01	31.12.00
Assets pledged and assigned as collateral		
of which assets provided with the right to sell or repledge with respect to securities lending	141,993	108,770
Actual commitments secured	125,274	91,968
	114,785	92,940

- 1) None of the Group's assets were under reservation of ownership, either in the current or in the previous year.

Other information in CHF m	31.12.01	31.12.00
Cash restricted under Swiss and foreign banking regulations	13,529	9,872

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31. Medium-term notes and bonds in CHF m	31.12.01	31.12.00

Medium-term notes (cash bonds)	3,019	3,225
Bonds issued by Credit Suisse Group and subsidiaries	80,015	63,985
Bond issued by central issuing office of the Association of Swiss Regional Banks	0	38
Mortgage bonds issued by the Swiss Mortgage Bond Bank	1,490	1,501

Bonds and mortgage-backed bonds	81,505	65,524

Total medium-term notes and bonds	84,524	68,749

of which subordinated bonds	20,746	21,769

Maturity structure in CHF m	Medium-term notes	Bonds	Total 31.12.01

2002	991	18,267	19,258
2003	986	11,000	11,986
2004	698	7,790	8,488
2005	183	11,166	11,349
2006	100	13,280	13,380
Thereafter	61	20,002	20,063

Total	3,019	81,505	84,524

For further details see note 45 bonds issued.

In addition, as of December 31, 2001, the Group had unused lines of credit for short-term financing arrangements of CHF 8,328 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Other liabilities

in CHF m

Trading derivative instruments
Other derivative instruments

Negative replacement value of derivative instruments

Compensation account
Other

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 Total other liabilities

33 Valuation allowances and provisions

in CHF m	Valuation allowances 1)	Provision for credit risks 2)	Provision for other business risks	Provision for restructuring 3)	Other provisions	Pr
At beginning of financial year	10,789	391	702	1,033	1,199	
Net additions charged to income statement	1,634	84	157	63	807	
Net additions charged to equity	--	--	--	--	--	
Net write-offs	(3,805)	(14)	(180)	(844)	(582)	
Balances acquired/(sold)	(3)	0	(1)	0	(1)	
Provisions for interest	402	0	0	0	0	
Change in definition of purpose (reclassifications)	252	(178)	(103)	(1)	107	
Foreign currency translation impact	50	8	8	38	9	
At end of financial year	9,319	291	583	289	1,539	

- 1) Including valuation allowances for money market papers and debt instruments included in financial investments from the banking business.
- 2) Including off-balance sheet risks.
- 3) In 2001, the restructuring provision for Donaldson, Lufkin & Jenrette, Inc. declined by CHF 676 m from CHF 854 m to CHF 178 m.
- 4) The increase in deferred tax assets of CHF 1,054 m is not included in provisions for taxes and deferred taxes.
- 5) Change owing to deferred taxes on unrealized gains/(losses) on investments from the insurance business.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Technical provisions for the insurance business

in CHF m	Gross 31.12.01
Non-life Provision for unearned premiums	6,415

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Provision for future policyholder benefits (health)	3,414
Provision for unpaid claims and claim adjustment expenses	18,656
Actuarial provision for annuities	1,507
Provision for future dividends to policyholders	1,454
-----	-----
Technical provisions	31,446
-----	-----
Life	
Provision for unearned premiums	15
Provision for future policyholder benefits	84,829
Provision for death and other benefits	3,712
Provision for future dividends to policyholders	4,328
Bonuses held on deposit	3,458
-----	-----
Technical provisions	96,342
-----	-----
Provisions for insurance policies, where the investment risk is borne by policyholders	15,098
-----	-----
Total technical provisions for the insurance business	142,886
-----	-----

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Statement of shareholders' equity

in CHF m	Reserve for general banking risks	Share capital	Capital reserves	Revaluation reserves
As of December 31, 1998	2,048	5,382	10,994	5,994
Dividends paid				
Capital increases, par value and capital surplus		62	701	
Transfer of reserves			5	
Balances acquired/(sold)				
Acquisition of minority interests				
Change in revaluation reserves, net				(479)
Foreign currency translation impact				
Reclassifications from provisions	3			
Allocation to reserve for general banking risks	101			
Release of reserve for general banking risks	(21)			
Net profit				
-----	-----	-----	-----	-----
As of December 31, 1999	2,131	5,444	11,700	5,515
-----	-----	-----	-----	-----
of which reserve for own shares			600	
Dividends paid				
Capital increases, par value and capital surplus		565	8,151	
Transfer of reserves			31	
Balances acquired/(sold)				
Acquisition of minority interests				
Change in revaluation reserves, net				(726)
Foreign currency translation impact				

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Reclassifications from provisions	6			
Allocation to reserve for general banking risks	190			
Release of reserve for general banking risks	(8)			
Net profit				

As of December 31, 2000	2,319	6,009	19,882	4,789

of which reserve for own shares			600	
Dividends paid				
Repayment out of share capital		(2,392)		
Capital increases, par value and capital surplus		11	164	
Cancellation of repurchased shares		(38)	(531)	
Balances acquired/(sold)				
Acquisition of minority interests				
Change in revaluation reserves, net				(4,040)
Foreign currency translation impact				
Net profit				

As of December 31, 2001	2,319	3,590	19,515	749

of which reserve for own shares			69	

in CHF m		Total		

As of December 31, 1998		26,560		
Dividends paid		(1,430)		
Capital increases, par value and capital surplus		766		
Transfer of reserves		0		
Balances acquired/(sold)		226		
Acquisition of minority interests		(643)		
Change in revaluation reserves, net		(515)		
Foreign currency translation impact		1,318		
Reclassifications from provisions		3		
Allocation to reserve for general banking risks		101		
Release of reserve for general banking risks		(21)		
Net profit		4,318		

As of December 31, 1999		30,683		

of which reserve for own shares		600		
Dividends paid		(1,986)		
Capital increases, par value and capital surplus		9,627		
Transfer of reserves		0		
Balances acquired/(sold)		190		
Acquisition of minority interests		(1)		
Change in revaluation reserves, net		(498)		
Foreign currency translation impact		(703)		
Reclassifications from provisions		6		
Allocation to reserve for general banking risks		190		
Release of reserve for general banking risks		(8)		
Net profit		6,022		

As of December 31, 2000		43,522		

of which reserve for own shares		600		
Dividends paid		(175)		
Repayment out of share capital		(2,392)		

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Capital increases, par value and capital surplus	1,160
Cancellation of repurchased shares	(569)
Balances acquired/(sold)	(241)
Acquisition of minority interests	(12)
Change in revaluation reserves, net	(4,298)
Foreign currency translation impact	112
Net profit	1,814

As of December 31, 2001	38,921

of which reserve for own shares	2,469

1) For information relating to redeemable preferred securities see next page.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Statement of shareholders' equity (continued)
Significant shareholders

BZ Group Holding has notified Credit Suisse Group that it held as of December 31, 2001, on a consolidated basis 86,526,357 registered shares, corresponding to 7.2% of the total issued and outstanding registered shares of Credit Suisse Group, of which 1.3% were recorded for the benefit of BZ Group Holding in the share register of Credit Suisse Group with the right to vote.

Redeemable preferred securities

The Group has non-cumulative guaranteed perpetual preferred securities (preferred securities) outstanding as listed below. They are issued through fully owned special purpose subsidiaries in Guernsey, Channel Islands, that are established for the exclusive purpose of issuing such preferred securities and investing the gross proceeds in notes receivable of the Group. The preferred securities are classified as minority interests. The Group has made unsecured, subordinated guarantees for the benefit of the holders of the preferred securities.

Issuer	Issue date	Currency	Notional amount in m	Liquidation value in CHF m	C
Credit Suisse First Boston Capital (Guernsey) I Ltd.	June 1999	USD	125	209	
Credit Suisse Group Capital (Guernsey) II Ltd.	June 2000	EUR	250	371	
Credit Suisse Group Capital (Guernsey) III Ltd.	June 2000	GBP	150	364	
Credit Suisse Group Capital (Guernsey) IV Ltd.	June 2000	CHF	150	150	
Credit Suisse Group Capital (Guernsey) V Ltd.	November 2001	EUR	400	593	
Credit Suisse Group Capital (Guernsey) VI Ltd.	December 2001	JPY	30,500	389	

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Total as of December 31, 2001

2,076

1) Based on six-month LIBOR as of December 29, 2001, plus 1.70%

36 Liabilities due to own pension funds

in CHF m

31

Liabilities due to own pension funds

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 Loans to members of the Group's governing bodies 1)

in CHF m

31.12.

At beginning of financial year

Additions

Reductions

At end of financial year

Loans to companies controlled by members of the Group's governing bodies

Contingent liabilities towards companies controlled by members of the Group's governing bodies

1) Members of the Group's governing bodies are defined as members of the Credit Suisse Group Board of Directors and the Group Executive Board.

38 Maturity structure of current assets and borrowed funds

in CHF m	At sight	Redeemable by notice	Due within 3 months	Due within 3 to 12 months	Due within 12 months to 5 years
Current assets					
Cash and other					
liquid assets	3,092				
Money market papers	10,519	233	18,488	2,555	219
Due from banks	18,774	64,790	103,754	14,688	1,508
Receivables from the					
insurance business		11,823			
Due from customers	36,159	40,315	65,388	18,846	16,009
Mortgages	1	24,008	8,066	14,292	31,968
Securities and					

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precious metals trading portfolios	208,374				
Financial investments from the banking business	18,940	476	423	4,301	10,715
Total current assets	295,859	141,645	196,119	54,682	60,419
As of December 31, 2000	276,648	54,012	291,022	45,958	50,180
Borrowed funds					
Money market papers issued	0	0	16,479	1,603	1,160
Due to banks	126,483	35,939	148,910	23,262	503
Payables from the insurance business	11,864				
Due to customers in savings and investment deposits	11	37,903	119	91	109
Due to customers, other	88,143	25,228	122,458	9,786	12,503
Medium-term notes (cash bonds)	0	0	140	851	1,967
Bonds and mortgage-backed bonds	0	0	4,224	14,043	43,236
Total borrowed funds	226,501	99,070	292,330	49,636	59,478
As of December 31, 2000	226,768	63,304	317,156	45,136	34,866

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 Securities lending and borrowing and repurchase agreements in CHF m	31.12.01	31.12.00
Due from banks	71	174
Due from customers	5	9
Securities lending	76	183
Due from banks	163,666	179,494
Due from customers	66,921	53,100
Reverse repurchase agreements	230,587	232,594
Due to banks	2,823	2,287
Due to customers	173	326
Securities borrowing	2,996	2,613

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Due to banks	138,450	130,331
Due to customers	67,688	40,844
Repurchase agreements	206,138	171,175

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

Other information
in CHF m

31.12.01
31.12.00

Collateral received at fair value with the right to sell or repledge of which sold or repledged at fair value	368,020	300,929
	362,962	291,539

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Balance sheet by origin 1)
in CHF m

Switzerland Foreign Switzerland
31.12.01 31.12.01 31.12.00

Assets			
Cash and other liquid assets	2,725	367	2,589
Money market papers	3,758	28,269	3,203
Due from banks	3,829	199,956	6,510
Receivables from the insurance business	5,734	6,089	3,751
Due from customers	35,473	150,678	35,624
Mortgages	74,740	17,915	72,012
Securities and precious metals trading portfolios	8,962	199,412	15,108
Financial investments from the banking business	5,100	32,206	4,109
Investments from the insurance business	50,800	80,491	53,396
Non-consolidated participations	986	860	580
Tangible fixed assets	4,666	4,756	4,675
Intangible assets	904	21,946	778
Accrued income and prepaid expenses	3,879	14,216	2,847
Other assets	6,871	56,925	5,522
Total assets	208,427	814,086	210,704

Liabilities and shareholders' equity

Money market papers issued	361	18,891	175
Due to banks	34,032	301,900	42,051
Payables from the insurance business	6,999	4,865	3,563
Due to customers in savings and investment deposits	35,152	3,395	35,555
Due to customers, other	76,070	185,682	58,215
Medium-term notes (cash bonds)	3,019	0	3,225
Bonds and mortgage-backed bonds	10,248	71,257	11,688

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Accrued expenses and deferred income	3,845	21,667	3,966
Other liabilities	4,555	51,938	9,305
Valuation adjustments and provisions	2,673	8,689	4,347
Technical provisions for the insurance business	57,984	80,370	55,580
Shareholders' equity (excluding minority interests)	12,217	23,583	15,087
Minority interests	306	2,815	128

Total liabilities and shareholders' equity	247,461	775,052	242,885

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

1) The analysis is based on customers' domicile.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Balance sheet by currencies
in CHF m

	Swiss francs	US dollars	Other currencies

Assets			
Cash and other liquid assets	2,475	63	55
Money market papers	3,724	17,666	10,63
Due from banks	6,636	118,093	79,05
Receivables from the insurance business	5,734	870	5,21
Due from customers	37,292	120,485	28,37
Mortgages	75,879	16,076	70
Securities and precious metals trading portfolios	10,351	110,666	87,35
Financial investments from the banking business	9,858	16,994	10,45
Investments from the insurance business	50,827	3,723	76,74
Non-consolidated participations	945	755	14
Tangible fixed assets	4,763	2,663	1,99
Intangible assets	909	18,023	3,91
Accrued income and prepaid expenses	3,987	6,108	8,00
Other assets	4,703	47,243	11,85

Total assets	218,083	479,428	325,00

As of December 31, 2000	218,531	483,055	285,84

Liabilities and shareholders' equity			
Money market papers issued	162	18,866	22
Due to banks	28,600	173,822	133,51
Payables from the insurance business	6,999	132	4,73
Due to customers in savings and investment deposits	38,252	0	29
Due to customers, other	53,667	160,422	47,66
Medium-term notes (cash bonds)	3,019	0	
Bonds and mortgage-backed bonds	13,981	47,755	19,76
Accrued expenses and deferred income	3,279	17,932	4,30
Other liabilities	3,557	47,796	5,14
Valuation adjustments and provisions	2,578	3,887	4,89
Technical provisions for the insurance business	57,984	2,943	77,42
Shareholders' equity (excluding minority interests)	11,925	14,644	9,23
Minority interests	448	278	2,39

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Total liabilities and shareholders' equity	224,451	488,477	309,58
<hr style="border-top: 1px dashed black;"/>			
As of December 31, 2000	226,624	463,693	297,11
<hr style="border-top: 1px dashed black;"/>			

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Share-based compensation

All share-related data have been adjusted for the 4-for-1 share split effective as of August 15, 2001. The Group has adopted several share-based compensation programs, which are a key feature of the overall compensation package to employees and senior executives. These programs generally represent a portion of employee bonuses. They are also awarded as retention incentives or special awards. At December 31, 2001, the Group had conditional capital of 45,206,248 shares available for future share-based option and award programs. However, the Group is also able to satisfy its obligation for these programs through share repurchases.

INCENTIVE SHARE OPTION PLANS

The Group has share option plans under which incentive options may be periodically granted to key employees. The options are granted at an exercise price generally not less than the fair value of the shares at the date of grant, have a vesting term of between zero and three years following the date of grant, are generally blocked from exercise for four years following the date of grant and generally expire from four to ten years from the date of grant. Additionally, some plans are subject to performance-based vesting criteria.

Most of the options granted through and including the year 1999 have performance features that allow vesting upon the attainment of specified share prices or earnings levels. Options granted in 1996 included a five year performance-based feature and were granted at a price of CHF 33.13 per share, and options granted in 1998 included a five year performance-based feature and were granted at a price of CHF 67.50 per share. Options vesting due to the attainment of performance criteria totaled 3,780,000 and 13,180,000, respectively, during 1999 and 1998. At December 31, 2001, no outstanding options were subject to performance-based vesting requirements.

In connection with the acquisition of DLJ, the Group replaced certain outstanding options to purchase shares of DLJ previously granted by DLJ. Specifically, in November 2000, the Group granted 24,400,144 vested and unvested options to the holders of the DLJ options. The following tables and amounts include the effect of these grants. There were no compensation charges at the date of grant.

The Group recognized no other compensation expense related to options plans in 2001, 2000 or 1999. For certain share option plans, the employee may elect to receive cash in lieu of shares. In 2001, 2000 and 1999, options totaling 3,135,000, 5,264,000 and 3,604,000, respectively, were exercised in this manner. In January 2002, pursuant to the Group's incentive compensation plan, 32,181,261 options were granted at an exercise price of CHF 65.75.

During 2001, certain vesting schedules were accelerated according to the terms and conditions of the plans. As a consequence, 1,087,900 options vested and became immediately exercisable. In addition, 1,038,836 already vested options also became immediately exercisable. These options are included in the number of exercisable options and in the pro forma expenses for 2001.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Share-based compensation (continued)

Share option activities during the periods indicated are as follows: 1)

in CHF (except no. of options)	Number of options 2001	Weighted-average exercise price 2001	Number of options 2000	Weighted-average exercise price 2000
Outstanding at beginning of financial year	54,988,916	62.03	18,092,396	49.22
Granted during the year 2)	39,890,090	68.21	47,977,904 3)	60.22
Exercised during the year	(5,752,475)	39.53	(9,906,516)	30.22
Forfeited during the year	(1,550,108)	34.42	(1,174,868)	46.22
Outstanding at end of financial year	87,576,423	66.81	54,988,916	62.22
Exercisable at end of financial year	15,742,784	45.45	11,547,612	29.22

- 1) Certain restatements have been made to prior-period amounts to conform to the current presentation.
- 2) Includes a substantial amount of share options granted to employees subsequent to the financial year-end as part of the financial year compensation.
- 3) Includes options totaling 24,400,144, granted to former holders of DLJ options at a weighted-average exercise price of CHF 36.22.

The table below provides additional information for options outstanding as of December 31, 2001.

Range of exercise price in CHF	Options outstanding			Options exercisable	
	Number of options outstanding	Weighted-average remaining life in years	Weighted-average exercise price in CHF	Number of options exercisable	Weighted-average exercise price
12.50 - 25.00	4,556,920	4.08	15.44	4,556,920	15.44
25.01 - 37.50	1,987,600	5.98	34.90	1,826,376	34.90
37.51 - 50.00	4,615,516	7.37	44.58	2,013,256	44.58
50.01 - 62.50	7,414,993	7.68	53.83	2,589,284	53.83
62.51 - 75.00	41,209,174	9.25	66.79	3,060,696	66.79
75.01 - 100.00	27,792,220	9.00	84.72	1,696,252	84.72
	87,576,423	8.60	66.81	15,742,784	66.81

Share option plans -- pro forma information

The Group has adopted the pro forma disclosure only requirement of SFAS

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NO. 123, ACCOUNTING FOR STOCK BASED COMPENSATION (SFAS No. 123), which requires companies to measure and disclose pro forma employee share compensation based on the fair value based method of accounting. For option plans with a cash settlement feature the pro forma expense of the period is the change of the intrinsic value of the options outstanding during the period. The pro forma expense for option plans with no cash

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Share-based compensation (continued)

settlement feature is calculated based on the fair value at the grant date for those options, which have vested during the period.

in CHF m, except the per share amounts		2001	2000
Net profit	As reported	1,587	5,700
	Pro forma) 2) 3)	1,026	5,400
Earnings per share	As reported	1.33	5.00
	Pro forma) 2) 3)	0.86	4.00
Earnings per share - diluted	As reported	1.32	5.00
	Pro forma) 2) 3)	0.85	4.00

- 1) The above pro forma amounts are not indicative of future reported net profits.
- 2) The pro forma net profit calculation includes options granted subsequent to the financial year-end as part of the financial year compensation.
- 3) Certain restatements have been made to prior-period amounts to conform to the current presentation.

The following amounts are the weighted-average of fair values of options at the date of grant relating to options whose exercise price was equal to the market price of the Group's shares at the date of grant. 1) 2)

in CHF	2001	2000 3)	1999
Weighted-average fair values of options at the date of grant	19.61	23.11	20.35
Weighted-average exercise prices per share option granted	68.21	84.69	73.92

- 1) Weighted-average calculation includes options granted subsequent to the financial year-end as part of the financial year compensation.
- 2) Certain restatements have been made to prior-period amounts to conform to the current presentation.
- 3) For certain options which were granted during 2000, related to the DLJ acquisition, the exercise price was less than market price of the Group's shares at the date of grant. For these options, the per share weighted-average of both the fair values at the date of grant and the

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exercise prices were CHF 57.77 and CHF 36.22, respectively.

The fair values were estimated using the Black-Scholes option pricing model and the following weighted-average assumptions were made: 1) 2)

Share option plans	2001	2000	1999
Expected dividend yield	2.75%	2.75%	2.27%
Expected life of share options, in years	5	5	5
Expected volatility	37.70%	35.12%	32.54%
Expected CHF risk-free interest rates	2.98%	3.19%	3.64%

- 1) Weighted-average calculation includes options granted subsequent to the financial year-end as part of the financial year compensation.
- 2) Certain restatements have been made to prior-period amounts to conform to the current presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Share-based compensation (continued) SHARE AWARD PLANS

The Group also has share award plans, which provide shares to its employees. Awards are generally a fixed monetary amount with the actual number of shares being determined by the Compensation and Appointments Committee on the date of the grant. The most significant plans are the CSG Swiss Share Plan and the CSG International Share Plan which includes the DLJ Retention Plan.

Awards under the CSG Swiss Share Plan vest 100% and are owned by the recipient upon grant. Awards under the CSG International Share Plan are subject to forfeiture provisions for two years. Longevity premium awards under both plans vest on the third anniversary of the date of the grant. Most of the shares granted under these plans cannot be sold before the fourth anniversary of the date of grant. Awards made in November 2000 under the DLJ Retention Plan vest over three years and can be sold upon vesting.

During 2001, certain vesting schedules were accelerated according to the terms and conditions of the plans. As a consequence 468,764 shares under the DLJ Retention Plan vested immediately and were delivered during 2001. Since these activities continued in 2002, 1,669,792 shares under the DLJ Retention Plan vested immediately and were delivered during 2002. The expenses due to accelerated vesting are included in the profit and loss of the respective period.

The table below shows the details of shares granted under all the share award plans during the periods indicated. 1)

	2001	2000	
Shares awarded 1) 2)	23,504,774	50,381,996 3)	24,
Weighted-average fair value at the date of grant, in			

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CHF 1) 2)

71.73

81.72

- 1) Includes a substantial amount of shares granted to employees subsequent to the financial year-end as part of the financial year compensation.
- 2) Certain restatements have been made to prior-period amounts to conform to the current presentation.
- 3) Specifically, 25,782,568 shares were awarded under the DLJ Retention Plan in November 2000.

In January 2002, pursuant to the Group's share award plans, 7,120,931 shares were granted at a price of CHF 70.65 per share for 2001. The expense for share-based compensation for the years ended December 31, 2001, 2000 and 1999 was CHF 2.1 billion, CHF 2.0 billion and CHF 0.8 billion, respectively. These amounts include charges related to awards earned for the reporting period, but granted in the following years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Foreign currency translation rates

in CHF	Year-end rate used in the balance sheet		Average rate used in the income statement	
	31.12.01	31.12.00	2001	2000
1 US dollar (USD)	1.6754	1.6346	1.6900	1.6700
1 Euro (EUR)	1.4824	1.5242	1.5100	1.5400
1 British pound sterling (GBP)	2.4282	2.4442	2.4300	2.5300
1 Canadian dollar (CAD)	1.0534	1.0899	1.0900	1.1200
1 Singapore dollar (SGD)	0.9056	0.9437	0.9400	0.9700
1 Hong Kong dollar (HKD)	0.2149	0.2096	0.2165	0.2140
100 German marks (DEM)	75.7939	77.9311	77.2300	78.8000
100 Dutch guilders (NLG)	67.2684	69.1652	68.5500	69.9500
100 French francs (FRF)	22.5990	23.2363	23.0300	23.5000
100 Italian lire (ITL)	0.0766	0.0787	0.0780	0.0795
100 Japanese yen (JPY)	1.2759	1.4252	1.3900	1.5500
100 Spanish pesetas (ESP)	0.8909	0.9160	0.9080	0.9260

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Principal participations

Principal fully consolidated participations as of December 31, 2001

% of equity capital held	Company name	Domicile

	Credit Suisse Group	Zurich, Sw
100	Credit Suisse	Zurich, Sw
100	Credit Suisse First Boston	Zurich, Sw
100	"Winterthur" Swiss Insurance Company	Winterthur, Sw
99	Neue Aargauer Bank	Aarau, Sw
50	Swisscard AECS AG	Zurich, Sw
100	Bank Leu AG	Zurich, Sw
100 1)	Bank Hofmann AG	Zurich, Sw
88	Clariden Holding AG	Zurich, Sw
100	BGP Banca di Gestione Patrimoniale S.A.	Lugano, Sw
100	Bank Leu (Luxembourg) S.A.	Luxembourg, L
100	Credit Suisse Fides	Zurich, Sw
100	Credit Suisse Trust AG	Zurich, Sw
100	Credit Suisse Trust Holdings Ltd.	St. Peter Port,
100	Credit Suisse IT Assets AG	Zurich, Sw
100	Fides Information Services	Zurich, Sw
100	Credit Suisse Group Finance (Guernsey) Ltd.	St. Peter Port,
100	Credit Suisse Group Capital (Guernsey) II Ltd.	St. Peter Port,
100	Credit Suisse Group Capital (Guernsey) III Ltd.	St. Peter Port,
100	Credit Suisse Group Capital (Guernsey) IV Ltd.	St. Peter Port,
100	Credit Suisse Group Capital (Guernsey) V Ltd.	St. Peter Port,
100	Credit Suisse Group Capital (Guernsey) VI Ltd.	St. Peter Port,
100	Credit Suisse Group Finance (US) Inc.	Wilmington
100	Credit Suisse Group Finance (Luxembourg) S.A.	Luxembourg, L
100	Credit Suisse First Boston Private Equity	Zug, Sw
100	Merban Equity	Zug, Sw
100	CSFB IGP	Zug, Sw
100	PE Portfolio Investment Holding	Zug, Sw
100	Credit Suisse Group PE Holding AG	Zug, Sw
100 2)	Credit Suisse First Boston International	London, Unite
88	Hotel Savoy Baur en Ville	Zurich, Sw
100	Wincasa	Winterthur, Sw

1) 33.33% held by Credit Suisse.

2) 80% held by Credit Suisse First Boston.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Principal participations (continued)

Principal fully consolidated participations as of December 31, 2001

% of equity capital held	Company name	Domicile

100	Credit Suisse	Zurich, Switzerla
94	City Bank	Zurich, Switzerla
100	Schweizerische Schiffshypothekenbank	Basle, Switzerla

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100	Credit Suisse Immobilien Leasing AG	Zurich, Switzerland
50	Credit Suisse Fleetmanagement	Zurich, Switzerland
94	Innoventure Capital AG	Zurich, Switzerland
100	WECO Inkasso AG	Zurich, Switzerland
100	ABZ Finanz- und Beteiligungsgesellschaft AG	Zug, Switzerland
100	Credit Suisse (UK) Ltd.	London, United Kingdom
100	Credit Suisse (Guernsey) Ltd.	St. Peter Port, Guernsey
100	Credit Suisse (Gibraltar) Ltd.	Marina Bay, Gibraltar
100	Credit Suisse (Bahamas) Ltd.	Nassau, Bahamas
100	Credit Suisse Hottinguer S.A.	Paris, France
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany
100	Credit Suisse (Italy) S.p.A.	Milan, Italy
100	Credit Suisse Gestion S.G.I.I.C. S.A.	Madrid, Spain
100	Credit Suisse Asesoramiento y Servicios S.A.	Madrid, Spain
100	Credit Suisse Investment Consulting (Taiwan) Ltd.	Taipei, Taiwan
100	Credit Suisse Investment Advisory (Hong Kong) Ltd.	Hong Kong, China
100	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco
100	Credit Suisse (Austria) Vermögensverwaltungs AG	Vienna, Austria
100	Credit Suisse Securities Ltd.	London, United Kingdom
100	Swiss American Corporation	New York, NY, USA
100	JOHIM (Holdings) Ltd.	London, United Kingdom
100	EFFUS AG	Zurich, Switzerland
100	General de Valores y Cambios, S.V.B., S.A. (GVC)	Barcelona, Spain
100	GVC, Gestion, S.G.I.I.C., S.A.	Barcelona, Spain
100	Frye-Louis Capital Management Holding Co., Inc.	Wilmington, DE, USA
60	1) Swiss Egyptian Portfolio Management	Cairo, Egypt
100	Capital.e AG	Zug, Switzerland
100	Credit Suisse International Services Ltd.	St. Peter Port, Guernsey
100	CSFB Non-Traditional Investments Ltd.	Nassau, Bahamas
100	Pearl Investment Management Ltd.	Nassau, Bahamas
100	Credit Suisse First Boston	Zurich, Switzerland
100	2) Credit Suisse First Boston, Inc.	New York, NY, USA
100	Credit Suisse First Boston Corp.	New York, NY, USA
100	Credit Suisse First Boston Mortgage Capital LLC	New York, NY, USA
100	Credit Suisse First Boston Management Corp.	New York, NY, USA
100	Credit Suisse First Boston (USA) Inc.	New York, NY, USA
100	Donaldson, Lufkin & Jenrette Securities Corp.	New York, NY, USA
100	Banco de Investimentos Credit Suisse First Boston S.A. Brazil	Sao Paulo, Brazil
100	Credit Suisse First Boston (Bahamas) Ltd.	Nassau, Bahamas
100	Credit Suisse First Boston Canada	Toronto, Canada
100	AJP Cayman Ltd.	George Town, Cayman Islands
100	Credit Suisse First Boston Aktiengesellschaft	Frankfurt, Germany
100	Bank Credit Suisse First Boston AO	Moscow, Russia

1) 75% voting rights.

2) 43% voting rights held by Credit Suisse Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Principal participations (continued)

Principal fully consolidated participations as of December 31, 2001

% of equity

capital held Company name

Domicile

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100	Credit Suisse First Boston (Cyprus) Ltd.	Limassol, Cyprus
75	Credit Suisse First Boston (India) Securities Ltd.	Mumbai, India
100	Credit Suisse First Boston Investments (Guernsey) Ltd.	St. Peter Port, Guernsey
100	Credit Suisse First Boston Capital (Guernsey) I Ltd.	St. Peter Port, Guernsey
80	1) Credit Suisse First Boston International	London, United Kingdom
100	Credit Suisse First Boston (International) Holding AG	Zug, Switzerland
100	Credit Suisse First Boston International (Guernsey) Ltd.	St. Peter Port, Guernsey
100	Credit Suisse First Boston (Europe) Ltd.	London, United Kingdom
100	Credit Suisse First Boston Equities Ltd.	London, United Kingdom
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands
100	Credit Suisse First Boston Pacific Capital Markets Ltd.	Sydney, Australia
100	Credit Suisse First Boston (Cayman) Ltd.	George Town, Cayman Islands
100	Credit Suisse First Boston (Hong Kong) Ltd.	Hong Kong, China
100	Credit Suisse First Boston NZ Restructuring No. 1 Ltd.	Wellington, New Zealand
100	Credit Suisse First Boston (Singapore) Ltd.	Singapore, Singapore
100	Credit Suisse First Boston Singapore Futures Pte. Ltd.	Singapore, Singapore
100	Credit Suisse First Boston Australia (Holdings) Ltd.	Sydney, Australia
100	Credit Suisse First Boston Australia Securities Ltd.	Sydney, Australia
100	Credit Suisse First Boston Australia Ltd.	Sydney, Australia
100	Credit Suisse First Boston (Australia) Equities Ltd.	Melbourne, Australia
100	Credit Suisse First Boston Securities (Japan) Ltd.	Tokyo, Japan
100	Credit Suisse First Boston Latam Holdings, LLC	George Town, Cayman Islands
100	Credit Suisse First Boston Australia (Finance) Ltd.	Melbourne, Australia
100	Credit Suisse First Boston Finance (Guernsey) Ltd.	St. Peter Port, Guernsey
100	Credit Suisse First Boston New Zealand Investments Ltd.	Wellington, New Zealand
100	Credit Suisse Asset Management (Australia)	Sydney, Australia
100	Credit Suisse Asset Management (UK) Holding Ltd.	London, United Kingdom
100	Credit Suisse Asset Management Ltd.	London, United Kingdom
100	Credit Suisse Asset Trust & Banking Co. Ltd.	Tokyo, Japan
100	Credit Suisse Asset Management LLC	New York, NY, USA
100	Credit Suisse Bond Fund Management Company S.A.	Luxembourg, Luxembourg
100	Credit Suisse Equity Fund Management Company S.A.	Luxembourg, Luxembourg
100	Credit Suisse Money Market Fund Management Company S.A.	Luxembourg, Luxembourg
100	Credit Suisse Portfolio Fund Management Company S.A.	Luxembourg, Luxembourg
100	Credit Suisse Asset Management Funds	Zurich, Switzerland
100	Credit Suisse Asset Management (Deutschland) GmbH	Frankfurt, Germany
100	Credit Suisse Asset Management SIM S.p.A.	Milan, Italy
100	Credit Suisse Asset Management (France) S.A.	Paris, France
100	Credit Suisse Asset Management Holding, Corp.	New York, NY, USA
100	GTN Global Properties Holding Ltd.	Limassol, Cyprus
100	Credit Suisse First Boston S.A. Securities (Proprietary) Ltd.	Parktown, South Africa
100	SLC Asset Management Ltd.	London, United Kingdom
100	Sun Life of Canada Unit Managers Ltd.	London, United Kingdom
100	SLC Pooled Pensions Ltd.	London, United Kingdom
100	Olympus Servicing LP	Austin, TX, USA
100	Column Financial Inc.	Atlanta, GA, USA
100	DLJ Mortgage Capital Inc.	New York, NY, USA
100	Credit Suisse First Boston Finance (USA) LLC	Wilmington, DE, USA

1) 20% held by Credit Suisse Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Principal participations (continued)

Principal fully consolidated participations as of December 31, 2001

% of equity

capital held Company name

Domici

%	Company name	Domici
100	"Winterthur" Swiss Insurance Company	Winterthur, Switzerland
100	Winterthur Life	Winterthur, Switzerland
100	The Federal	Zurich, Switzerland
67	Winterthur-ARAG Legal Assistance	Winterthur, Switzerland
100	Gartenhotel	Winterthur, Switzerland
100	Swissline	Wallisellen, Switzerland
100	Xenum Services	Zurich, Switzerland
100	Credit Suisse Life & Pensions	Vaduz, Liechtenste
100	Winterthur Beteiligungsgesellschaft m.b.H.	Wiesbaden, Germa
100	WINCOM Versicherungs-Holding AG	Wiesbaden, Germa
70	DBV-Winterthur Group	Wiesbaden, Germa
100	Credit Suisse Leasing Deutschland GmbH	Wiesbaden, Germa
100	Medvantis Group	Wiesbaden, Germa
100	Winterthur Insurance Health & Accident	Wiesbaden, Germa
100	Winterthur Italia Holding S.p.A.	Milan, Ita
100	Winterthur Assicurazioni S.p.A.	Milan, Ita
100	Winterthur Vita S.p.A.	Milan, Ita
100	Hispanowin S.A.	Barcelona, Spa
100	Winterthur Inmuebles 2	Barcelona, Spa
100	Winterthur Seguros Generales	Barcelona, Spa
100	Winterthur Inmuebles	Barcelona, Spa
100	Winterthur Iberica	Barcelona, Spa
100	Winterthur Asistencia	Barcelona, Spa
100	Winterthur Vida Espanola	Barcelona, Spa
100	WINVALOR Agencia de Valores	Barcelona, Spa
90	Winterthur Salud de Seguros	Barcelona, Spa
100	Winterthur Pensiones	Barcelona, Spa
100	Webinsurance Partners	Barcelona, Spa
85	Winterthur-Europe Assurances	Brussels, Belgi
100	Les Assures Reunis	Brussels, Belgi
100	Commercial General Union	Brussels, Belgi
99	Sofimmocentrale	Brussels, Belgi
70	Touring Assurances	Brussels, Belgi
100	I.S.C.C. International Service Call Centre	Brussels, Belgi
51	Jean Verheyen	Brussels, Belgi
100	Winterthur-Europe Vie	Luxembourg, Luxembou
100	Winterthur (UK) Holdings	London, United Kingd
100	Churchill Insurance Group	Bromley, United Kingd
100	Churchill Insurance	Bromley, United Kingd
93	Churchill Management	Bromley, United Kingd
100	National Insurance & Guarantee Group	London, United Kingd
100	Winterthur UK Financial Services Group Ltd.	Basingstoke, United Kingd

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Principal participations (continued)

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Principal fully consolidated participations as of December 31, 2001

% of equity capital held	Company name	Domicile
80	Capital.e Ltd.	St Peter Port, Guernsey
100	Winterthur Versicherungs AG	Vienna, Austria
100	Winterthur Pensionskassen AG	Vienna, Austria
100	Wintisa Management und Consulting AG	Vienna, Austria
100	Credit Suisse Life & Pensions Management GmbH	Vienna, Austria
100	Companhia Europeia de Seguros	Lisbon, Portugal
100	Winterthur Pensiones	Lisbon, Portugal
97	Rhodia Assurance	Lyon, France
65	Winterthur pojist'ovna, a.s.	Prague, Czech Republic
85	Winterthur penzijni fond, a.s.	Brno, Czech Republic
100	Vojenski otevrety penzijni fond, a.s.	Prague, Czech Republic
65	Winterthur Elso Svajci-Magyar Pentarszolgalgaltato Rt.	Budapest, Hungary
65	Winterthur Biztosito Resvenyt Rt.	Budapest, Hungary
100	Winterthur, Towarzystwo Ubezpieczeniowe S.A.	Warsaw, Poland
66	Winterthur Zycie Towarzystwo Ubezpieczeniowe S.A.	Warsaw, Poland
70	Winterthur Powszechna Towarzystwo Enerytalne S.A.	Warsaw, Poland
100	Winterthur US Holdings	Wilmington, DE, USA
100	General Casualty	Sun Prairie, WI, USA
100	Republic Financial Services	Dallas, TX, USA
100	Southern Guaranty	Montgomery, AL, USA
100	Unigard	Bellevue, WA, USA
100	Winterthur Canada Financial Corp.	Toronto, Canada
100	The Citadel General	Toronto, Canada
100	L' Unique	Quebec, Canada
100	Winterthur Holdings Australia Ltd.	Sydney, Australia
97	Winterthur Insurance (Far East)	Singapore, Singapore
52	Winterthur Insurance (Asia)	Hong Kong, China
100	Winterthur Insurance Services Asia Ltd.	Hong Kong, China
60	Winterthur Life Indonesia	Jakarta, Indonesia
100	CS Life Japan	Tokyo, Japan
100	Winterthur Overseas	Hamilton, Bermuda
100	Winterthur Capital	Hamilton, Bermuda
100	Winterthur Atlantic	Hamilton, Bermuda
100	SRS Holding Group	Hamilton, Bermuda
100	Winterthur Swiss Insurance (Macau)	Macau, Macau
78	Winterthur Alternative Investments Strategies Limited	George Town, Cayman Islands

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 List of principal participations (continued)

Principal participations as of December 31, 2001, valued according to the equity method

Company name	Domicile	Currency	Capital in
Credit Suisse Group	Zurich, Switzerland		
Inreska Ltd.	St. Peter Port, Guernsey	GBP	3
Capital Union	Dubai, UAE	USD	50
SECB Swiss Euro Clearing Bank GmbH	Frankfurt, Germany	EUR	9
Credit Suisse	Zurich, Switzerland		
Corner Banca S.A.	Lugano, Switzerland	CHF	12

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Credit Suisse First Boston	Zurich, Switzerland		
Valcambi S.A.	Balerna, Switzerland	CHF	12
Innovent Capital Ltd.	George Town, Cayman Islands	CHF	10
Banco Comercial S.A.	Montevideo, Uruguay	UYF	39

"Winterthur" Swiss Insurance Company	Winterthur, Switzerland		
Norwich Winterthur Holdings	Norwich, United Kingdom	GBP	54
Norwich Winterthur Reinsurance	Norwich, United Kingdom	GBP	57
Expertisa	Winterthur, Switzerland	CHF	0
Technopark Immobilien	Zurich, Switzerland	CHF	40
Wincare Versicherungen	Winterthur, Switzerland	CHF	0
Winterthur Financial Services	Winterthur, Switzerland	CHF	0
Zurcher Freilager	Zurich, Switzerland	CHF	4
Zentrum Regensdorf	Regensdorf, Switzerland	CHF	4
Swiss Prime Site	Olten, Switzerland	CHF	604
Allgemeine Hypothekenbank	Frankfurt, Germany	EUR	100
Winterthur Fund Management Co.	Luxembourg, Luxembourg	EUR	0
Winterthur Research S.A.	Barcelona, Spain	EUR	0
Bahosa	Barcelona, Spain	ESP	1,536
Winterthur-Service S.A.	Barcelona, Spain	EUR	0
Seguros Atlas	Mexico City, Mexico	MXN	125

1) 27.4% voting rights

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 List of principal participations (continued)
Principal participations as of December 31, 2001 valued at cost

Company name	Domicile	Currency	Capital in

Credit Suisse Group	Zurich, Switzerland		
GSTP Global Straight Through Processing AG	Zurich, Switzerland	CHF	139
Credit Suisse	Zurich, Switzerland		
Swiss Mortgage Bond Bank	Zurich, Switzerland	CHF	300
Swiss Steel AG	Emmen, Switzerland	CHF	137
Credit Suisse First Boston	Zurich, Switzerland		
Telekurs Holding AG	Zurich, Switzerland	CHF	45
Swiss Financial Services Group AG	Zurich, Switzerland	CHF	26
SNOC Swiss Nominee Company	Zurich, Switzerland	CHF	2
Euro-Clear Clearance System Ltd.	London, United Kingdom	USD	2
Central Banco Investimento S.A.	Lisbon, Portugal	EUR	9
SWIFT	La Hulpe, Belgium	EUR	10
Banco General de Negocios	Buenos Aires, Argentina	ARS	163

1) 12.1% voting rights.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45 Bonds issued

All underlying cashflows related to bonds denominated in currencies superseded by the Euro will take place in Euro from January 1, 2002.

as of December 31, 2001

Maturity date	Interest rate	Year of issue	Earliest ca

Bonds issued by Credit Suisse Group			
15.12.2003	6.00%	1994	
04.10.2004	4.13%	2000	
31.10.2006	4.00%	1997	
23.05.2007	4.00%	1997	
15.09.2008	3.50%	1998	
02.07.2009	3.50%	1999	
Bonds issued by subsidiaries			
Credit Suisse Group Finance (Guernsey) Ltd., St. Peter Port			

19.11.2002	4.88% Convertible Bond	1992	
24.02.2003	5.50%	1999	
17.02.2004	3.75%	1999	
04.03.2004	2.50%	1999	
07.06.2013	6.38%	2001	
29.07.2019	floating	1999	
All bonds issued by Credit Suisse Group Finance (Guernsey) Ltd. are guaranteed by Credit Suisse Group.			
Credit Suisse Group Finance (US) Inc., Wilmington			

05.10.2003	floating	2000	
05.10.2005	5.75%	2000	
05.10.2010	6.63%	2000	
05.10.2010	floating Step-up callable bonds	2000	05.
05.10.2010	floating Step-up callable bonds	2000	05.
05.10.2020	7.00%	2000	
All bonds issued by Credit Suisse Group Finance (US) Inc. are guaranteed by Credit Suisse Group.			
Neue Aargauer Bank, Aarau			

28.06.2002	4.25%	1996	
07.04.2010	5.00%	2000	
Bank Leu AG, Zurich			

17.11.2006	5.00%	1986	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable
Credit Suisse, Zurich			
20.02.2002	7.50%	1991	
16.03.2002	6.75%	1992	
30.06.2002	7.25%	1992	
25.09.2002	7.75%	1992	
15.01.2003	7.75%	1991	
15.01.2003	7.25%	1992	
31.03.2003	5.25%	1993	
02.02.2005	5.50%	1995	
28.04.2005	5.75%	1995	
12.10.2005	5.00%	1995	
13.11.2005	3.13%	1995	
05.01.2006	4.38%	1996	
08.02.2008	4.50%	1996	
31.07.2009	4.00%	1997	
12.11.2009	5.00%	1999	
10.02.2010	4.63%	2000	
07.09.2010	4.75%	2000	
28.03.2011	4.38%	2001	
Credit Suisse (Luxembourg) S.A., Luxembourg			
31.12.2001	9.13%	1991	
06.08.2003	7.25%	1993	
Credit Suisse Guernsey Branch, St. Peter Port			
perpetual	6.25%	1999	09.07.2009
27.07.2011	4.25%	2001	
JOHIM (Holdings) Ltd., London			
15.02.2004	variable	2001	
Credit Suisse First Boston, Zurich			
11.01.2002	2.67%	2001	
15.01.2002	7.00%	1992	
15.01.2002	0.00%	1999-2001	
21.01.2002	6.00%	2000	
25.01.2002	2.56%	2001	
01.02.2002	various	2000-2001	
02.02.2002	0.00%	1999-2001	
11.02.2002	4.50%	1999	
15.02.2002	15.25%	2000	
20.02.2002	7.50%	1991	
21.02.2002	0.00%	2001	
01.03.2002	various	1999-2001	
11.03.2002	0.00%	2000	
21.03.2002	6.50%	2000	
28.03.2002	4.50%	2000	
04.04.2002	7.90%	2001	
12.04.2002	0.00%	2001	

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20.04.2002	various	2001
07.05.2002	12.25%	2001

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston, Zurich			

10.05.2002	7.70%	2001	
15.05.2002	6.75%	1992	
20.05.2002	variable	2001	
31.05.2002	12.50%	2001	
06.06.2002	various	2000-2001	
11.06.2002	variable	2001	
14.06.2002	variable	2001	
18.06.2002	6.80%	2001	
27.06.2002	9.50%	2001	
27.06.2002	11.75%	2001	
03.07.2002	various	1999-2001	
05.07.2002	various	1999-2001	
03.08.2002	0.00%	2001	
09.08.2002	7.75%	2000	
16.08.2002	4.20%	2001	
20.08.2002	various	2001	
04.09.2002	16.00%	2000	
05.09.2002	0.00%	2001	
13.09.2002	0.00%	2000	
26.09.2002	10.75%	2001	
27.09.2002	24.80%	2001	
15.10.2002	variable	1997	
16.10.2002	6.00%	2000	
17.10.2002	10.00%	2000	
14.11.2002	various	2000-2001	
15.11.2002	0.00%	2001	
19.11.2002	6.02%	2001	
22.11.2002	7.00%	2000	
03.12.2002	various	2001	
15.12.2002	various	2001	
22.01.2003	7.00%	2001	
24.01.2003	0.00%	2001	
21.02.2003	various	2001	
24.03.2003	8.13%	2001	
31.03.2003	3.50%	1993	
31.03.2003	3.50%	1993	
02.04.2003	11.00%	2001	
04.04.2003	7.00%	2001	
25.04.2003	1.00%	1996	
30.04.2003	various	2001	
03.05.2003	15.75%	2001	
19.05.2003	9.35%	2001	
25.06.2003	0.00%	2001	
27.06.2003	6.50%	2001	
12.07.2003	8.30%	2001	

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18.07.2003	8.00%	2001
31.07.2003	0.00%	1997
29.08.2003	7.90%	2001
29.08.2003	0.00%	2000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston, Zurich			

08.09.2003	0.00%	2000-2001	
14.09.2003	7.65%	2001	
18.09.2003	3.29%	1997	
29.09.2003	6.04%	1993	
09.10.2003	0.00%	2001	
10.10.2003	0.00%	2001	
12.10.2003	9.75%	2001	
23.10.2003	9.50%	2001	
13.11.2003	5.00%	1998-2000	
14.11.2003	0.00%	2001	
17.11.2003	6.16%	1993	
21.11.2003	0.00%	2001	
08.12.2003	various	2000-2001	
29.12.2003	1.00%	2001	
20.01.2004	11.70%	2001	
02.03.2004	0.00%	2001	
22.03.2004	various	2001	
22.03.2004	2.50%	2001	
22.03.2004	2.50%	2001	
06.04.2004	0.00%	2001	
22.04.2004	4.38%	1996	
28.05.2004	0.00%	2001	
04.06.2004	8.50%	2001	
25.06.2004	8.05%	2001	
02.07.2004	9.80%	2001	
27.07.2004	0.00%	2001	
23.08.2004	various	2001	
11.09.2004	various	2001	
15.10.2004	0.00%	2001	
16.11.2004	9.15%	2001	
18.11.2004	8.38%	1994	
19.11.2004	0.00%	2001	
17.12.2004	various	1999-2001	
20.12.2004	3.85%	2001	
30.12.2004	6.04%	1994	
27.01.2005	various	1999-2001	
22.02.2005	0.00%	2000	
08.03.2005	2.50%	2001	
31.03.2005	5.75%	1995	
06.04.2005	1.29%	2000	
05.05.2005	0.00%	1999	
27.05.2005	1.00%	1999	
09.06.2005	0.00%	2000	

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05.07.2005	various	2001
05.08.2005	1.81%	1999-2000
09.11.2005	1.25%	2001
10.11.2005	2.00%	1998
30.12.2005	0.00%	2001
29.01.2006	0.00%	2001

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston, Zurich			

30.06.2006	7.21%	1996	
30.06.2006	6.84%	1997	
13.07.2006	0.00%	2001	
09.08.2006	7.00%	2001	
21.08.2006	0.00%	2001	
13.09.2006	6.75%	2001	
18.09.2006	0.00%	2001	
21.09.2006	0.00%	2001	
10.10.2006	0.00%	2001	
26.10.2006	2.82%	2000	
11.11.2006	2.20%	2000	
13.11.2006	0.00%	2001	
21.12.2006	2.25%	2001	
13.03.2007	various	2000-2001	
01.05.2007	7.90%	1997	
12.06.2007	6.41%	1997	
12.06.2007	6.50%	1997	
29.06.2007	1.38%	2001	
06.07.2007	5.25%	1995	
06.07.2007	5.25%	1995	
23.07.2007	4.38%	1997	
26.10.2007	0.00%	2001	
16.11.2007	0.00%	2001	
06.12.2007	0.00%	2001	
19.02.2008	2.00%	2000	
01.05.2008	6.50%	1998	
03.11.2008	0.00%	2001	
10.07.2009	8.25%	1997	
13.10.2009	6.25%	1999	
01.12.2009	0.00%	1999	
15.12.2009	6.00%	1999	
01.03.2010	6.50%	2000	
25.04.2010	4.43%	2000	
25.04.2010	4.66%	2000	
11.05.2010	5.75%	1998	
09.08.2010	2.19%	2000	
07.11.2011	6.90%	2001	
12.12.2011	0.00%	2001	
07.06.2013	6.58%	2001	
22.10.2014	8.68%	1999	
27.01.2015	9.00%	2000	

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10.03.2016	5.00%	1986
10.03.2016	5.00%	1986
20.04.2017	variable	2000
31.12.2018	3.57%	2001
15.10.2019	7.15%	1999
03.01.2022	0.00%	1999
15.01.2022	variable	2000
30.12.2024	0.00%	1999

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston, Zurich			

02.01.2025	0.00%	1999	
02.01.2026	0.00%	1999	
30.12.2026	0.00%	1999	
30.12.2027	0.00%	1999	
03.01.2028	0.00%	1999	
15.10.2029	9.35%	1999	
15.10.2029	7.05%	1999	
perpetual	4.51%	1998	01.12.2028
perpetual	7.74%	1997	10.07.2007

Credit Suisse First Boston Finance (Guernsey) Ltd., St. Peter Port			

22.10.2002	0.00%	1992	

Credit Suisse First Boston International (Guernsey) Ltd., St. Peter Port			

05.03.2002	variable	2001	
20.03.2002	variable	2001	
29.08.2003	2.67%	1998	

Credit Suisse First Boston Finance B.V., Amsterdam			

26.05.2003	5.88%	1993	
01.07.2003	7.75%	1993	
25.08.2003	5.50%	1993	
perpetual	5.69%	1986	

Credit Suisse First Boston (Cayman) Ltd., George Town			

06.02.2002	variable	2001	
22.05.2002	variable	1999-2001	
05.06.2002	variable	1999-2000	
18.09.2002	variable	1999-2000	
09.10.2002	variable	1999-2001	
22.01.2003	variable	1999-2001	
05.02.2003	variable	1999-2001	
21.05.2003	variable	1999-2001	
04.06.2003	variable	1999-2001	
17.09.2003	variable	1999-2001	

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08.10.2003	variable	1999-2001
19.11.2003	variable	1999-2001
21.01.2004	variable	1999-2001
15.12.2004	variable	2001

Credit Suisse First Boston (Cyprus) Ltd., Limassol

19.12.2002	7.00%	2000-2001
------------	-------	-----------

Banco de Investimentos Credit Suisse First Boston S.A., Sao Paulo

14.03.2002	1.95%	2001
01.04.2002	various	2001
12.06.2003	11.00%	1995
01.11.2003	6.29%	1995

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable
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Credit Suisse First Boston Inc., New York

09.01.2002	6.98%	2000	
13.02.2002	various	2001	
25.02.2002	7.25%	2000	
15.03.2002	7.18%	2000	
27.03.2002	various	2000	
01.04.2002	5.88%	1999	
23.04.2002	various	2001	
30.05.2002	6.96%	2000	
19.06.2002	6.85%	1997	
25.06.2002	4.32%	2001	
10.07.2002	various	2000	
01.08.2002	8.04%	1994	
22.08.2002	various	2000	
23.08.2002	0.00%	2001	
03.09.2002	7.83%	1992	
09.09.2002	0.00%	2001	
23.10.2002	0.00%	2001	
23.10.2002	various	2001	
07.11.2002	various	2001	
08.11.2002	0.00%	2001	
06.12.2002	various	2001	
06.12.2002	various	1999	
15.01.2003	7.65%	1993	
17.01.2003	various	1999/2000	
03.02.2003	8.10%	1993	
10.02.2003	various	1993-2000	
21.03.2003	7.17%	2000	
21.04.2003	various	1992-2000	
27.04.2003	7.26%	1993	
28.04.2003	various	2001	
07.05.2003	various	2001	
12.05.2003	various	1998-2000	

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27.06.2003	5.08%	2000
15.07.2003	various	1998-2000
15.08.2003	various	2000
25.08.2003	various	2001
10.09.2003	0.00%	2001
23.10.2003	0.00%	2001
02.11.2003	0.00%	2001
08.01.2004	7.49%	1999
02.02.2004	various	1999
20.02.2004	6.20%	1994
08.03.2004	various	1992-2000
15.03.2004	5.69%	1994
05.04.2004	6.94%	1995
16.04.2004	various	1992-1999
04.05.2004	various	1999
06.06.2004	7.28%	2000
01.07.2004	various	1999
01.08.2004	2.59%	2001

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston Inc., New York			

07.09.2004	0.00%	2001	
20.10.2004	7.08%	2000	
25.10.2004	0.00%	2001	
09.11.2004	0.00%	2001	
03.12.2004	0.00%	2001	
01.02.2005	various	2000	
01.03.2005	8.00%	2000	
11.05.2005	7.27%	2000	
06.06.2005	7.09%	2000	
15.08.2005	7.20%	2000	
05.09.2005	7.05%	2000	
27.10.2005	7.18%	1993	
01.11.2005	6.88%	1995	
07.11.2005	6.95%	1995	
15.11.2005	12.85%	2000	
02.03.2006	7.09%	2000	
15.05.2006	7.75%	1996	
01.08.2006	5.88%	2001	
31.08.2006	7.08%	2000	
02.11.2006	7.33%	1999	
27.02.2007	various	1995	
28.03.2007	7.47%	2000	
17.07.2007	7.29%	2000	
01.10.2007	various	1997	
30.11.2007	0.00%	2001	
01.04.2008	6.50%	1998	
01.06.2008	6.50%	1998	
15.09.2008	7.42%	1999	
15.02.2013	8.50%	1993	

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14.11.2013	0.00%	2001
15.02.2016	5.63%	1996
02.04.2018	7.71%	1993
03.12.2021	0.00%	2001

Credit Suisse First Boston International, London

03.01.2002	various	1996-2001
04.01.2002	various	1996-2001
04.01.2002	various	2001
11.01.2002	0.00%	2001
31.01.2002	various	2001
22.02.2002	various	2001
11.03.2002	various	2001
24.04.2002	various	1992
01.05.2002	0.00%	2001
30.07.2002	0.00%	1997
15.10.2002	various	1996-1998
31.10.2002	variable	1997
19.12.2002	0.00%	1997
31.01.2003	various	2000-2001

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable
---------------	---------------	---------------	------------------------

Credit Suisse First Boston International, London

04.02.2003	various	1997-1998
09.03.2003	various	1997-1999
19.03.2003	7.63%	1993
21.03.2003	various	1995-2001
16.04.2003	0.00%	1998
05.05.2003	various	1998
13.06.2003	8.00%	1997
13.08.2003	various	1998
06.11.2003	0.00%	1995
16.01.2004	various	1996-2001
03.02.2004	various	1997-2001
07.02.2004	0.00%	1997
16.03.2004	various	1997-1998
01.03.2004	0.00%	2001
19.03.2004	variable	2001
02.04.2004	variable	2001
26.04.2004	various	1995-1998
11.05.2004	0.00%	1997-1998
13.05.2004	variable	2001
30.07.2004	variable	1997
01.12.2004	0.00%	1994
01.12.2004	0.00%	1994
18.01.2005	various	1995-2001
24.01.2005	various	1997-2000
17.04.2005	0.00%	1997
26.04.2005	variable	1998

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28.04.2005	various	1996-1998
08.06.2005	8.25%	1995
01.12.2005	0.00%	1997
08.12.2005	0.00%	1997
16.02.2006	9.13%	1998
09.03.2006	various	2000-2001
15.03.2006	various	1995-2001
16.03.2006	various	1998
11.05.2006	0.00%	1998
15.05.2006	0.00%	2001
25.05.2006	various	1996-1998
01.06.2006	0.00%	2001
28.07.2006	0.00%	1994
06.11.2006	0.00%	1997
01.11.2006	0.00%	2001
19.12.2006	5.70%	1996
27.01.2007	various	1997
31.01.2007	various	2000-2001
01.02.2007	0.00%	2001
28.03.2007	various	1997-2001
03.04.2007	various	1996-1997
10.04.2007	various	1997
30.04.2007	variable	2001

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston International, London			

15.05.2007	various	1997	
23.05.2007	variable	1997	
02.07.2007	variable	1997	
06.11.2007	0.00%	1997	
01.12.2007	0.00%	2001	
23.01.2008	various	1998-2001	
24.02.2008	variable	1998	
04.03.2008	various	1998	
18.03.2008	0.00%	1998	
30.04.2008	various	2000-2001	
08.05.2008	various	1997-1998	
02.06.2008	variable	1998	
01.08.2008	0.00%	1998	
30.11.2008	0.00%	1993-1994	
10.03.2009	various	1997-1998	
15.05.2009	various	1997	
30.05.2009	6.70%	1997	
28.06.2009	0.00%	1994-1996	
24.08.2009	0.00%	1999-2001	
06.01.2010	0.00%	1997	
01.03.2010	0.00%	1995	
20.06.2010	0.00%	1997	
27.09.2010	0.00%	2000	
18.10.2010	10.00%	1998	

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17.12.2010	0.00%	1997
31.01.2011	various	1999-2001
30.06.2011	various	1993-2001
01.11.2011	0.00%	2001
30.01.2012	various	1999-2001
18.04.2012	variable	1998
24.04.2012	variable	1997
30.04.2012	8.00%	1998
04.06.2012	0.00%	1997
01.07.2012	0.00%	2001
02.01.2013	0.00%	2000-2001
02.04.2013	6.50%	1998
29.07.2013	variable	1998-2001
20.12.2014	0.00%	1994
22.06.2016	various	2001
22.09.2016	variable	1998
01.09.2017	0.00%	1997
15.09.2017	0.00%	1997
16.02.2018	6.00%	1998
26.03.2018	various	1998
01.08.2018	various	1998
15.12.2021	0.00%	1995
02.10.2022	0.00%	1997
14.12.2028	10.76%	1998
perpetual	variable	1992-1997

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Bonds issued (continued)

Maturity date	Interest rate	Year of issue	Earliest date callable

Credit Suisse First Boston International, London			

perpetual	various	1993-1995	
perpetual	10.25%	1995	
perpetual	various	1995-1998	
perpetual	various	1995-1997	
perpetual	various	1998	
perpetual	variable	1998	
perpetual	0.00%	2001	
perpetual	variable	1997	
Winterthur Capital Ltd., Hamilton			

14.04.2005	5.38%	2000	
"Winterthur" Swiss Insurance Company, Winterthur			

31.03.2006	4.00%	2000	
DBV-Winterthur Group, Wiesbaden			

28.07.2003	0.88%	Convertible Bonds	1998
28.07.2003	0.75%	Convertible Bonds	1998

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- 1) Subordinated bonds.
- 2) Credit linked notes issued by Credit Suisse First Boston, Guernsey branch.
- 3) Issued by Credit Suisse First Boston, London branch.
- 4) Issued by Credit Suisse First Boston, Nassau branch.
- 5) Issued by Credit Suisse First Boston, New York branch.
- 6) Issued bonds with warrants: ex warrant.
- 7) Subparticipations of Credit Suisse First Boston issued bonds.
- 8) Preference shares.
- 9) Structured notes, reclassified from "Due to customers" to "Other bonds" per December 31, 2001.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 Differences between Swiss and US accounting principles

The following narratives provide additional details to support the tabular reconciliation in notes 46.2a and 46.2b of net profit and shareholders' equity prepared under Swiss GAAP to net profit and shareholders' equity prepared under US GAAP. For those reconciling items, where the differences between the methods under Swiss GAAP and US GAAP accounting are significant to a particular segment, the segment has been identified.

Additional information concerning Swiss accounting principles can be found in note 1.

46.1 Valuation and income recognition differences between Swiss and US accounting principles

a) Debt and equity securities

VALUATION

Under Swiss GAAP, debt and equity securities for the banking business that are held for sale and which do not constitute trading balances are carried at the lower of cost or market value (LOCOM). Unrealized losses are recorded through the income statement when market value is lower than cost. When market value increases, unrealized gains are only recorded to the extent losses were previously recognized.

Debt securities held until final maturity are valued at amortized cost (accrual method). Premiums and discounts are deferred and accrued over the term of the instrument until final maturity. Realized gains or losses, which are interest related and which arise from the early disposal or redemption of the instrument, are deferred and accrued over the remaining term of that instrument.

Under US GAAP, debt and equity securities must be classified as either:

- trading, which are valued at fair value with changes in fair value recorded through earnings;

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- held-to-maturity, which are carried at amortized cost (debt securities only); or
- available-for-sale, which are carried at fair value, with changes in fair value recorded in other comprehensive income - a separate component of shareholders' equity.

In addition, premiums and discounts are amortized to interest income using the effective yield method over the contractual life of the securities. Gains or losses on the sales of debt and equity securities are recognized into income at the time of sale on a specific identified cost basis.

The US GAAP adjustments to net profit attributable to securities valuation differences were a decrease of CHF 48 million, an increase of CHF 46 million and a decrease of CHF 31 million for 2001, 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to securities valuation differences were increases of CHF 2,269 million, CHF 3,402 million and CHF 2,767 million for 2001, 2000 and 1999, respectively.

PRIVATE EQUITY

Under Swiss GAAP, private equity investments are carried at LOCOM.

Under US GAAP, in accordance with specialized industry accounting principles, private equity investments held by subsidiaries, that are considered investment companies that engage exclusively

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)
in venture capital activities and other related activities, are carried at estimated fair value, with changes in fair value recorded through current net profit.

The US GAAP adjustments to net profit attributable to private equity investments were decreases of CHF 168 million, CHF 87 million and an increase of CHF 190 million for 2001, 2000 and 1999, respectively. The US GAAP adjustment to shareholders' equity attributable to private equity investments were increases of CHF 209 million, CHF 391 million and CHF 467 million for 2001, 2000 and 1999, respectively.

- b) Consolidation

SPECIAL PURPOSE ENTITIES

Under Swiss GAAP, consolidation of a special purpose entity (SPE) is required if the Group holds more than 50% of the voting rights of the entity, or where it has the ability to exercise control of the SPE. Also consolidation would be required if the Group has a legal or defacto obligation to support the entity, or the SPE is dependent on the Group for funding. Consolidation may be required by application of the substance over form principle.

Under US GAAP, a sponsored SPE must be considered for consolidation unless it meets the criteria of a qualifying SPE as defined in the Statement of Financial Accounting Standard (SFAS) NO. 140, ACCOUNTING FOR TRANSFERS AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENT OF LIABILITIES. If the SPE is not a qualifying SPE then the following factors must be considered to

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determine if the SPE has to be consolidated. The three criteria to be considered are: (1) independent third-parties have made a substantive equity investment; (2) independent third-parties control the SPE; and (3) independent third-parties have the substantive risks and rewards of the assets of the SPE throughout its term. These criteria are subjective and must be analyzed together with all relevant facts and circumstances to determine whether consolidation is required.

The US GAAP adjustments to net profit attributable to the consolidation of SPEs not consolidated under Swiss GAAP were a decrease of CHF 52 million for 2001 and increases of CHF 73 million and CHF 3 million for 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to the consolidation of SPEs not consolidated under Swiss GAAP were a decrease of CHF 15 million, an increase of CHF 51 million and a decrease of CHF 14 million for 2001, 2000 and 1999, respectively.

DETERMINATION OF CONSOLIDATED SUBSIDIARIES AND EQUITY METHOD SUBSIDIARIES

Under Swiss GAAP, majority owned subsidiaries that do not operate in the core business of the Group may be accounted for using the equity method. US GAAP has no such exception to consolidating majority owned subsidiaries.

Additionally, for Swiss GAAP, the accounting for investments using the equity method is generally the same as under US GAAP; however, US GAAP has stricter guidelines for determining whether an entity has the ability to exercise significant influence over the operating and financial policies of the investee.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

The US GAAP adjustments to net profit attributable to differences in the determination of consolidated subsidiaries and equity method subsidiaries was a decrease of CHF 97 million and CHF 47 million for 2001 and 1999, respectively. The net profit adjustment was less than CHF 1 million for 2000. The US GAAP adjustments to shareholders' equity attributable to differences in determination of consolidated subsidiaries and equity method subsidiaries were increases of CHF 35 million, CHF 16 million and CHF 14 million for 2001, 2000 and 1999, respectively.

c) Transfer of financial assets

Swiss GAAP requires that, in transferring financial assets, the assets should be removed from the transferor's balance sheet and a gain or loss should be recognized when the following conditions are met:

- the securities are isolated from the transferor;
- the transferee obtains the right to pledge or exchange the transferred securities; and
- the transferor does not maintain effective control.

In addition, under Swiss GAAP, repurchase and reverse repurchase transactions held in the trading book (matched book repo transactions) are recorded at fair value.

Under US GAAP, the accounting for transfers of financial assets that are considered sales generally are based on the same conditions as Swiss GAAP.

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However, meeting the US GAAP criteria is dependent on a legal opinion of "true sale" which is more stringent than Swiss GAAP. The resulting adjustment for transfers not deemed as sales is a gross up of the balance sheet where the assets securitized remain on the balance sheet and the transaction is treated as a secured borrowing.

Under US GAAP, income from matched book repo transactions is recorded on an accrual basis.

d) Real estate

Under Swiss GAAP, banking segments' real estate held for own use, which has been designated as held for disposal, is carried at lower of cost less accumulated depreciation or market. Until a contract for sale is executed, depreciation continues on these properties.

Under US GAAP, real estate that is classified as held for disposal is carried at the lower of carrying amount or fair value less costs to sell. No depreciation is recorded on real estate held for disposal.

e) General provisions

Under Swiss GAAP, valuation adjustments and reserves are permitted to be recorded when economically necessary or legally required. In accordance with Swiss banking regulations, reserve for general banking risks is recorded as a separate component of shareholders' equity. Changes in the equity component must be recorded as an extraordinary item in the income statement or result from a reclassification from valuation adjustments and provisions no longer required.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

US GAAP does not allow general unallocated provisions. Probable and estimable costs, which can be identified with an event or set of events that have occurred prior to the balance sheet date, are accrued. The criteria for establishing such liabilities under US GAAP are more stringent than under Swiss GAAP.

The balance sheet line item VALUATION ADJUSTMENTS AND PROVISIONS includes provisions for restructuring, litigation, technology and other operational risks. Reserve for general banking risks is recorded as a separate component of shareholders' equity. For purposes of the US GAAP reconciliation, certain of these provisions are not allowed and have been reversed.

RESTRUCTURING PROVISIONS

Under Swiss GAAP, restructuring provisions are recognized when a legal obligation exists or it is likely to materialize.

Under US GAAP provisions are made for those costs which are directly associated with a plan to exit an activity, such as employee termination benefits and other restructuring costs, provided there is a clear commitment to the exit plan. The costs qualify for restructuring costs if they are not associated with nor incurred to generate revenues or benefit future periods. Restructuring charges are recognized in the period when management having appropriate authority approves and commits the entity to a restructuring plan that identifies an expected completion date and all significant actions required to be taken to complete the plan. The plan should commence as soon

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as possible and the timetable for completion should not accommodate significant plan changes.

The US GAAP adjustments to net profit attributable to disallowed restructuring provisions were decreases of CHF 25 million, CHF 75 million and CHF 56 million for 2001, 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to non-allowed restructuring provisions were increases of CHF 43 million and CHF 112 million for 2000 and 1999, respectively. There was no adjustment to shareholders' equity for 2001.

OTHER BUSINESS RISKS AND OTHER PROVISIONS

Valuation adjustments and provisions for OTHER BUSINESS RISK principally include provisions for miscellaneous operating receivables and technology risks and OTHER PROVISIONS consists primarily of litigation reserves. Under Swiss GAAP these reserves are permitted to be recorded when economically necessary or legally required.

Under US GAAP, probable and estimable costs, which can be identified with an event or set of events that have occurred prior to the balance sheet date are accrued.

The US GAAP adjustments to net profit attributable to provisions for other business risks and other provisions were decreases of CHF 176 million, CHF 215 million and CHF 102 million in 2001, 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to provisions for other business risks and other provisions were increases of CHF 169 million, CHF 326 million and CHF 549 million in 2001, 2000 and 1999, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

RESERVE FOR GENERAL BANKING RISKS

In accordance with Swiss banking regulations, reserve for general banking risks is recorded as a separate component of shareholders' equity. Changes in the equity component must be recorded as an extraordinary item in the income statement or result from reclassification from valuation adjustments and provisions no longer required.

US GAAP does not allow general unallocated provisions. For purposes of the US GAAP reconciliation, the reserve for general banking risks has been reversed.

The US GAAP adjustments to net profit to reverse the reserve for general banking risks were increases of CHF 188 million and CHF 81 million for 2000 and 1999, respectively. There was no net profit adjustment for 2001. There is no adjustment to shareholders' equity because the reserve for general banking risks is included in shareholders' equity for Swiss GAAP.

f) Business combinations

Under Swiss GAAP, prior to January 1, 1997, goodwill was charged to shareholders' equity in the year of acquisition. For acquisitions after January 1, 1997, the Group capitalizes goodwill and amortizes it over its estimated useful life on a straight-line basis.

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Under US GAAP, generally, the accounting for goodwill is the same as Swiss GAAP. Adjustments are the result of: (1) capitalization of goodwill for pre-1997 acquisitions net of accumulated depreciation; (2) differences in the valuation of net assets at the date of acquisition including certain amounts which are expensed under US GAAP but capitalized under Swiss GAAP, including adjustments for items such as retention payments and certain restructuring charges; and differences related to share options plans.

Upon adoption of SFAS NO. 141 BUSINESS COMBINATIONS and SFAS NO. 142 GOODWILL AND OTHER INTANGIBLE ASSETS, all business combinations acquired after June 30, 2001 are accounted for using the purchase method. The associated goodwill and intangible assets with an indefinite life will not be amortized. Effective January 1, 2002, for business combinations completed prior to June 30, 2001, goodwill and intangible assets with an indefinite life will no longer be amortized. Instead, goodwill and intangible assets associated with all business combinations will be subject to an annual impairment test. Business combinations acquired after June 30, 2001 resulted in a US GAAP adjustment to net profit and shareholders' equity of an increase of CHF 6 million for 2001. Please refer to note 47.5 for a more detailed discussion of SFAS 141 and 142.

The US GAAP adjustments to net profit attributable to the goodwill charged to shareholders' equity prior to January 1997 were decreases of CHF 117 million, CHF 127 million and CHF 128 million for 2001, 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to the goodwill charged to shareholders' equity prior to January 1997 were increases of CHF 868 million, CHF 990 million and CHF 1,116 million for 2001, 2000 and 1999, respectively.

The US GAAP adjustments to net profit attributable to valuation of net assets at the date of acquisition were decreases of CHF 512 million, CHF 160 million and CHF 319 million for 2001,

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)
2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to valuation of net assets at the date of acquisition were an increase of CHF 102 million and CHF 670 million and a decrease of CHF 300 million for 2001, 2000 and 1999, respectively.

Specifically, the 2000 adjustments to net profit and shareholders' equity for the DLJ acquisition were a decrease of CHF 168 million and an increase of CHF 924 million, respectively. The adjustments are included in the related amounts above.

g) Share-based compensation

Under Swiss GAAP, no expenses are recognized for share options plans upon grant or exercise. For share awards the market value of shares granted for the reporting period and for which no future service is required is accrued in the period in which the service is rendered. For shares granted under the requirement to provide future services the market value granted is deferred over the required future service period and at each balance sheet date the accrued cost is adjusted for the fair value change of the share price during the reporting period. The accrual is recognized within liabilities.

US GAAP permits the recognition of compensation expense based on the estimated fair value of the equity instruments issued or based on the

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intrinsic value of the equity instruments issued with the disclosure of pro forma effects of share compensation plans on net profit and earnings per share, as if the fair value had been recorded. The Group has chosen to record its obligation for stock compensation using the intrinsic value method. For share option plans, which have no intrinsic value at the date of grant and which have no cash settlement feature and no performance based vesting requirements the fixed plan accounting is applied and no compensation expenses are recognized. Credit Suisse Group has also option plans outstanding, primarily related to the years 2000 and before, which have either a cash settlement feature or which are linked to performance based vesting requirements. For those plans, variable plan accounting is applied until settlement. For share awards, the market value of shares granted for the reporting period and for which no future service is required is accrued in the period in which the service is rendered. If shares are granted under the requirement to provide future services the market value at the grant date is recognized over the required future service period. For US GAAP purposes the Group's obligation to deliver shares in the future is recognized in additional paid-in capital.

h) Pension benefits

Most pension funds of CSG are separate legal entities and employees have to pay contributions to a specific pension fund. In addition, the Group also makes contributions to the pension plans. Under Swiss GAAP, pension expense is equal to the amounts to be contributed by the employer based on the scheme. However, certain plans record pension expense based on a specific method of actuarial valuation of projected plan liabilities for accrued service. Plan assets are recorded at fair value. Certain assumptions, such as future salary increases, are not considered in the Swiss GAAP valuation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

Under US GAAP, pension expense and liabilities for defined benefit plans are valued based on specific actuarial assumptions such as future salary increases, expected return on plan assets, employee turnover, mortality, retirement age and administrative expenses of the pension plan. In calculating the current pension benefit obligation, estimated future pension benefits are discounted to the current period. This discount rate was established by examining the rates of return of both high-quality, long-term corporate bonds and long-term government bonds. The methodology for determination of appropriate discount rates has been applied consistently groupwide.

i) Taxation

Under Swiss GAAP, generally no deferred tax asset is recognized for net operating loss carry-forwards. Deferred tax assets on net operating losses are recorded in the event management's assessment is that their realization in a future period is certain, based on contracts existing at the balance sheet date to sell businesses at a taxable gain.

Under US GAAP, a deferred tax asset is recognized for net operating loss carry-forwards, net of an allowance for the estimated unrealizable amount. The US GAAP adjustments to net profit attributable to the recognition of the tax effect of net operating loss carry-forwards were an increase of CHF 25 million for 2001 and decreases of CHF 191 million and CHF 368 million for 2000 and 1999, respectively. The US GAAP adjustments to shareholders' equity attributable to the recognition of the tax effect of

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net operating loss carry-forwards were increases of CHF 368 million, CHF 230 million and CHF 496 million for 2001, 2000 and 1999, respectively.

An additional adjustment arises from the aggregate differences between Swiss GAAP and US GAAP accounting principles that will result in taxable or deductible amounts in future years (temporary differences).

The related US GAAP adjustment to net profit were decreases of CHF 169 million, CHF 109 million and CHF 168 million for 2001, 2000 and 1999, respectively, and the related US GAAP adjustments to shareholders' equity were an increase of CHF 104 million, a decrease of CHF 115 million and an increase of CHF 107 million for 2001, 2000 and 1999, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

j) Loans

LOAN FEES AND COSTS

Under Swiss GAAP, loan origination fee income is deferred but direct loan origination costs are normally expensed.

Under US GAAP, certain qualifying direct loan origination fees and costs must be deferred and amortized over the life of the loan using the effective interest method.

LOAN IMPAIRMENT

Under Swiss GAAP, provisions for impaired loans are recorded based on either the fair value of the underlying collateral or on the undiscounted future cash flows if the loans are not collateralized.

For certain non-collateral dependent impaired loans, US GAAP requires measurement of impairment using the present value of future cash flows.

The Group has estimated that the difference between impaired loan valuation recognized for Swiss GAAP and impaired loan valuation that would have been recognized for US GAAP is not material.

k) Leasing

For Swiss GAAP purposes, the Group, as lessor, classifies lease contracts as financial leases and records a leasing receivable based on the leased asset's underlying value at lease inception. This balance is amortized over the life of the lease using the interest method.

For US GAAP purposes, certain of these lease contracts are classified as operating leases. The underlying leased asset is recorded as a fixed asset and straight-line depreciated over its useful life. This adjustment relates to the difference between the interest amortization of the lease receivable under Swiss GAAP and the straight-line depreciation of leased assets under US GAAP.

l) Derivatives

Under Swiss GAAP, trading derivatives are recorded on the balance sheet at fair value as positive and negative replacement values. Changes in fair

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value are reported in earnings unless the derivative is designated and qualifies as a hedge. Gains and losses on hedging derivative instruments are recognized in income on the same basis as the underlying item being hedged. There is no requirement for an external transaction to lay off all risks associated with intercompany hedges on a one-to-one basis.

Under US GAAP, prior to January 1, 2001 derivatives are reported on the balance sheet at fair value, which is the same as replacement value. Changes in fair value are recorded in income unless specific criteria are met to obtain hedge accounting treatment. The criteria to obtain hedge accounting are different than what is required for Swiss GAAP. If the criteria are met, US GAAP permits off-balance sheet or amortized cost treatment of certain hedging instruments. For intercompany hedging, US GAAP requires there to be a one-to-one link between the internal

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

transaction and a transaction with an external third-party for hedge accounting to take place. If this is not evident, then the internal derivative is eliminated upon consolidation.

Effective January 1, 2001 the Group adopted SFAS No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES AND SFAS No. 138 ACCOUNTING FOR CERTAIN DERIVATIVE INSTRUMENTS AND CERTAIN HEDGING ACTIVITIES--AN AMENDMENT OF SFAS NO. 133. Under SFAS 133, all derivatives are required to be recognized as assets or liabilities in the consolidated balance sheet at fair value. The recognition of the changes in the fair value depends upon the intended use and designation of the derivative. If the derivative instrument is not a hedge, then changes in fair value are recognized in earnings. If a derivative qualifies as a hedge, depending on the nature of the hedge, changes in fair value of the derivative will either be offset against the change in fair value of the hedge asset, liability, or firm commitment through earnings or recognized in other comprehensive income. The cumulative effect of the change in accounting for derivatives resulted in a net adjustment to earnings of CHF 123 million for 2001. For further information, please refer to Note 47.16.

m) Own shares and own bonds

OWN SHARES

Under Swiss GAAP, own shares included in securities trading portfolio and financial investments are carried at fair value and LOCOM, respectively. Derivatives on own shares are carried at fair value and are reported as positive and negative replacement values in other assets and other liabilities, respectively. Gains and losses on sales, dividends received and changes in market value are recorded in net profit.

Under US GAAP, own shares are recorded at cost and reported as treasury shares resulting in a reduction to total shareholders' equity. Derivatives on own shares are classified as assets, liabilities or in shareholders' equity depending on the manner of settlement. Unrealized and realized gains and losses on own shares and derivatives on own shares where the Group has the choice or obligation to settle in shares and dividends received on own shares are excluded from net profit.

OWN BONDS

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Under Swiss GAAP, the Group's own bonds included in securities trading portfolio are recorded at fair value with changes in fair value recorded in net profit.

Under US GAAP the purchase of own bonds is treated as a reduction of the debt outstanding. Any difference between the cost of repurchase and the carrying value of the liability is treated as an extraordinary gain or loss during the period. Any gain or loss on resale is treated as a premium or discount and amortized over the remaining term of the liability.

The Group has estimated that the differences between own bond transactions recognized under Swiss GAAP and own bond transactions that would have been recognized for US GAAP is not material to net profit or shareholders' equity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

n) Foreign currency

Accounting for foreign currency is similar under Swiss and US GAAP. Specifically, each Group entity must choose and document a functional currency in which its financial statements will be prepared. Transactions denominated in currencies other than the functional currency are considered foreign currency transactions and result in gains and/or losses recognized in earnings. Foreign currency gains and losses related to trading activity are included in trading income. Foreign currency translation adjustments, resulting from consolidation of financial statements with different functional currencies, are recorded in equity.

For Swiss GAAP, the determination of the functional currency is generally the same as under US GAAP. Under Swiss GAAP, the local currency is normally assumed to be the functional currency. US GAAP has stricter guidelines and the determination of the functional currency is made based on evaluation of the primary economic environment in which the entity operates using specific salient economic indicators. This difference results in certain Group affiliates having different functional currencies for US GAAP than for Swiss GAAP and, consequently, different amounts of foreign currency gains and losses reported in the Group's consolidated net profit.

o) Capitalization of software

Under Swiss GAAP, only third-party costs relating to the purchase and installation of software are capitalized and depreciated using the straight-line method over the estimated useful life. Internal costs related to the acquisition and development of internal use computer software are mostly expensed.

Under US GAAP, effective January 1, 1999, external third-party costs as well as certain internal costs related to the acquisition and development of internal use computer software must be capitalized and depreciated over its useful life.

p) Winterthur purchase accounting

Under Swiss GAAP, the Group accounted for the merger of Credit Suisse Group and "Winterthur" Swiss Insurance Company using the pooling of interests method. The balance sheets and income statements of the companies were combined and no adjustments to carrying values of the assets and liabilities

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were made.

Under US GAAP, the business combination is accounted for under the purchase method of accounting with Credit Suisse Group as the acquirer. Under the purchase method, the acquirer reports the assets and liabilities of the acquired company at fair market value on the date of acquisition. Any excess of the fair market value of the consideration given over the fair market value of the net tangible assets acquired is allocated first to identifiable intangible assets based on their fair value, if determinable, with the remainder allocated to goodwill.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

The following table details purchase accounting adjustments described below at and for the years ended December 31:

in CHF m	Shareholders' equity 31.12.01	Shareholders' equity 31.12.00	Shareholders' equity 31.12.99	Net profit 2001
Investments	2,713	3,158	3,536	(2,558)
Life insurance				
Deferred policy acquisition costs	(1,627)	(1,679)	(1,933)	37
Present value of future profits	2,556	2,806	3,037	(225)
Technical provisions	(781)	(1,153)	(1,461)	360
Goodwill	3,681	4,069	4,308	(388)
Retirement benefits	164	102	95	29
Taxation	(867)	(926)	(960)	632
Other	0	0	0	21
Total purchase accounting adjustments	5,839	6,377	6,622	(2,092)

Investments

Under purchase accounting, investments are restated to fair value at the date of acquisition. The unrealized gains and losses on available-for-sale securities existing before the date of acquisition are reclassified in shareholders' equity from net unrealized gains to retained earnings. The fair value at the date of acquisition becomes the new cost basis for the investments and the realized gains and losses on disposal of investments, depreciation on real estate and the unrealized gains and losses on available-for-sale securities are adjusted for the new cost basis.

Life insurance

DEFERRED POLICY ACQUISITION COSTS

Under purchase accounting, the deferred policy acquisition costs for life insurance existing at the date of acquisition are eliminated.

PRESENT VALUE OF FUTURE PROFITS

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The Present Value of Future Profits (PVFP) is the present value of anticipated profits embedded in the life and health insurance in force at the date of the merger with "Winterthur" Swiss Insurance Company. Interest accrues on the unamortized PVFP based upon the policy liability rate or contract rate. The PVFP asset is amortized over the years that such profits are anticipated to be received in proportion to the estimated gross margins or estimated gross profits for participating traditional life products and non-traditional life products, respectively, and over the premium paying period in proportion to premiums for other traditional life products.

Any PVFP from previous acquisitions by Winterthur existing at the date of acquisition is eliminated.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.1 Valuation and income recognition differences between Swiss and US accounting principles (continued)

TECHNICAL PROVISIONS

Under purchase accounting, life insurance technical provisions are revalued at the date of acquisition, using current assumptions at such date.

Goodwill

Under purchase accounting, goodwill and other intangible assets are capitalized and amortized over the expected periods of benefit, less any impairment. The excess of consideration paid of CHF 14,600 million for Winterthur over the fair value of the net tangible assets received has been recorded as goodwill and is being amortized on a straight-line basis over 20 years beginning in 1998. Goodwill of CHF 720 million was written-off in 1998 upon the sale of the Group's principal reinsurance operations and HIH Australia.

Retirement benefits

Under purchase accounting, the projected benefit obligation and fair value of plan assets are remeasured at the date of acquisition.

Taxation

This adjustment represents the tax effect of the purchase accounting adjustments that result in temporary differences.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.2a Reconciliation of Swiss GAAP and US GAAP net profit

in CHF m	References are to note 46.1	2001	2000
<hr/>			
Swiss GAAP net profit before minority interests		1,814	6,022
Swiss GAAP minority interests		(227)	(237)
<hr/>			
Swiss GAAP net profit		1,587	5,785

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Adjustments in respect of			
Debt and equity securities	a)	(216)	(41)
Consolidation	b)	(149)	73
Transfer of financial assets	c)	(74)	100
Real estate	d)	21	10
General provisions	e)	(201)	(102)
Business combinations	f)	(623)	(287)
Share-based compensation	g)	(119)	81
Pension plans	h)	282	201
Taxation	i)	(144)	(300)
Loans	j)	14	14
Leasing	k)	(25)	(9)
Derivatives	l)	1,072	12
Own shares and own bonds	m)	(310)	(52)
Foreign currency	n)	(6)	5
Capitalization of software	o)	296	269
Winterthur purchase accounting	p)	(2,092)	(1,272)
Total adjustments		(2,274)	(1,298)
US GAAP net (loss)/profit		(687)	4,487
US GAAP minority interests		(241)	(317)
US GAAP net (loss)/profit before minority interests		(446)	4,804

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.2b Reconciliation of Swiss GAAP and US GAAP shareholders' equity

in CHF m	References are to note 46.1	31.12.01	31.12.00
Swiss GAAP shareholders' equity before minority interests		38,921	43,522
Swiss GAAP minority interests		(3,121)	(2,571)
Swiss GAAP shareholders' equity		35,800	40,951
Adjustments in respect of			
Debt and equity securities	a)	2,478	3,793
Consolidation	b)	20	67
Transfer of financial assets	c)	(29)	43
Real estate	d)	1	(21)
General provisions	e)	169	369
Business combinations	f)	976	1,660
Share-based compensation	g)	3,421	3,327
Pension plans	h)	(65)	(93)
Taxation	i)	472	115
Loans	j)	274	260
Leasing	k)	(28)	(3)
Derivatives	l)	33	(718)
Own shares and own bonds	m)	(5,165)	(6,619)
Foreign currency	n)	0	(4)
Capitalization of software	o)	700	402

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Winterthur purchase accounting	p)	5,839	6,377

Total adjustments		9,096	8,955

US GAAP shareholders' equity		44,896	49,906

US GAAP minority interests		(3,155)	(3,926)

US GAAP shareholders' equity before minority interests		48,051	53,832

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3 Presentation differences between Swiss and US accounting principles

In addition to differences related to valuation and income recognition principle, financial statement presentation differences exist between Swiss GAAP and US GAAP. Although these differences do not result in adjustments between Swiss GAAP and US GAAP reported net profit and shareholders' equity, it may be useful to understand these differences to interpret the balance sheet and income statement presented in accordance with US GAAP. The following is a summary of these differences.

These presentation differences include differences between Swiss GAAP and US GAAP offsetting policies.

Under Swiss GAAP, in the insurance business assets and liabilities are offset when the Group has a legal right to offset amounts with the same counterparty and the transaction is expected to settle net. Additionally, insurance technical provisions are presented net of reinsurance. In the banking segments assets and liabilities are offset when the following conditions are all met:

- receivables and payables arise from transactions of a similar nature;
- with the same counterparty;
- with the same or earlier maturity;
- in the same currency; and
- which cannot lead to counterparty risk.

Positive and negative replacement values are offset with the same counterparty insofar as bilateral agreements exist that are recognized and enforceable at law.

Under US GAAP, offsetting of assets and liabilities in the balance sheet is improper except where a right of set off exists. A right of set off exists when all of the following criteria are met:

- each of the two parties owes the other determinable amounts;
- the reporting party has the right to set off the amount owed by the other party;
- the reporting party intends to set off; and
- the right of set off is enforceable at law.

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Presentation differences exist between Swiss GAAP and US GAAP related to offsetting of assets and liabilities of certain repurchase and reverse repurchase transactions and certain securities lending and borrowing transactions that did not meet the US GAAP criteria. These are illustrated in note 46.3b to the "Condensed consolidated balance sheet."

The gross up of insurance balances for US GAAP is described in the presentation differences below and is reflected in 46.3b to the "Condensed consolidated balance sheet."

Condensed consolidated statements of income

- a. NET INTEREST INCOME has been presented in the US GAAP and Swiss GAAP reformatted income statements based on the respective products' interest income and expense line items.
- b. NET COMMISSION AND SERVICE FEE INCOME is presented gross of related expense in the line item COMMISSIONS AND FEES. Commission expenses are presented in the line item OTHER EXPENSE.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3 Presentation differences between Swiss and US accounting principles (continued)

- c. NET TRADING INCOME includes realized and unrealized gains and losses on trading securities, trading income, foreign exchange, interest and dividends from trading securities, and other trading income.

In the US GAAP and Swiss GAAP reformatted income statements, income on securities lending and borrowing of securities classified as trading is included in COMMISSION AND FEES. All foreign exchange related income is included in OTHER REVENUE, NET. Interest and dividends from trading securities is presented in the line item INTEREST INCOME. All other components of net trading income are included in TRADING REVENUE.

NET INCOME FROM THE INSURANCE BUSINESS is presented in the US GAAP and Swiss GAAP reformatted income statements as follows:

PREMIUMS EARNED, NET which includes premiums for non-traditional products which are recognized when due are presented in the line item INSURANCE PREMIUMS except for premiums from separate account business and premiums for non-traditional products which are not reported as insurance premiums but are included in the provisions for policyholder benefits. Revenue from these products represent amounts assessed against the policyholder and are presented in the line item OTHER REVENUE.

CLAIMS INCURRED AND ACTUARIAL PROVISIONS are presented in the line item POLICYHOLDER BENEFITS AND CLAIMS except for dividends to policyholders, which are presented in the line item DIVIDENDS TO POLICYHOLDERS and claims associated with separate account business, which are presented in the line item OTHER EXPENSE.

COMMISSION EXPENSES, NET are reclassified to INSURANCE UNDERWRITING AND ACQUISITION EXPENSES except for premium taxes, which are presented in the line item INSURANCE PREMIUMS.

INVESTMENT INCOME FROM THE INSURANCE BUSINESS is presented primarily in two line items, INTEREST INCOME and REALISED GAINS/(LOSSES) FROM SALES OF INVESTMENTS, NET. In addition, investment income from separate account business is reclassified to OTHER REVENUE and investment and asset

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management expenses are reclassified to OTHER EXPENSE.

- d. OTHER ORDINARY INCOME/(EXPENSE), NET includes realized and unrealized gains/(losses) from investments from the banking business.

In the US GAAP and Swiss GAAP reformatted income statements, all such realized and unrealized gains/(losses) from financial investments are included in REALIZED GAINS/(LOSSES) FROM SALES OF INVESTMENTS, NET. The remaining components of OTHER ORDINARY INCOME/(EXPENSE), NET are presented in the line items OTHER REVENUE or OTHER EXPENSE.

- e. Amortization of PVFP, which is recorded in DEPRECIATION AND WRITE-OFFS ON NON-CURRENT ASSETS, is presented in the line item INSURANCE UNDERWRITING AND ACQUISITION EXPENSES in the US GAAP income statement.
- f. VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES FROM THE BANKING BUSINESS are presented in the line item PROVISION FOR CREDIT LOSSES. All other provisions and write-downs are presented in the line item OTHER EXPENSE.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3 Presentation differences between Swiss and US accounting principles (continued)

- g. EXTRAORDINARY INCOME and EXTRAORDINARY EXPENSES include realized gains/(losses) on sales of participations and physical assets, recoveries of charge-off loans, allocation of contingency reserves, personnel costs related to restructurings, IT systems, expenses for consultants and other extraordinary income and expenses.

In the US GAAP and Swiss GAAP reformatted income statements, those gains/(losses) associated with extraordinary events are presented, net of income taxes, in the line item EXTRAORDINARY INCOME/(EXPENSE), NET. Recoveries of charge-off loans are presented in the line item PROVISION FOR CREDIT LOSSES. Personnel costs, IT systems, and expenses for consultants related to restructuring projects are presented under the caption RESTRUCTURING CHARGES. All other components are presented in either OTHER REVENUE or OTHER EXPENSE.

Condensed consolidated balance sheets

- h. The line item CASH AND OTHER LIQUID ASSETS includes cash, bank notes and certain interest bearing and non-interest bearing accounts. The line item MONEY MARKET PAPERS includes non-trading banker's acceptances and commercial papers with original maturities of greater than 90 days, certain trading instruments, non-trading certificates of deposit, cash instruments and money market instruments with an original maturity less than 90 days. The amount is shown net of the respective specific allowances.

In the US GAAP and Swiss GAAP reformatted balance sheets, cash, bank notes, non-interest bearing accounts, cash instruments and money market instruments with original maturities less than 90 days are presented in the line item CASH AND CASH EQUIVALENTS. Interest bearing accounts and non-trading time deposits are presented in the line item INTEREST-BEARING DEPOSITS WITH BANKS. Non-trading bankers' acceptances and commercial papers with original maturities greater than 90 days are presented in the line items INVESTMENT SECURITIES. Trading instruments are presented in the line item TRADING ACCOUNT ASSETS. Specific allowances for money market claims are presented in line items consistent with the related assets.

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- i. For Swiss GAAP, the line item DUE FROM BANKS includes demand and time accounts, precious metals demand and time accounts, federal funds sold, securities purchased under resale agreements and securities borrowing accounts. The amount is shown net of the respective specific allowances.

In the US GAAP and Swiss GAAP reformatted balance sheets, precious metals demand accounts and certain demand accounts are presented in the line item CASH AND CASH EQUIVALENTS. Certain demand accounts, precious metals time accounts and all other time accounts with an original maturity less than one year are presented in the line item INTEREST-BEARING DEPOSITS WITH BANKS. Demand accounts, time accounts and precious metals time accounts related to certain brokerage transactions are presented in the line item BROKERAGE RECEIVABLES. Securities lending, certain securities borrowing accounts and certain time accounts are presented in the line item TRADING ACCOUNT ASSETS. Reverse repurchases, certain securities borrowing and federal funds sold accounts are presented in the line item FEDERAL FUNDS SOLD, SECURITIES PURCHASED UNDER RESALE AGREEMENTS AND SECURITIES BORROWING TRANSACTIONS. Precious metals time accounts and all other time accounts with an original maturity greater than one year

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 46.3 Presentation differences between Swiss and US accounting principles (continued)
are presented in the line item LOANS, NET OF ALLOWANCE FOR CREDIT LOSSES. Specific allowances for due from banks are presented in line items consistent with the related assets.

- j. The line item RECEIVABLES FROM THE INSURANCE BUSINESS includes premiums and other receivables from agents and policyholders, policy loans and other miscellaneous receivables.

In the US GAAP and Swiss GAAP reformatted balance sheets, receivables from agents and policyholders are presented in the line item PREMIUMS AND INSURANCE BALANCES RECEIVABLE, NET. Policy loans and miscellaneous receivables are presented in the line item OTHER ASSETS.

- k. The line item DUE FROM CUSTOMERS includes precious metals demand and time accounts, demand and time accounts, reverse repurchase, securities lending, securities borrowing and lease financing accounts. The amount is shown net of the respective specific allowances.

In the US GAAP and Swiss GAAP reformatted balance sheets, precious metals demand accounts are presented in the line item CASH AND CASH EQUIVALENTS. Demand and time accounts and precious metals time accounts related to brokerage transactions are presented in the line item BROKERAGE RECEIVABLES. Securities lending, certain securities borrowing accounts and certain time accounts are presented in the line item TRADING ACCOUNT ASSETS. Precious metals time accounts and time accounts are presented in the line item OTHER ASSETS. Securities purchased under resale agreements and certain securities borrowing accounts are presented in the line item FEDERAL FUNDS SOLD, REVERSE REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS. Demand accounts, precious metals time accounts and time accounts not held for sale and lease financing accounts are presented in the line item LOANS, NET OF ALLOWANCE FOR CREDIT LOSSES. Specific allowances for due from customers' accounts are presented in line items consistent with the related assets.

- l. The line item MORTGAGES includes mortgages and real estate related

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lease financings. The amount is shown net of the respective specific allowances.

In the US GAAP and Swiss GAAP reformatted balance sheets, mortgages are included in the line item OTHER ASSETS or the line item LOANS, NET OF ALLOWANCE FOR CREDIT LOSSES, depending on management's intent. Certain mortgages are presented in the line items TRADING ASSETS.

- m. The line item SECURITIES AND PRECIOUS METALS TRADING PORTFOLIOS includes certain trading securities and precious metal physical stocks.

In the US GAAP and Swiss GAAP reformatted balance sheets, these accounts are presented in the line item TRADING ACCOUNT ASSETS.

- n. The line item FINANCIAL INVESTMENTS FROM THE BANKING BUSINESS includes equity securities, investments in venture capital, debt securities, money market papers, real estate and repossessed assets. INVESTMENTS FROM THE INSURANCE BUSINESS includes equity securities, debt securities, derivative instruments, real estate held for investment, real estate held for sale, loans, money market investments and investments held for separate accounts.

In the US GAAP and Swiss GAAP reformatted balance sheets, equity securities and debt securities classified as available for sale, interest rate instruments classified as held-to-maturity and investments in venture capital are presented in the line item INVESTMENT SECURITIES.
Real

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3 Presentation differences between Swiss and US accounting principles (continued)

estate held for sale is presented in the line item REAL ESTATE HELD FOR SALE and real estate investments are presented in the line item REAL ESTATE HELD FOR INVESTMENT. Real estate held for own use is presented in the line item TANGIBLE FIXED ASSETS. Other repossessed assets are presented in the line item OTHER ASSETS. Investments held for separate accounts are presented in the line item ASSETS HELD IN SEPARATE ACCOUNTS. Money market investments and loans and mortgages of the insurance business are presented in the line items INTEREST BEARING DEPOSITS WITH BANKS and OTHER ASSETS, respectively.

- o. The line item MONEY MARKET PAPERS ISSUED includes time deposits, commercial papers and bankers' acceptances. In the US GAAP and Swiss GAAP reformatted balance sheets, time deposits are presented in the line item DEPOSITS. Commercial papers is presented in the line item SHORT-TERM BORROWINGS.
- p. The line items DUE TO BANKS and DUE TO CUSTOMERS, OTHER include demand deposits, time deposits, precious metals demand and time deposits, fiduciary deposits, liabilities from short positions, mortgages on own real estate, federal funds purchased and sold, securities lending and borrowing, repurchase agreements and lease finance accounts.

In the US GAAP and Swiss GAAP reformatted balance sheets, precious metals demand and time deposits, demand deposits and certain time deposits are presented in the line item DEPOSITS. Certain time deposits with an original maturity less than one year are presented in the line item SHORT-TERM BORROWINGS. Certain time deposits with an original maturity greater than one year are presented in the line item LONG-TERM DEBT. DUE

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TO BANKS and DUE TO CUSTOMERS, OTHER accounts related to certain brokerage transactions are presented in the line item BROKERAGE PAYABLES. Time deposits, commercial papers, interest bearing precious metals time deposits and interest bearing demand and time deposits used to finance investment banking or brokerage activities are presented in the line item INVESTMENT BANKING and BROKERAGE BORROWINGS. Liabilities from short positions and obligations to return collateral that has been resold are presented in the line item TRADING ACCOUNT LIABILITIES. Mortgages on own real estate and certain interest bearing time deposits are presented in the line item LONG-TERM DEBT. Securities lending, repurchase agreements and certain securities borrowing accounts are included in the line item FEDERAL FUNDS PURCHASED, SECURITIES SOLD UNDER REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS. Lease liabilities are presented in the line item OTHER LIABILITIES.

- q. The line item DUE TO CUSTOMERS IN SAVINGS AND INVESTMENT DEPOSITS, is presented in the line item DEPOSITS in the US GAAP and Swiss GAAP reformatted balance sheets.
- r. The line item TECHNICAL PROVISIONS FOR THE INSURANCE BUSINESS includes: provisions for future policyholder benefits; provisions for future dividends to policyholders; bonuses held on deposits; actuarial provisions for annuities; provisions for death and other benefits; provisions for unearned premiums; loss and loss adjustment expense reserves, net of reinsurance reserves and policyholder funds.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3 Presentation differences between Swiss and US accounting principles (continued)

In the US GAAP and Swiss GAAP reformatted balance sheets, provisions for future policyholder benefits, loss and loss adjustment expense reserves are presented gross of reinsurance reserves in the line item INSURANCE POLICY AND CLAIMS RESERVES. Reinsurance reserves are presented separately on the balance sheet in REINSURANCE RECOVERABLES. The provision for future dividends to policyholders, provision for unearned premiums and policyholder funds are presented in separate line items.

- s. In the US GAAP and Swiss GAAP reformatted balance sheets, the line items RESERVE FOR GENERAL BANKING RISKS and RESERVE FOR OWN SHARES are included in the line item Retained earnings.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3a Condensed consolidated statements of income

The following are condensed consolidated statements of income for the years ended December 31, 2001, 2000 and 1999. In the following table US GAAP amounts reflect adjustments for the valuation and income recognition differences as described in note 46.2 and the presentation differences described in note 46.3. Swiss GAAP has been reformatted to reflect US GAAP presentation differences.

in CHF m	US GAAP 2001	US GAAP 2000	US GAAP 1999	Swiss GAAP reformatted 2001	Swiss reforma
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Interest income	46,211	42,820	27,821	46,647	43,3
Commissions and fees	19,150	17,590	11,785	19,226	17,5
Trading revenue	8,955	9,361	6,706	8,430	8,9
Realised gains/(losses) from sales of investments, net	(1,770)	3,004	920	799	4,2
Insurance premiums	28,170	25,078	23,127	28,170	25,0
Other revenue	3,926	2,582	2,062	3,130	1,8
Total revenue	104,642	100,435	72,421	106,402	101,0
Interest expense	36,154	33,803	19,009	35,915	33,6
Revenue, net of interest expense	68,488	66,632	53,412	70,487	67,3
Provision for credit losses	1,569	1,041	1,044	1,717	9
Policyholder benefits and claims	25,079	22,401	20,334	25,202	22,2
Total provisions for benefits, claims and credit losses	26,648	23,442	21,378	26,919	23,1
Insurance underwriting and acquisition expenses	4,230	3,647	2,793	4,041	3,6
Dividends to policyholders	497	2,090	1,650	733	2,4
Salaries and employee benefits	21,641	18,904	14,003	21,821	18,5
Premises and equipment expenses, net	4,208	3,201	2,717	3,993	3,0
Restructuring charges	33	607	0	26	1,4
Other expenses	10,674	7,844	6,495	9,980	7,4
Amortization of goodwill	1,269	635	452	770	2
Total operating expenses	42,552	36,928	28,110	41,364	36,9
(Loss)/profit before taxes, extraordinary items and minority interests	(712)	6,262	3,924	2,204	7,2
Income taxes	(144)	1,495	1,093	389	1,2
(Loss)/profit before extraordinary items and minority interests	(568)	4,767	2,831	1,815	6,0
Extraordinary income/(expenses), net	(1)	37	0	(1)	
Cumulative effect of changes in accounting principles	123	0	0	0	
Net (loss)/profit before minority interests	(446)	4,804	2,831	1,814	6,0
Minority interests	241	317	56	227	2
Net (loss)/profit	(687)	4,487	2,775	1,587	5,7

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3b Condensed consolidated balance sheets

The following are condensed consolidated balance sheets of the Group, at December 31, 2001 and 2000. In the following table US GAAP amounts reflect adjustments for the valuation and income recognition differences as described in note 46.2 and the presentation differences described in note 46.3. Swiss GAAP has been reformatted to reflect US GAAP presentation differences.

in CHF m	US GAAP 31.12.01	US GAAP 31.12.00	Swiss GAAP reformatted 31.12.00
<hr/>			
Assets			
Cash and cash equivalents	9,524	13,982	9,361
Interest-bearing deposits with banks	34,055	22,886	28,176
Brokerage receivables	33,863	36,345	35,601
Investment securities 1)	130,217	126,348	130,012
Trading account assets	180,707	171,843	150,797
Encumbered assets	141,632	102,162	141,632
Real estate held for investment	10,395	10,214	7,938
Federal funds sold, securities purchased under resale agreements, and securities borrowing transactions	298,810	284,224	230,604
Loans, net of allowance for credit losses 2)	173,534	167,663	169,998
Tangible fixed assets	10,133	10,293	9,027
Premiums and insurance balances receivable, net	8,024	6,932	8,021
Reinsurance recoverables	4,509	5,938	4,509
Goodwill	17,997	18,052	13,664
Present value of future profits	4,749	4,937	2,335
Deferred policy acquisition costs	4,237	2,783	5,662
Other assets	58,067	59,965	59,429
Assets held for separate accounts	14,519	12,888	14,519
<hr/>			
Total assets	1,134,972	1,057,455	1,021,285
<hr/>			

- 1) Including venture capital of CHF 13,985 m and CHF 4,745 m for US GAAP in 2001 and 2000, respectively, and CHF 14,457 m and CHF 4,007 m for Swiss GAAP reformatted for 2001 and 2000, respectively.
- 2) Net of allowance for credit losses of CHF 9,245 m and CHF 10,699 m for US GAAP in 2001 and 2000, respectively and CHF 9,234 m and CHF 10,579 m for Swiss GAAP reformatted in 2001 and 2000, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46.3b Condensed consolidated balance sheets (continued)

in CHF m	US GAAP 31.12.01	US GAAP 31.12.00	Swiss GAAP reformatted 31.12.01
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Liabilities and shareholders' equity			
Deposits	270,690	267,494	269,076
Short-term borrowings	24,957	22,540	27,397
Brokerage payables	44,013	38,860	38,073
Trading account liabilities	161,997	172,170	154,100
Insurance policy and claims reserves	100,946	96,789	100,555
Provision for dividends to policyholders	5,917	9,611	5,782
Provision for unearned premiums	6,914	6,162	6,914
Policyholder funds	15,028	13,301	15,021
Federal funds purchased, securities sold under repurchase agreements, and securities lending transactions	276,621	227,230	209,019
Other liabilities	62,149	56,984	52,215
Long-term debt	102,591	79,065	89,114
Liabilities held for separate accounts	15,098	13,417	15,098

Total liabilities	1,086,921	1,003,623	982,364

Minority interests	3,155	3,926	3,121

Common shares	3,590	6,009	3,590
Additional paid in capital	25,490	25,497	19,886
Common shares in treasury, at cost	(5,602)	(7,275)	0
Retained earnings	19,612	14,952	9,198
Accumulated other comprehensive income	2,493	6,236	1,539
Net income after minority interests	(687)	4,487	1,587

Total shareholders' equity	44,896	49,906	35,800

Total liabilities and shareholders' equity	1,134,972	1,057,455	1,021,285

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47 Additional disclosures required under US GAAP

The following disclosures within note 47 are required under US GAAP and unless otherwise noted support the Swiss GAAP consolidated financial statements and are presented on a Swiss GAAP basis.

47.1 Earnings per share

	2001	2000

Net profit/(loss) available for common shares (in CHF m)		
Swiss GAAP - basic	1,587	5,785
Interest on convertible debt	1	4

Swiss GAAP - diluted	1,588	5,789

US GAAP - basic	(687)	4,487
Interest on convertible debt	1	4

US GAAP - diluted	(686)	4,491

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Weighted-average number of shares outstanding			
Swiss GAAP - basic	1,194,090,788	1,111,100,088	1,
Potential dilutive common shares			
Contingent issuable stock	69,028	139,084	
Incremental shares from assumed conversions			
Convertible bonds	770,152	2,064,896	
Share options	8,517,586	2,387,608	
Potential dilutive common shares	9,356,766	4,591,588	
Swiss GAAP - diluted	1,203,447,554	1,115,691,676	1,
US GAAP - basic 1)	1,101,915,935	1,051,796,048	1,
Potential dilutive common shares			
Contingent issuable stock	59,629,756	34,957,620	
Incremental shares from assumed conversions			
Convertible bonds	770,152	2,064,896	
Share options	8,093,228	1,704,012	
Potential dilutive common shares	68,493,136	38,726,528	
US GAAP - diluted	1,170,409,071	1,090,522,576	1,
Earnings per share (in CHF)			
Swiss GAAP basic			
Earnings before extraordinary items	1.52	6.73	
Extraordinary items	(0.19)	(1.52)	
Net earnings per share	1.33	5.21	
Swiss GAAP diluted			
Earnings before extraordinary items	1.51	6.70	
Extraordinary items	(0.19)	(1.51)	
Net earnings per share -- diluted	1.32	5.19	
US GAAP basic			
Earnings before extraordinary items	(0.73)	4.23	
Effect cumulative change in accounting principles	0.11	0.00	
Extraordinary items	0.00	0.04	
US GAAP -- basic	(0.62)	4.27	
US GAAP diluted			
Earnings before extraordinary items	(0.69)	4.08	
Effect cumulative change in accounting principles	0.10	0.00	
Extraordinary items	0.00	0.04	
US GAAP -- diluted	(0.59)	4.12	

All share-related data have been adjusted for the 4-for-1 share split effective as of August 15, 2001.

1) Own shares are deducted in the computation of the weighted-average number of shares outstanding.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.2 Consolidated cash flows

See also consolidated statement of source and application of funds. The following table of consolidated cash flows was prepared based on changes in the Swiss GAAP balance sheet amounts presented in the categories specified by US GAAP.

in CHF m	2001	2000	1999
<hr/>			
Cash flows from operating activities			
Net profit	1,587	5,785	4,250
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	3,893	1,884	1,204
Provision for losses	2,014	1,218	1,496
Provision for deferred taxes	993	(279)	832
Other provisions	(398)	632	(301)
Change in reserve for general banking risks	0	182	80
Change in technical provisions for the insurance business	7,543	6,359	6,291
Gain from investing activities, net	(1,024)	(4,430)	(1,952)
Equity in earnings of non-consolidated participations	(25)	(196)	(78)
Gain from disposal of non-consolidated participations, net	(2)	(2)	(708)
Change in minority interests	981	1,372	206
Receivables from the insurance business	(3,906)	(2,427)	1,219
Payables from the insurance business	2,902	1,305	(1,822)
Securities and precious metals trading positions	(9,044)	(55,771)	(17,971)
Deferred policy acquisition costs	(1,156)	(150)	(461)
(Increase)/decrease in accrued income and other assets	(8,196)	(1,193)	17,698
Increase/(decrease) in accrued expenses and other liabilities	(4,758)	(3,803)	(14,705)
Amortization of premiums/accretion of discounts, net	(77)	(592)	(160)
<hr/>			
Total adjustments	(10,260)	(55,891)	(9,132)
<hr/>			
Net cash provided by/(used in) operating activities	(8,673)	(50,106)	(4,882)
<hr/>			
Cash flows from investing activities			
(Increase)/decrease in money market papers	(1,579)	994	2,038
(Increase)/decrease in due from banks	7,435	(74,286)	11,396
(Increase)/decrease in due from customers/mortgages	(14,691)	(55,365)	5,411
Investments in subsidiaries and participations	(1,546)	(14,841)	(3,452)
Disposal of subsidiaries and participations	1,548	379	1,674
Purchases of investments	(113,431)	(62,303)	(87,661)
Maturities of investments	10,099	7,812	17,253
Disposal of investments	86,573	47,328	65,826
Capital expenditures on tangible and intangible assets	(2,631)	(2,383)	(1,370)
Disposals of tangible and intangible assets	790	178	304
Other, net	0	0	173
<hr/>			
Net cash provided by/(used in) investing activities	(27,433)	(152,487)	11,592
<hr/>			

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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47.2 Consolidated cash flows (continued)

in CHF m	2001	2000	1999
Cash flows from financing activities			
Increase/(decrease) in money market papers issued	(4,123)	(2,120)	3,660
Increase/(decrease) in due to banks	(27,529)	167,162	1,786
Increase/(decrease) in due to customers	43,110	25,918	(9,052)
Issuance of medium-term notes and bonds	43,441	14,015	9,516
Repayments of medium-term notes and bonds	(16,714)	(10,198)	(12,943)
Deposits to policyowner account balances	2,790	1,966	2,614
Withdrawals from policyowner account balances	(1,739)	(1,169)	(899)
Increase/(decrease) from issuance/retirement of common shares	(394)	8,716	759
Dividends paid (including minority interests)	(2,568)	(1,986)	(1,427)
Other, net	(18)	86	2
Net cash provided by/(used in) financing activities	36,256	202,391	(5,984)
Effect of exchange rate changes on cash	14	(11)	87
Net increase/(decrease) in cash and cash equivalents	164	(213)	813
Cash and cash equivalents at beginning of financial year	2,928	3,141	2,328
Cash and cash equivalents at end of financial year	3,092	2,928	3,141
Supplemental disclosures of cash flow information			
Cash paid during the year for income taxes	1,603	1,542	615
Cash paid during the year for interest	35,767	33,203	17,472
Non-cash investing and financing activities			
Transfer of loans to real estate held for sale	118	171	131
Securitization of loans	1,783	0	33
Assets acquired and liabilities assumed in business combinations			
Fair value of assets acquired	9,109	100,688	3,582
Liabilities assumed	(7,861)	(86,223)	(728)
Cash paid related to business acquisitions	1,248	14,465	2,854
Assets and liabilities sold in business divestitures			
Fair value of assets sold	(10,476)	(41)	(1,218)
Liabilities sold	9,248	0	52
Cash received related to business divestitures	(1,228)	(41)	(1,166)

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.3 US GAAP consolidated changes in shareholders' equity

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See note 35 for additional information on changes in shareholders' equity. The following table for the changes in shareholders' equity in accordance with US GAAP.

in CHF m (except number of shares)	Common shares outstanding 1)	Common shares	Additional paid in capital 5)	Retained earnings	Ac comp
Balance at December 31, 1998	1,026,195,292	5,382	14,365	15,298	
Net profit	-	-	-	2,775	
Other comprehensive income, net of tax	-	-	-	-	
Issuance of common shares	12,480,476	62	697	-	
Share-based compensation	-	-	122	-	
Accrual for earned share compensation	-	-	870	-	
Release of treasury shares for share compensation	17,017,520	-	(897)	-	
Sale of treasury shares	189,911,688	-	(2)	-	
Repurchase of treasury shares	(202,380,248)	-	-	-	
Net premium/discount on treasury share and own share derivative activity	-	-	(6)	-	
Cash dividends paid 3) (CHF 1.25 per share)	-	-	-	(1,361)	
Dividend on treasury shares	-	-	-	50	
Balance at December 31, 1999	1,043,224,728	5,444	15,149	16,762	
Net profit	-	-	-	4,487	
Other comprehensive income, net of tax	-	-	-	-	
Issuance of common shares	112,926,008	565	8,152	-	
Share-based compensation	-	-	1,298	-	
Accrual for earned share compensation	-	-	1,945	-	
Release of treasury shares for share compensation	20,355,660	-	(1,277)	-	
Sale of treasury shares	153,126,600	-	297	-	
Repurchase of treasury shares	(225,750,840)	-	-	-	
Net premium/discount on treasury share and own share derivative activity	-	-	(67)	-	
Cash dividends paid 3) (CHF 1.75 per share)	-	-	-	(1,917)	
Dividend on treasury shares	-	-	-	107	
Balance at December 31, 2000	1,103,882,156	6,009	25,497	19,439	
Net profit	-	-	-	(687)	
Other comprehensive income, net of tax	-	-	-	-	
Issuance of common shares	2,457,851	11	164	-	
Cancellation of repurchased shares	(7,600,000)	(38)	(531)	-	
Share-based compensation	-	-	457	-	
Accrual for earned share	-	-	-	-	

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compensation			2,097	
Release of treasury shares for				
share compensation	29,913,015		(2,133)	
Sale of treasury shares	235,177,204	-	(115)	-
Repurchase of treasury shares	(243,106,991)	-	-	-
Net premium/discount on treasury				
share and own share derivative				
activity	-	-	54	-
Repayment out of share capital 3)				
(CHF 2.00 per share)	-	(2,392)	-	--
Dividend on treasury shares	-	-	-	173
<hr style="border-top: 1px dashed black;"/>				
Balance at December 31, 2001	1,120,723,235	3,590	25,490	18,925
<hr style="border-top: 1px dashed black;"/>				

All share-related data have been adjusted for the 4-for-1 share split effective as of August 15, 2001.

- 1) At par value CHF 3 each, fully paid.
- 2) Comprising 75,886,576, 97,869,804 and 45,601,224 treasury shares at December 31, 2001, 2000 and 1999, respectively. In addition to the treasury shares, a maximum of 191,026,457, 164,279,536 and 126,975,600 unissued shares (conditional

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 47.3 US GAAP consolidated changes in shareholders' equity (continued and authorized capital) at December 31, 2001, 2000 and 1999, respectively, were available for issuance without the approval of the shareholders.
- 3) Dividends are declared and paid in the year subsequent to the reporting period. For the financial year 2000, repayment out of share capital as approved on June 1, 2001 in lieu of a dividend.
 - 4) Unrealized investment gains and losses have been reduced to the extent that there is a legal or contractual obligation to pass those gains and losses to policyholders when recognized. As a result, unrealized gains and losses have been reduced by CHF (47) million, CHF 1,120 million and CHF 1,838 million in 2001, 2000 and 1999, respectively.
 - 5) Balances include the accrued cost for shares to be delivered under the share award plans. The cost attributable to share award plans at December 31, 2001, 2000, 1999 and 1998 amount to CHF 3,268 m, CHF 3,304 m, CHF 2,636 m and 2,663 m respectively. The balances include the accrued cost for shares granted subsequent to the financial year-end as part of the financial year compensation.

The Group has commenced a share repurchase program of up to CHF 5 billion, corresponding to approximately 66 million shares, over two years. The Group began the repurchase over a second trading line at the SWX Swiss Exchange on March 14, 2001. The amount and timing of the repurchases will depend on market conditions, earnings and acquisition opportunities. On April 24, 2001, the Group closed the first phase of the repurchase program having acquired 7.6 million shares, which were cancelled on 10 August 2001. As approved by the Annual General Meeting on June 1, 2001, 7.7 million shares were repurchased via second trading line on the SWX Swiss Exchange between April 25, 2001 and April 24, 2002 for subsequent cancellation. The total purchase price was CHF 541,726,200, corresponding to an average price per share of CHF 70.08 (adjusted for the 2001 4-for-1 share split and for the par value reduction of CHF 3). The Board is proposing that the cancellation of the shares repurchased be approved at the Annual General Meeting on May 31, 2002.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.4 US GAAP accumulated other comprehensive income

The following table of accumulated other comprehensive income is in accordance with US GAAP.

in CHF m	Foreign currency translation adjustments	Unrealized gains/ (losses) on securities	Unrealized gains/ (losses) on cash flow hedges	Minimum pension liability adjustment
Balance at December 31, 1998	0	5,005	-	(2)
Net profit	-	-	-	-
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	1,172	-	-	-
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 359 m	-	590	-	-
Less: Reclassification adjustment for gains/ (losses) included in net income, net of tax of CHF 177 m	-	(837)	-	-
Minimum pension liability adjustment, net of tax of CHF 0 m	-	-	-	5
Other comprehensive income	1,172	(247)	-	5
Balance at December 31, 1999	1,172	4,758	-	3
Total comprehensive income 1999	-	-	-	-
Net profit	-	-	-	-
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(825)	-	-	-
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 225 m	-	3,536	-	-
Less: Reclassification adjustment for gains/ (losses) included in net income, net of tax of CHF 709 m	-	(2,404)	-	-
Minimum pension liability adjustment, net of tax of CHF 2 m	-	-	-	(4)
Other comprehensive income	(825)	1,132	-	(4)
Balance at December 31, 2000	347	5,890	-	(1)
Total comprehensive income 2000	-	-	-	-
Net profit	--	--	-	--
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(48)	-	-	-
Unrealized gains/(losses) on securities:				
Unrealized holding gains/(losses) arising				

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during period, net of tax of CHF 412 m	-	(3,052)	-	-
Less reclassification adjustment for gains/ (losses) included in net income, net of tax of CHF (190) m	-	(330)	-	-
Unrealized gains/(losses) on cash flow hedges:				
Unrealized holding gains/(losses) arising during period, net of tax of CHF 1 m	-	-	(81)	-
Less reclassification adjustment for gains/ (losses) included in net income, net of tax of CHF 0 m	-	-	0	-
Cumulative effect of changes in accounting principles, net of tax of CHF 7 m	-	-	(17)	-
Minimum pension liability adjustment, net of tax of CHF 60 m	-	-	-	(215)
<hr style="border-top: 1px dashed black;"/>				
Changes in other comprehensive income	(48)	(3,382)	(98)	(215)
<hr style="border-top: 1px dashed black;"/>				
As of December 31, 2001	299	2,508	(98)	(216)
<hr style="border-top: 1px dashed black;"/>				
Total comprehensive income 2001	--	--	--	--
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.5 Recently issued US accounting standards

Accounting for Business combinations and Goodwill

In July 2001, the FASB issued SFAS NO. 141, BUSINESS COMBINATIONS (SFAS No. 141), and SFAS NO. 142, GOODWILL AND OTHER INTANGIBLE ASSETS (SFAS No. 142).

SFAS No. 141 requires that the purchase method of accounting be used for all business combinations and the use of the pooling of interests method will be prohibited. This statement is effective for business combinations initiated after June 30, 2001 and for purchase method of accounting business combinations completed after June 30, 2001. In addition, SFAS 141 requires certain intangible assets to be recognized apart from goodwill and sets forth specific criteria relating to the recognition of intangible assets acquired in business combinations. The adoption of SFAS 141 may result in certain intangible assets being reclassified to goodwill. Earlier adoption or retroactive application is not permitted.

SFAS No. 142 changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach. Accordingly, amortization of goodwill, including goodwill recorded in prior business combinations, will cease upon adoption of SFAS No. 142. Other intangible assets with finite lives will continue to be amortized over their assigned useful lives. For the Group and other calendar year companies, this statement is effective for financial years beginning after December 15, 2001, and earlier adoption or retroactive application is not permitted.

The Group will apply the new accounting guidelines in these statements for reporting in the first six months of 2002. The non-amortization provisions of SFAS No. 142 are expected to result in an adjustment to amortization expense, net of tax, for the year ended December 31, 2002 of CHF 1.6 billion (approximately CHF 1.33 per share). The actual assessment of the impact on the Group's earnings and financial position of the impairment provisions of SFAS

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No. 142 will be based on goodwill and other intangible assets recorded on January 1, 2001, in accordance with the standard. The Group will perform the first of the required impairment tests of goodwill and indefinite life intangible assets during the first six months of 2002. Due to the extensive effort involved in adopting SFAS No. 141 and SFAS No. 142, the Group is currently unable to determine what the effect of these tests will be on the earnings and financial position of the Group.

Accounting for the impairment or disposal of long-lived assets

In October 2001, the FASB issued SFAS NO. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS (SFAS No. 144).

SFAS 144 supercedes SFAS NO. 121 ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF (SFAS 121), and the accounting and reporting provisions of APB OPINION NO. 30 REPORTING THE RESULTS OF OPERATIONS -- REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS (APB 30). This statement also amends ARB 51 CONSOLIDATED FINANCIAL STATEMENTS (ARB 51), to eliminate the exception to consolidation for a temporarily controlled subsidiary.

SFAS 144 is effective for financial years beginning after December 15, 2001. Upon adoption all long-lived assets to be disposed of and discontinued operations and shall be measure at the lower of the carrying amount of fair value less costs to sell. It also broadens the definition of discontinued operations but does not allow for the accrual of future operating losses, as was previously permitted.

Due to the effort involved in adopting SFAS 144, the Group is currently unable to determine the effect on earnings and the financial position of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.6 Investments

The following tables are based on the consolidated Swiss GAAP balance sheet as held-to-maturity or available-for-sale based on US GAAP criteria. Additional information regarding investments can be found in note 22 for financial investments from the banking business, note 23 for investments from the insurance business and note 24 for own shares included in the investments from the banking and insurance business.

Money market papers

December 31, 2001 (in CHF m)	Book value	Amortized cost	Gross unrealized gains
Debt securities issued by foreign governments	3,401	3,401	0
Securities held-to-maturity	3,401	3,401	0
Debt securities issued by the Swiss Federal Government, cantonal or local governmental entities	1,266	1,266	0
Debt Securities issued by foreign governments	1,594	1,594	0
Corporate debt securities	292	292	0

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Other	0	0	0
-----	-----	-----	-----
Securities available-for-sale	3,152	3,152	0
-----	-----	-----	-----
Other money market papers ¹⁾	25,474	-	-
-----	-----	-----	-----
Total money market papers	32,027	-	-
-----	-----	-----	-----

December 31, 2000 (in CHF m)	Book value	Amortized cost	Gross unrealized gains
-----	-----	-----	-----
Debt securities issued by foreign governments	1,408	1,408	0
-----	-----	-----	-----
Securities held-to-maturity	1,408	1,408	0
-----	-----	-----	-----
Debt securities issued by Swiss Federal Government, cantonal or local governmental entities	1,555	1,564	0
Debt securities issued by foreign governments	3,725	3,725	0
Corporate debt securities	271	271	0
Other	78	78	0
-----	-----	-----	-----
Securities available-for-sale	5,629	5,638	0
-----	-----	-----	-----
Other money market papers ¹⁾	23,090	-	-
-----	-----	-----	-----
Total money market papers	30,127	-	-
-----	-----	-----	-----

1) Not considered debt securities under US GAAP criteria but rather cash and cash equivalents, interest bearing deposits due from banks and trading assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.6 Investments (continued)
Financial investments from the banking business

December 31, 2001 (in CHF m)	Book value	Amortized cost	Gross unrealized gains
-----	-----	-----	-----
Debt securities issued by foreign governments	5,691	5,691	5
Corporate debt securities	3	3	0
Other	0	0	0
-----	-----	-----	-----
Debt securities held-to-maturity	5,694	5,694	5
-----	-----	-----	-----
Debt securities issued by the Swiss Federal Government, cantonal or local governmental entities	502	502	22

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Debt securities issued by foreign governments	8,441	8,446	80
Corporate debt securities	1,206	1,204	14
Other	422	422	2

Debt securities available-for-sale	10,571	10,574	118

Equity securities	3,694	3,731	2,199

Securities available-for-sale	14,265	14,305	2,317

Own shares	773	--	--
Own bonds	31	--	--
Investments in venture capital	14,458	--	--
Real estate	2,070	--	--
Other	15	--	--

Total financial investments from the banking business	37,306		

December 31, 2000 (in CHF m)	Book value	Amortized cost	Gross unrealized gains

Debt securities issued by foreign governments	4,021	4,021	1
Corporate debt securities	99	99	0
Other	14	14	0

Debt securities held-to-maturity	4,134	4,134	1

Debt securities issued by Swiss Federal Government, cantonal or local governmental entities	764	764	23
Debt securities issued by other foreign governments	7,625	7,633	112
Corporate debt securities	974	974	20
Other	466	466	9

Debt securities available-for-sale	9,829	9,837	164

Equity securities	5,144	5,169	3,278

Equity securities available-for-sale	14,973	15,006	3,442

Own bonds	1	-	-
Investments in venture capital	3,988	-	-
Real estate	2,469	-	-
Other	9	-	-

Total financial investments from the banking business	25,574	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.6 Investments (continued)

The following table presents proceeds from sales of securities and realized

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gains and losses, on both Swiss GAAP and US GAAP bases, for the years ended December 31:

in CHF m	Debt securities		Available-for-sale securities		Equity securities
	2001	2000	Debt securities 1999	Equity securities 2001	
Proceeds from sales	29,161	13,880	25,579	22,952	
Realized gains					
Swiss GAAP basis	1,280	611	310	4,396	
US GAAP basis	1,004	409	240	2,610	
Realized losses					
Swiss GAAP basis	303	251	201	2,919	
US GAAP basis	303	241	313	2,923	

Transfers of equity securities and securities classified as available-for-sale to trading account assets resulted in realized gross gains of CHF 0 million, CHF 25 million and CHF 52 million during 2001, 2000 and 1999, respectively, and gross losses of CHF 17 million, CHF 0 million and CHF 18 million in 2001, 2000 and 1999, respectively.

The Group recognized other than temporary impairments on investments securities held as available-for-sale of CHF 1,152 million, CHF 357 million and CHF 0 million in 2001, 2000 and 1999, respectively.

The following table presents the amortized cost and fair value of securities classified as available-for-sale and held-to-maturity by contractual maturity dates as of:

Debt securities December 31, 2001 (in CHF m)	Securities	Securities	availa amo
	held-to-maturity amortized cost	held-to-maturity fair value	

From the banking business			
Due in one year or less	1,920	1,919	
Due from one to five years	3,774	3,778	
Due from five to ten years	0	0	
Due after ten years	0	0	

Total debt securities from the banking business	5,694	5,697	

From the insurance business			
Due in one year or less	0	0	
Due from one to five years	0	0	
Due from five to ten years	0	0	
Due after ten years	0	0	

Total debt securities from the insurance business	0	0	

At December 31, 2001, money market papers held by the Group which are classified as either available-for-sale or held-to-maturity primarily mature within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.6 Investments (continued)

At December 31, 2001, insurance financial investments with the fair value and book value of CHF 112 million and CHF 107 million, respectively, were on deposit with regulatory authorities. The Group retains ownership of all securities on deposit and receives the related investment income.

The net change in unrealized gains and losses for investments from the insurance business were as follows for the years ended December 31:

in CHF m

Debt securities
Equity securities
Other investments
Change in unrealized investment gains (losses)
Adjustments
Deferred policy acquisition costs
Present value of future profits
Policyholder liabilities
Deferred income taxes
Net change in unrealized investment gains and losses from the insurance business

At December 31, 2001, the aggregate investments in debt securities from three specific individual counterparties were each in excess of 10% of consolidated shareholders' equity, excluding minority interests. Aggregate investments in debt securities issued by two European governments and a European financial institution represented approximately 18.4%, 17.2% and 14.3% respectively, of the December 31, 2001 balance of consolidated shareholders' equity, excluding minority interests. The Standard and Poor's ratings for these were AA, AAA and AAA, respectively.

47.7 Real estate held for investment from the insurance business

The following table shows real estate held for investment from the insurance business at December 31 for the years presented.

Amounts shown are Swiss GAAP reformatted to US GAAP presentation.

in CHF m

Land
Buildings and improvements
Total cost
Accumulated depreciation

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Net book value

 Estimated fair value

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.8 Brokerage receivables and brokerage payables

The Group has receivables and payables from transactions in financial instruments purchased from and sold to banks, customers, brokers and dealers. The Group is exposed to risk of loss from the inability of its counterparty to pay for a purchase or to deliver the financial instruments sold, in which case the Group would have to sell or purchase the financial instruments at prevailing market prices. To the extent an exchange or clearing organization acts as a counterparty to a transaction, credit risk is generally reduced. The Group requires customers to maintain margin collateral in compliance with applicable regulatory and internal guidelines. Amounts shown below are Swiss GAAP reformatted to US GAAP presentation.

Brokerage receivables and brokerage payables, which arise in the normal course of business, consisted of the following as of:

in CHF m	31.12.01	31.12.00

Receivables due from customers	23,425	25,395
Receivables due from banks, brokers and dealers	12,176	9,131

Total brokerage receivables	35,601	34,526

Payables due to customers	28,860	23,340
Payables due to banks, brokers and dealers	9,213	9,921

Total brokerage payables	38,073	33,261

47.9 Securities borrowed, lent and subject to repurchase agreements

See also note 39 for additional information.

Amounts shown below are Swiss GAAP reformatted to US GAAP presentation. Securities borrowed or purchased under agreements to resell, at their respective balance sheet values, consisted of the following as of:

in CHF m	31.12.01	31.12.00

Federal funds sold and securities purchased under resale agreements	206,964	201,972
Deposits paid for securities borrowed - cash only	23,640	30,484

Total funds and securities	230,604	232,456

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Certain restatements have been made to prior-year amounts to conform to the current presentation.

Securities lent or sold under agreements to repurchase, at their respective balance sheet values, consisted of the following as of:

in CHF m	31.12.01	31.12.00

Federal funds purchased and securities sold under agreements to repurchase	185,320	157,974
Deposits received for securities lent - cash only	23,699	19,669

Total funds and securities	209,019	177,643

Certain restatements have been made to prior-year amounts to conform to the current presentation.

The maximum month end amount of securities purchased under agreements to resell was CHF 225,482 million, CHF 201,972 million and CHF 111,773 million in 2001, 2000 and 1999,

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.9 Securities borrowed, lent and subject to repurchase agreements (continued) respectively. The average amount of securities purchased under agreements to resell during the year was CHF 209,790 million, CHF 164,632 million and CHF 94,979 million in 2001, 2000 and 1999, respectively.

The resale and repurchase agreements represent collateralized financing transactions used to earn net interest income, increase liquidity, or facilitate trading activity. These instruments are collateralized principally by government securities and money market instruments and generally have terms ranging from overnight to a longer or unspecified period of time. It is the Group's policy to take possession of the underlying collateral, monitor its market value relative to the amounts due under the agreements, and when necessary, require prompt transfer of additional collateral or reduction in the loan balance in order to maintain contractual margin protection. In the event of counterparty default, the financing agreement provides the Group with the right to liquidate the collateral held. In the Group's normal course of business, substantially all of the collateral received that may be sold or repledged, has been sold or repledged at December 31, 2001.

Deposits paid for securities borrowed and deposits received for securities lent are recorded at the amount of cash advanced or received and are collateralized principally by cash or marketable securities. Securities borrowed transactions require the deposit of cash or securities collateral with the lender. For securities lent transactions, the Group receives cash or securities collateral in an amount generally in excess of the market value of securities lent. The Group monitors the market value of securities borrowed and securities lent on a daily basis, and additional collateral is obtained as necessary.

Securitization Activity

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The Group enters into various transactions whereby commercial and residential mortgages as well as corporate bonds are sold to qualifying trust or special purpose trusts and beneficial interest in those trusts are sold to investors. The investors and the securitization trusts have no recourse to the Group's other assets for failure of debtors to pay when due.

In 2001, the Group recognized pre-tax gains of CHF 134 million on the securitization of the commercial mortgages, CHF 99 million pre-tax gain on the securitization of residential mortgages and CHF 195 million pre-tax gain on securitizations of corporate bonds, respectively.

The following table summarizes cash flows received from securitization trusts for the year ended December 31:

in CHF m	2001			
	Commercial Mortgages	Residential Mortgages	Bonds	Commercial Mortgages
Proceeds from new securitizations	14,583	28,692	18,815	4,709
Other cash flows received (gains/losses)	163	99	158	16

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.9 Securities borrowed, lent and subject to repurchase agreements (continued)
The fair value of retained interest from securitizations, key economic assumptions used to value, as of December 31, 2001 and the sensitivity of the current fair value to immediate adverse percent changes in those assumptions are as follows:

	Commercial Mortgage Loans	Residen Mort L
Carrying amount/fair value of retained interests (in CHF m)	1,230	1
Weighted-average life (in years)	0.3 to 9.3	1.6 to
Weighted-average CHF value change for one basis point movement	0.04	
Prepayment Speed Assumption 2)	N/A 1)	100 PSA to 833 P
Impact on fair value of 10% adverse change	N/A	
Impact on fair value of 20% adverse change	N/A	
Floating Interest Rate/Cash Flow Discount rate	Libor +/- Spread	
Impact on fair value of 10% adverse change	19	
Impact on fair value of 20% adverse change	37	
Expected credit losses 3)		
Impact on fair value of 2% adverse change	0	
Impact on fair value of 5% adverse change	1	

- 1) These mortgages typically have prepayment fees associated with them and have balloon payments at the end of the term and as such prepayments are not considered key assumptions.
- 2) PSA is an industry standard prepayment speed model used in the calculation of the fair value of the retained interest. PSA utilizes the Constant Prepayment Rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month of life. This increases by 0.2% thereafter during the life of the mortgage loan leveling off to a constant prepayment rate of 6.0% per annum beginning in the thirtieth month and each month thereafter during the life of the mortgage loan. 100 PSA equals 100 Constant Prepayment Rate (CPR).
- 3) Expected credit losses for mortgage loans are assumed to be zero as generally the underlying mortgages are secured by real property and substantially all beneficial interest retained represents investment grade interests.
- 4) The majority portfolio consists of high-yield and investment grade corporate bonds. These obligations are not prepayable. The remaining portfolio consists of commercial and residential loans. Commercial obligations typically have balloon payments and as such prepayments are not considered key assumptions.
- 5) Amid falling rates in 2001, huge prepayment volatility occurred especially with respect to the initial pricing assumptions.

These sensitivities are hypothetical and should be used with caution. Changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interests is calculated without changing any other assumption. Therefore, changes in one assumption may result in changes in another assumption which might magnify or counteract the sensitivities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.10 Income taxes

See note 14 for additional information on taxes.

The Group is incorporated in Switzerland and operates in various countries with differing tax laws and rates. A substantial amount of the Group's income before taxes and related taxes are generated outside of Switzerland. Consequently, the effective tax rate may vary from period to period to reflect the generation of taxable income in tax jurisdictions.

A reconciliation of taxes computed at the statutory rate of 25% to the actual taxes is shown in the following table.

in %	2001	2000	1999
Statutory tax rate	25.0	25.0	25.0
Increases/(decreases) in taxes resulting from:			
Effects of different tax rates	(29.6)	(9.6)	(10.7)
Net operating losses (NOL) for which no deferred tax asset			

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is recognized	36.8	4.4	9.9
Utilization of NOL	(7.9)	(7.6)	(10.0)
Changes in deferred tax valuation allowance	2.8	(2.1)	(3.0)
Lower taxed income	(21.2)	(1.4)	(2.5)
Non deductible expenses, allowances and deductions	26.8	3.7	(1.0)
Other	(11.6)	5.9	8.8
-----	-----	-----	-----
Effective tax rate	21.1	18.3	16.5
-----	-----	-----	-----

At December 31, 2001 and 2000, deferred tax assets based on Swiss GAAP totaled CHF 6,910 million and CHF 6,883 million, respectively, while deferred tax liabilities based on Swiss GAAP totaled CHF 5,740 million and CHF 6,659 million at December 31, 2001 and 2000, respectively.

At December 31, 2001 and 2000, the Group had accumulated undistributed earnings from foreign subsidiaries, which are subject to unrecoverable withholding tax of CHF 8,754 million and CHF 6,055 million, respectively. No deferred tax has been recorded as these earnings are considered indefinitely reinvested. If these earnings were distributed, the Group would be subject to unrecoverable withholding tax of CHF 539 million and CHF 344 million at December 31, 2001 and 2000, respectively.

Foreign income/(loss) before tax expense was CHF (630) million, CHF 2,347 million and CHF 2,341 million at December 31, 2001, 2000 and 1999, respectively. Foreign income is defined as income generated by operations located outside Switzerland.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.10 Income taxes (continued)

Presented below in accordance with SFAS NO. 109 ACCOUNTING FOR INCOME TAXES, is the tax effect of temporary differences that give rise to significant portions of the US GAAP deferred tax assets and deferred tax liabilities valued in accordance with US GAAP as of:

in CHF m	31.12.01	31.12.00
-----	-----	-----
Insurance technical provisions	2,092	1,922
Employment benefits	2,254	2,513
Investment Securities	317	149
Provisions	1,908	195
Derivatives	120	892
Real estate	339	238
NOL carry-forwards	1,862	2,266
Other	1,364	1,266
-----	-----	-----
Deferred tax asset before valuation allowance	10,256	9,441
Less valuation allowance	(1,400)	(1,155)
-----	-----	-----
Deferred tax assets net of valuation allowance	8,856	8,286
-----	-----	-----
Insurance technical provisions	(525)	(76)
Employee benefits	(85)	(68)

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Investment securities	(1,184)	(2,234)
Present value of future profits	(1,576)	(1,953)
Deferred policy acquisition costs	(698)	(535)
Business combinations	(1,863)	(1,766)
Derivatives	(69)	(277)
Software capitalization	(211)	(124)
Leasing	(169)	(165)
Real estate	(599)	(624)
Other	(1,126)	(1,017)

Deferred tax liabilities	(8,105)	(8,839)

Net deferred tax assets/(liabilities)	751	(553)

Certain foreign branches and subsidiaries of the Group have deferred tax assets related to net operating loss carry-forwards and other items. A US GAAP valuation allowance has been recognized because it is "more likely than not" that some portion of the deferred tax will not be realized due to limited carry-forward periods and expected taxable profits. The net change during 2001 in the total valuation allowance was CHF 245 million. This change was due to utilization of tax carry-forwards. Based on management's assessment, it is more likely than not that all the net deferred tax assets will be realized through future taxable income or implementation of tax planning strategies.

At December 31, 2001, the Group had available net operating loss carry-forwards totalling CHF 6,692 million, the latest of which expires in 2020.

47.11 Reinsurance

See also note 16 for additional information on reinsurance.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.11 Reinsurance (continued)

The Group's non-life and life insurance companies cede some of their insurance risks to third-parties in order to provide greater diversification of their businesses, provide additional capacity for future growth, effect business-sharing arrangements, protect against catastrophic events and limit the potential for losses arising from large risks. The reinsurance arrangements do not relieve the Group from its direct obligation to its policyholders. Thus, a credit exposure exists to the extent that any reinsurer is unable to meet the obligations assumed under the reinsurance arrangements. The Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk to reinsurers to minimize its exposure to significant losses from reinsurers' insolvencies. The Group's current policy is generally to place its reinsurance with companies rated either AAA or AA by Standard & Poor's. A balance sheet provision has been recorded for estimated unrecoverable reinsurance of CHF 4 million and CHF 7 million for 2001 and 2000, respectively. In addition, the Group's policy is to generally hold collateral in the form of cash, securities and letters of credit as security under the related reinsurance agreements. Concentrations with individual reinsurers are not material to the Group and the Group is not substantially dependent upon any reinsurance contract.

Non-life reinsurance

Over the past several years, the Group has gradually been replacing its proportional reinsurance treaties with non-proportional treaties. Retention

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limits are based generally on the line of business and the jurisdiction of coverage. The Group has a global catastrophic reinsurance protection program providing coverage for losses arising from any one incident in excess of CHF 50 million and CHF 50 million per year for all losses (incidents) between CHF 50 million and CHF 100 million (USD 25 million and 50% of the losses (incidents) between USD 25 million and USD 50 million in North America). Reinsurance assumed by the Group from other companies is done on a facultative basis.

H.S. Weavers was an underwriting agent that wrote business on behalf of Winterthur Insurance through year-end 1983. The agency accepted commercial umbrella and excess casualty business from US companies, and, as a result, has significant exposure to asbestos, pollution and other health hazard claims. Effective July 1, 2000, Winterthur Insurance purchased retroactive reinsurance coverage from the National Indemnity Corporation to limit the exposure from this book of business. The reinsurance provides coverage up to USD 800 million against an estimated undiscounted exposure of USD 584 million. As a result of this retroactive reinsurance transaction, Winterthur Insurance recorded a net deferred gain in 2000 in the amount of USD 233 million CHF 381 million. The net deferred gain will be amortized to operating income over the estimated settlement period. At December 31, 2001, the remainder of the deferred gain to be amortized in future years was USD 203 million (CHF 340 million).

Life reinsurance

The Group limits its exposure to losses on any single life. For ordinary insurance, Winterthur Life & Pensions retains a maximum coverage of approximately CHF 3 million per individual life. There are smaller retentions for certain geographic regions and other products. Life reinsurance is entered into principally under surplus agreements on yearly renewable term or modified co-insurance basis. Amounts recoverable from life reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.12 Present value of future profits

The following table represents the activity in the present value of future profits (PVFP) for the years ended December 31:

in CHF m	2001	2000	1999
Balance at beginning of financial year	2,522	1,505	754
Additions arising from acquisitions	59	1,150	758
Interest accrued during the year	157	156	50
Eliminated due to impairment or disposals	0	(44)	0
Amortization expense	(394)	(126)	(89)
Foreign currency translation impact	(40)	(116)	29
Carrying value at end of year before adjustments	2,304	2,525	1,502
Adjustment for unrealized gains and losses on available-for-sale securities	31	(3)	3
Carrying value at end of financial year	2,335	2,522	1,505

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For the year ended December 31, 2001, additions arising from acquisitions of life insurance portfolios relate to the acquisition of VOPF, one of the largest Czech pension fund. For the year ended December 31, 2000, the addition was related to the acquisitions of Colonial UK on July 1, 2000 and Nicos Life on April 1, 2000. For the year ended December 31, 1999, the addition was related to the acquisition of an additional 23% interest in DBV Winterthur Holding AG on July 1, 1999, which increased the Group's interest to 68.6%.

The estimated amount of the December 31, 2001 balance, before the effect of unrealized gains and losses, to be amortized over each of the next five years is as follows:

in CHF m

2002	392
2003	264
2004	248
2005	235
2006	223

Under US GAAP the acquisition of "Winterthur" Swiss Insurance Company is required to be accounted for as an acquisition rather than as a pooling of interests as for Swiss GAAP. As a result any PVFP existing before the date of acquisition is eliminated and a new PVFP is calculated as of the acquisition date. The carrying value of PVFP computed in conformity with US GAAP is CHF 4,749 million, CHF 4,937 million and CHF 3,938 million at December 31, 2001, 2000 and 1999, respectively. These amounts are net of the impact of unrealized (losses)/gains of CHF (144) million, CHF 410 million CHF 599 million at December 31, 2001, 2000 and 1999, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.13 Deferred policy acquisition costs

Amounts shown are Swiss GAAP reformatted to US GAAP presentation. The following table summarizes the balances of and changes in deferred policy acquisition costs for the years ended December 31:

in CHF m	Non-life 2001	Non-life 2000	Non-life 1999	Life 2001	Life 2000	Life 1999	T

At beginning of financial year	1,454	1,191	1,144	2,511	2,369	2,330	3

Additions arising from acquisitions	(26)	162	0	265	0	0	
Deferred policy acquisition costs for the year	2,978	1,978	2,609	595	375	738	3
Amortization expense	(2,272)	(1,828)	(2,536)	(307)	(452)	(751)	(2)
Foreign currency translation impact	(25)	(49)	(26)	(52)	61	(7)	

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Subtotal	2,109	1,454	1,191	3,012	2,353	2,310	5
Adjustment for unrealized gains/ (losses) on available-for-sale securities	0	0	0	541	158	59	
At end of financial year	2,109	1,454	1,191	3,553	2,511	2,369	5

47.14 Real estate

REAL ESTATE HELD FOR SALE

The following table summarizes the real estate held for sale at December 31 for the years presented. Amounts shown are Swiss GAAP reformatted to US GAAP presentation.

	31.12.01	31.12.00
Real estate acquired for sale	1,503	1,727
Real estate repossessed and held for sale	572	756
Real estate held for sale	2,075	2,483

The properties are primarily commercial and residential real estate properties and in most cases are listed for sale, depending on market conditions. These properties are primarily related to the activities of Credit Suisse First Boston and Credit Suisse Banking.

Real estate held for sale is presented net of valuation adjustments. Valuation adjustments for foreclosed real estate represent management's best estimate of the expected value to be realized in a normal sale transaction.

OWN USE REAL ESTATE

See also note 26 for additional information on tangible fixed assets.

In 2001, the Group recognized an impairment loss for long-lived assets to be held and used of CHF 20 million. Impairment of long-lived assets losses totaled CHF 92 million in 2000 and resulted from other than temporary declines in the market values of certain buildings, which continue to be held and used, in Switzerland and Brazil. As a result principally of a significant decrease in market values of certain properties in Switzerland, the Group performed an impairment evaluation on own use real estate in both 2000 and 2001. Certain properties were identified as impaired in cases where the properties' carrying values exceeded the expected future cash flows computed undiscounted and without interest

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.14 Real estate (continued)

charges. The carrying values of the impaired properties were written down to fair value and this established a new cost basis. For these properties, fair values were measured based on either discounted cash flow analyses or

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appraisals. Accordingly, in 2000, an impairment loss of CHF 77 million was recorded in DEPRECIATION AND WRITE-OFFS ON NON-CURRENT ASSETS, NET. Additionally, the Group purchased own use real estate in Brazil and translated the Brazilian currency at the date of purchase into USD, the reporting currency of the Group's subsidiary holding this property. Due to the significant devaluation of the Brazilian currency against the USD in 2000, the Group believed it could no longer realize the dollar value reported for financial statement purposes. In October 2000, the Group obtained a building appraisal and converted the estimated value into USD at the October 2000 exchange rate. The real estate was written-down for the difference between this amount and the carrying amount. An impairment loss of CHF 15 million was recorded in the line item DEPRECIATION AND WRITE-OFFS ON NON-CURRENT ASSETS, NET. There were no impairments identified in 1999.

47.15 Fair value of financial instruments

The table below presents the fair value and the Swiss GAAP carrying values of financial instruments in accordance with SFAS NO.107, DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (SFAS No. 107). This statement requires the disclosure of fair value information about financial instruments, whether or not amounts are recognized in the balance sheet.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques. The calculated fair values are significantly affected by the assumptions used, principally the timing of future cash flows and the discount rate. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realized in an immediate sale or settlement of the instrument. The disclosure requirements of this statement exclude all non-financial instruments such as lease transactions, real estate and premises, equity method

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.15 Fair value of financial instruments (continued)

investments and pension and benefit obligations. Accordingly, the fair value amounts presented do not represent management's estimation of the underlying value of the Group.

in CHF m	Book value 31.12.01	Fair value 31.12.01	Book value 31.12.00	31

On balance sheet financial assets				
Cash and other liquid assets	3,092	3,092	2,928	
Money market papers	32,027	32,026	30,127	
Due from banks	203,785	203,801	218,521	2
Receivables from the insurance business	11,823	11,823	9,871	
Due from customers 1)	183,685	183,953	168,374	1
Mortgages 1)	92,034	92,830	91,879	
Securities and precious metals trading portfolios	208,374	208,374	198,917	1
Financial investments from the banking business 2)	19,960	22,289	19,107	
Investments from the insurance business 2)	123,742	123,415	125,534	1
Non-consolidated participations at cost	367	482	370	
Positive replacement values of derivative instruments	155,340	155,340	118,139	1

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On balance sheet financial liabilities				
Money market papers issued	19,252	19,286	23,176	
Due to banks 1)	335,932	335,901	359,441	3
Payables from the insurance business	11,864	11,864	8,807	
Due to customers in savings and investment accounts	38,547	38,547	39,233	
Due to customers, other 1)	261,513	261,620	213,385	2
Medium-term notes (cash bonds)	3,019	3,115	3,225	
Bonds and mortgage-backed bonds	81,505	82,268	65,524	
Negative replacement values of derivative instruments	157,504	157,504	123,184	1

Certain reclassifications have been made to prior-year amounts to conform to the current presentation.

- 1) Lease transactions have been excluded from these carrying and fair values in accordance with SFAS No. 107.
- 2) Real estate and premises have been excluded from these carrying and fair values in accordance with SFAS No. 107.

The following is a description of the significant methods and assumptions used in calculating the fair values presented above.

For cash and other liquid assets, money market claims maturing within three months, the fair value is assumed to approximate carrying amount given the short-term nature of these instruments. This assumption is applied also to receivables and payables from the insurance business. For those items with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

The following describes the methods of determining the fair value of loans which are primarily included in due from banks, due from customers, and mortgages. For non-impaired loans where no quoted market prices are available, contractual cash flows are discounted using the market interest rates for loans with similar characteristics. For impaired loans, the carrying value net of valuation adjustments approximates fair value.

The securities and precious metals trading portfolio is carried on the balance sheet at fair value. Fair value is determined using quoted market prices.

The fair values of positive replacement values, negative replacement values, financial investments from the banking and the insurance business, and non-consolidated participations are based on quoted

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.15 Fair value of financial instruments (continued)
market prices. Where these are not available, fair values are based on the quoted market prices of comparable securities, or are estimated by discounting anticipated future cash flows or using other valuation techniques.

For deposit instruments, which are included in due to banks, due to customers in savings and investment accounts and due to customers, other, the fair value is calculated as follows: for deposit instruments with no stated maturity and those with original maturities less than three months, the carrying value is assumed to approximate fair value due to the short-term nature of these liabilities. For deposit instruments with a stated maturity exceeding three months, fair value is calculated using a discounted cash flow analysis.

For medium-term notes, bonds and mortgage-backed bonds, fair values are

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estimated by using quoted market prices, or discounting the remaining contractual cash flows using a rate at which the Group could issue debt with a similar remaining maturity as of the balance sheet date.

47.16 Derivative financial instruments

See also the consolidated off-balance sheet business table and notes 29 and 32 for additional information on derivative financial instruments.

A derivative instrument is a financial instrument or other contract with all three of the following characteristics:

- (1) (a) One or more underlyings and (b) one or more notional amounts or payment provisions or both,
- (2) Requires little or no initial net investment, and
- (3) Its terms require or permit net settlement.

Derivatives are generally either privately negotiated over-the-counter (OTC) contracts or standard contracts transacted through regulated exchanges. The Group enters into derivative contracts for trading and risk management purposes.

The Group's most frequently used derivative products are interest rate and currency swaps, foreign exchange forward contracts, interest rate and foreign currency options, forward rate agreements, and foreign currency and interest rate futures.

Swaps

Swaps are contractual agreements between two parties to exchange a series of cash flows on a specified notional amount for a predetermined period.

For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency. The main risks associated with these instruments are the exposure to movements in interest rates and the ability of the counterparties to meet the terms of the contract. Interest rate swaps are used to adjust exposure to interest rate risk by modifying the repricing or maturity characteristics of assets and liabilities.

Cross-currency swaps involve the exchange of fixed or floating rate interest payments in one currency for the receipt of fixed or floating interest payments in another currency.

For commodity swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single commodity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.16 Derivative financial instruments (continued)

Forwards and futures

Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customized contracts transacted in the OTC market. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily margining. Counterparty or credit risk arises from the possible inability of OTC counterparties to meet the terms of their contracts and from movements in securities values, interest rates and foreign exchange

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rates.

Options

Options are contractual agreements that convey the right but not the obligation to either buy or sell a specific amount of a currency, commodity or financial instrument at a fixed price either at a fixed future date or at any time within a fixed future period.

The writer of the option receives a premium from the purchaser for accepting market risk. The purchaser of the option pays a premium for the right to exercise the option, and the purchaser accepts credit risk due to the uncertainty as to the writer's ability to fulfil the conditions of the contract. Options also include caps, collars, and floors, which are contractual agreements where the writer agrees to pay the purchaser, based on a specified notional amount, the agreed upon difference between the market rate and the prescribed rate of the cap, collar, or floor. The writer receives a premium for selling this instrument.

Collateral and netting

To reduce credit risk, specifically related to its derivative transactions, the Group enters into master netting agreements whenever possible and, when appropriate, obtains collateral from counterparties. These agreements provide that, in the event of default, all outstanding transactions with the counterparty will be terminated and all amounts outstanding will be settled on a net basis. The Group holds collateral in respect of credit related instruments where this is considered desirable, given the customer's assets. This provides the Group with a claim on these assets for both existing and future liabilities.

The Group subjects its derivative-related credit risks to the same credit approval, limit and monitoring standards that it uses for managing other transactions that create credit risk. This includes evaluation of counterparties as to creditworthiness, and managing the size, diversification and maturity structure of the portfolio. The Group's credit exposure at December 31, 2001 from derivatives held for trading purposes is represented by the positive fair value of instruments. The risk of counterparty default on derivative contracts is monitored on an ongoing basis and the level of credit risk is further minimized by dealing with counterparties of good credit standing.

Adoption of SFAS 133

The Group adopted Statement of Financial Accounting Standards No. 133 (SFAS 133), ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, as amended by SFAS 138 on January 1, 2001 for US GAAP reporting purposes. In accordance with the transition provisions of SFAS 133, the Group recorded in its US GAAP financial statements the following:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.16 Derivative financial instruments (continued)

- a net-of-tax cumulative-effect-type adjustment of CHF 123 million (loss) in earnings to recognize the difference (attributable to the hedged risks) between the carrying values and fair values of related hedged assets and liabilities; and
- a net-of-tax cumulative-effect-type adjustment of CHF 17 million in accumulated other comprehensive income to recognize at fair value all derivatives that are designated as cash flow hedging instruments.

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The Group reclassified CHF 14 million from the transition adjustment that was recorded in accumulated other comprehensive income into US GAAP earnings during the twelve months following initial application to December 31, 2001.

Accounting for derivative and hedging activities

All derivatives are recognized on the balance sheet at their fair value. The fair value of a derivative represents the aggregate net present value of the expected cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as of the reporting date. 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, including quoted market prices, where, available prevailing market rates for instruments with similar characteristics and maturities; net present value analysis; or other pricing models as appropriate.

On the date the derivative contract is entered into, the Group designates the derivative as one of the following for US GAAP purposes:

- (1) a trading instrument,
- (2) a risk management transaction not qualifying for US GAAP hedge accounting,
- (3) a hedge of the fair value of a recognized asset or liability ("fair value" hedge),
- (4) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow" hedge), or
- (5) a hedge of a net investment in a foreign operation.

Trading derivatives are reported in trading assets or liabilities with changes in their fair value recognized as they occur in trading revenue. All other derivatives are reported in other assets or other liabilities.

Changes in the fair value of derivatives, which have been designated and qualify as a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk are recorded in current-period earnings in the same line item as the hedged item. The ineffective portion of changes in the fair value of a fair value hedging derivative is recorded in other income as they occur.

The effective portion of the change in the fair value of a derivative that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income. These amounts are reclassified into earnings when the variable cash flow from the hedged item impacts earnings (e.g., when periodic settlements on a variable rate asset or liability are recorded in earnings). The ineffective portion of changes in the fair value of cash flow hedging derivative is recorded in other income as they occur.

Derivatives that are designated and qualify as foreign currency hedges, which are used to hedge the variability functional currency equivalent cash flows, are accounted for as cash flow hedges as described above. Derivatives that are designated and qualify as foreign currency hedges of the fair value of a

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.16 Derivative financial instruments (continued)

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foreign currency denominated asset or liability are accounted for as fair value hedges as described above.

The effective portion of changes in the fair value of a derivative used as a hedge of a net investment in a foreign operation, is recorded in the cumulative translation adjustments account within other comprehensive income. The ineffective portion of changes in the fair value is recorded as other income as they occur.

The Group purchases and sells financial instruments that contain derivative instruments "embedded" within them. Where the Group has determined that the economic characteristics of these embedded derivatives are not clearly and closely related to the economic characteristics of the host contract, the embedded derivative is separated from the host contract, and carried at fair value. The separated derivative is accounted for as a trading derivative instrument.

The Group formally documents all relationships between hedging instruments and hedging items, as well as its risk-management objective and strategy for undertaking hedge transactions. All derivatives that are designated as fair value, cash flow, or foreign currency hedges are linked to specific assets and liabilities on the balance sheet or specific forecasted transactions. The Group also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Group discontinues hedge accounting prospectively as discussed below. The effectiveness of hedging relationships is evaluated using quantitative measures of correlation.

The Group discontinues hedge accounting prospectively for the following reasons:

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

When hedge accounting is discontinued because it is determined that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried on the balance sheet at its fair value, and the hedged asset or liability will no longer be adjusted for changes in fair value due to the risk being hedged. When hedge accounting is discontinued on a cash flow hedge the net gain or loss shall remain in accumulated other comprehensive income and be reclassified into earnings in the same period or periods during which former hedged transaction affects earnings. When hedge accounting is discontinued because it is probable that a forecasted transaction will not occur within the original specified time period or with the additional time period as specified in SFAS 133, the derivative will continue to be carried on the balance sheet at its fair value, and gains and losses that were accumulated in other comprehensive income will be recognized immediately in earnings. In all other situations in which hedge accounting is discontinued, the derivative will be earned at its fair value on the balance sheet, with changes in its fair value recognized in current-period earnings, unless redesignated as a hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.16 Derivative financial instruments (continued)
Use of Derivative Instruments

The Group maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in earnings that are caused by interest rate volatility. The Group's goal is to manage interest rate sensitivity by modifying the repricing or maturity characteristics of certain assets and liabilities so that the net interest margin is not, on a material basis, adversely affected by movements in interest rates. As a result of interest rate fluctuations, hedged assets and liabilities will appreciate or depreciate in market value. Income or loss on the derivative instruments that are linked to the hedged assets and liabilities will generally offset the effect of this unrealized appreciation or depreciation. The Group views this strategy as a prudent management of interest rate sensitivity, such that earnings are not exposed to undue risk presented by changes in interest rates.

By using derivative instruments, the Group is exposed to credit and market risk. If the counterparty fails to perform, credit risk is equal to the extent of the positive fair value of a derivative. The Group minimizes the credit (or repayment) risk arising from derivative transactions through its credit approval process and the use of limits and monitoring procedures. The Group seeks to further minimize credit risk through the use of collateral and netting arrangements (i.e., legal right of a setoff of receivable and payable derivative contracts) where it is deemed necessary.

The Group uses various hedging strategies that are developed through a review of potential hedging techniques and using analysis from financial simulation models and other internal and industry sources to identify the most cost effective method to hedge the risk exposure.

Trading Activities

The Group is active in most of the principal trading markets of the world, using the majority of the popular trading and hedging products. This includes the use of swaps, futures, options, and structured products (custom transactions using combinations of derivatives) in connection with its sales and trading activities. As a dealer, the Group's sales activities include acting as principal in structuring and marketing of derivative products to customers at competitive prices to enable them to transfer, modify or reduce current or expected risks. Trading activities include market-making, positioning and arbitrage activities, including derivative transactions entered into for risk management purposes that do not otherwise qualify for hedge accounting. These derivatives are presented in other assets. Market-making involves quoting bid and offer prices to other market participants to provide liquidity and regular availability of derivatives with the intention of generating revenues based on spread and volume. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage activities involve identifying and profiting from price differentials between markets and products. The majority of the Group's derivatives held at December 31, 2001, were used for trading activities.

Fair Value Hedges

The Group typically enters into interest rate swaps to manage its exposure to interest rate risk. The Group will generally use these swaps to convert fixed rate assets or liabilities to variable rates. The Group uses cross currency

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swaps to convert foreign currency denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities. The Group uses forward contracts and option

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.16 Derivative financial instruments (continued)
contracts to hedge its exposure to changes in fair value of equity instruments. The Group uses foreign currency forwards to hedge the foreign currency risk associated with available-for-sale securities.

For the year ended December 31, 2001, the Group recognized a net loss on derivative instruments of CHF 14 million (reported as other expense in the consolidated income statement), which represented the sum of the ineffective portion of all fair value hedges and the amount excluded from the assessment of hedge effectiveness.

Cash Flow Hedges

The Group generally uses interest rate swaps to convert floating rate assets or liabilities to fixed rates. The Group uses cross currency swaps to convert foreign currency denominated fixed and floating rate assets or liabilities to fixed rate functional currency assets or liabilities. For the year ended December 31, 2001, the Company recognized no net loss on derivative instruments (reported as other expense in the consolidated income statement), which represented the sum of the total ineffectiveness of cash-flow hedge's and the amount excluded from the assessment of the hedge effectiveness. This amount represents the cashflow hedges ineffectiveness arising from differences between the critical terms of the interest rate swaps and the hedged liability.

Gains and losses on derivative contracts that are reclassified from accumulated other comprehensive income to current-period earnings are included in the line item in which the hedged forecasted transactions is recorded. As of December 31, 2001, there were CHF 9 million deferred net losses on derivative instruments in accumulated other comprehensive income reclassified to earnings during the previous twelve months.

Hedges of Net Investments in Foreign Operations

The Group typically uses forward exchange contracts and foreign-currency-denominated debt to hedge selected net investments in foreign operations. The purpose of this hedge is to protect against adverse movements in exchange rates. For the year ended December 31, 2001, there was no net losses related to these derivatives included in the cumulative translation adjustment within other comprehensive income.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk

Description of financial instruments with off-balance sheet risk

See also the consolidated off-balance sheet business table for further information on financial instruments with off-balance sheet risk.

The Group is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers, to reduce its own exposure to fluctuations in interest rates, and to conduct

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lending activities. These financial instruments include commitments to extend credit, credit and performance-related guarantees, irrevocable commitments in respect of documentary credits, interest rate caps and floors written, interest rate swaps, and forward and futures contracts. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount reflected in the consolidated balance sheet. Derivative financial instruments are described in note 47.16 - Derivative financial instruments.

Risks involved and management of those risks

Exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit, letters of credit and financial guarantees, is represented by the notional amount of those instruments. The Group uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet items.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since a portion of the commitments is expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Group evaluates each customer's credit worthiness on a case-by-case basis.

A provision for contingent liabilities is maintained for the banking operations, which is considered adequate to absorb losses arising from the existing balance of contingent liabilities. The provision for such losses is in accordance with the overall supervisory direction of the Swiss Banking laws. Each subsidiary sets out provisions for contingent obligations and claims, using Group guidelines. The provisions are reviewed on a quarterly basis by senior management.

Litigation

World War II Settlement

Swiss banking settlement

In October 1996, several class action lawsuits were brought against the Group and another Swiss bank in the United States District Court for the Eastern District of New York. In January 1999, an agreement was signed with various Jewish groups and the lawyers representing the US class action plaintiffs on a global settlement that would resolve all claims against all Swiss businesses but with the exception of certain named life insurance carriers, including Winterthur Life & Pensions, relating to the World War II era. On July 26, 2000, the court approved the global settlement, and on November 22, 2000, the court adopted a plan for distributing the settlement funds.

The full and conclusive settlement committed the defendant Swiss banks to pay USD 1.25 billion under certain terms and conditions. The Group committed to pay up to one-third of this sum. On

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued)
November 23, 2000, the Group paid the final installment into an escrow fund. Contributions from other Swiss companies that did not participate in the litigation are expected and have partly been committed. If such contributions materialize, they will help offset the amount the Group paid. A number of persons have elected to opt out of the settlement and not to participate in the

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class action. Such persons' claims will not be released by the settlement.

In addition, a number of appeals challenging the fairness of the settlement, or the distribution plan, were filed by purported class members but all of those appeals have been denied. Therefore, the settlement is fully effective. Accordingly, the settlement money paid into the escrow fund has been transferred to a settlement fund that is fully under the control of the court and class plaintiffs' counsel.

The Group and another bank have filed an appeal challenging a ruling by the court that seeks to narrow in two respects the scope of the releases given to Swiss companies and their affiliates who are alleged to have used slave labor during World War II. The court of appeals issued a favorable ruling with respect to one such issue and an unfavorable one with respect to the other. Further proceedings are contemplated in the district court to resolve finally the scope of the release language relating to other companies.

Claims against Life & Pensions

In 1997, a class action lawsuit, referred to as the Cornell case, was filed against 16 European insurance companies, including Life & Pensions, in the United States District Court for the Southern District of New York. Life & Pensions did not receive a release under the Swiss banking settlement described above. The plaintiffs claimed that these companies failed or refused to pay out benefits, particularly in connection with life policies, to which victims or survivors of World War II were entitled. In January 1999, Life & Pensions was named as a defendant in a second class action, also in the Southern District of New York, referred to as the Winters/Schenker case, which asserts the same or similar claims. In January 2000, the Cornell case was dismissed. Plaintiffs in the Winters/Schenker case were invited by the court to file an amended complaint.

In addition to the litigation and in response to actions by various American insurance regulators, in August 1998, an agreement was reached in co-operation with such regulators and with other European insurers, establishing a common procedure for the filing and processing of life insurance claims related to the World War II era. The organization established for this purpose, the International Commission on Holocaust Era Insurance Claims, or ICHEIC, has initiated procedures for claims outreach, claims handling, the auditing of the insurers and similar matters. Life & Pensions is taking an active part in ICHEIC.

The American Insurance Association, and certain of Life & Pensions US domiciled insurance subsidiaries along with several other US domiciled insurance companies affiliated with non-US entities have challenged in court proceedings legislation in the State of California purporting to suspend the licenses of the California insurers if the State determines that the insurers (or their non-US affiliates) have not followed certain procedures for insurance claims relating to the World War II era, the outcome of which challenge is at the present time uncertain.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued)
Governmental/Regulatory inquiries relating to IPO allocation practices

Credit Suisse First Boston Corporation, or CSFB Corp., one of the Group's principal US broker-dealers, was the subject of an investigation in connection with certain of its alleged practices as to the allocation of shares in initial public offerings and subsequent securities transactions and commissions by the NASD Regulation, Inc., or NASDR, the US Attorney's Office for the Southern

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District of New York and the SEC. To our knowledge, several other investment banks have been the subject of investigations regarding similar matters.

The inquiries have principally focused on the allocation practices with respect to initial public offerings in 1999 and 2000 and in particular, the receipt of allegedly excessive commissions on secondary trades from certain customers that received allocations of shares and the relationship between the payment of commission and the receipt of the initial public offering allocations. On January 22, 2002, CSFB Corp. fully resolved the investigation by the SEC, which filed a Complaint, Consent and Final Judgment in the United States District Court for the District of Columbia. CSFB Corp. also entered into a Letter of Acceptance, Waiver and Consent with the NASDR, which fully resolves the NASDR investigation. Both documents charge CSFB Corp. with violations of certain NASD Conduct Rules and record-keeping regulations and the NASDR document also charges CSFB Corp. with failure to supervise. Neither document made any allegations or findings of fraudulent conduct by CSFB Corp. Pursuant to these settlements, CSFB Corp. agreed to pay a total of USD 100 million (CHF 169 million). This amount includes a USD 30 million (CHF 50 million) civil penalty to be divided between the SEC and NASDR, and a USD 70 million (CHF 117 million) payment to be made to the US Treasury and NASDR, representing disgorgement as a result of the conduct described by the SEC and NASDR in the Complaint and AWC. As part of these settlements, CSFB has adopted and agreed to follow new policies and procedures relating to the allocation of shares in initial public offerings. CSFB Corp. was also enjoined as part of these settlements from prescribed violations of the NASD Conduct Rules and record keeping requirements and was censured by the NASDR. CSFB Corp. settled these investigations without admitting or denying the allegations in the Complaint and AWC. CSFB Corp. has also been separately informed that the US Attorney, S.D.N.Y. has closed its investigation of CSFB Corp. in connection with its practices of allocating shares of IPO securities during the period from 1998 through 2000, without bringing any action.

Litigation relating to IPO allocation practices

Since January 2001, CSFB Corp., DLJSC and several other investment banks have been named as defendants in a large number of putative class action complaints filed in the US District Court for the Southern District of New York, alleging various violations of the federal securities laws resulting from alleged material omissions and misstatements in registration statements and prospectuses for the initial public offerings and with respect to transactions in the aftermarket. These lawsuits contain allegations that the registration statement and prospectus either omitted or misrepresented material information about commissions paid to CSFB Corp., DLJSC or the other investment banks and aftermarket transactions by certain customers that received allocations of shares in the initial public offerings. In certain complaints, CSFB Corp., DLJSC or the other investment banks are also alleged to have issued misleading analyst research reports that failed to disclose the alleged allocation practices and that analysts were allegedly subject to a conflict of interest resulting from the manner in which bonus

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued)
compensation was paid. The Group's entities intend to defend themselves vigorously against all of the claims asserted in these complaints.

Since March 2001, CSFB Corp. and several other investment banks have been named as defendants in several putative class actions filed in the US District Court for the Southern District of New York, alleging violation of the federal and state antitrust laws in connection with alleged practices in the allocation of shares in initial public offerings in which such investment banks were a lead or

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co-managing underwriter. The amended complaint in these lawsuits, which have now been consolidated into a single action, alleges that the underwriter defendants have engaged in an illegal antitrust conspiracy to require customers, in exchange for initial public offering allocations, to pay non-competitively determined commissions on transactions in other securities, to purchase an issuer's shares in follow on offerings, and to commit to purchase other less desirable securities. The complaint also alleges that the underwriter defendants conspired to require customers, in exchange for initial public offering allocations, to agree to make aftermarket purchases of the initial public offering securities at a price higher than the offering price, as a precondition to receiving an allocation. These alleged "tie-in" arrangements are further alleged to have inflated artificially the market price for the securities. The Group's entities intend to defend themselves vigorously against all of the claims asserted in these complaints.

On May 25, 2001, CSFB Corp. was sued in the US District Court for the Southern District of Florida by a putative class of issuers in initial public offerings in which CSFB Corp. acted as lead manager on the grounds that CSFB Corp. underpriced initial public offerings, accepted excessive brokerage commissions in exchange for allocations in initial public offerings, required investors to give CSFB Corp. a share of initial public offering profits, and used initial public offering allocations to obtain additional investment banking business, all in breach of the underwriting agreement. This case was subsequently transferred to the US District Court for the Southern District of New York. An amended complaint has now been filed in this matter adding a breach of fiduciary duty claim and a claim for indemnification in the aforementioned IPO securities cases pending in the US District Court for the Southern District of New York. On March 29, 2002 CSFB Corp. moved to dismiss the amended complaint. The Group's entities intend to defend themselves vigorously against all of the claims asserted in this matter.

On June 29, 2001, CSFB Corp., together with another investment bank, was also named as a defendant in an action, the Covad Action, brought by a putative class consisting of CSFB Corp. retail customers that purchased shares in Covad Communications. CSFB Corp. was alleged to have violated a fiduciary duty to its retail customers by issuing favorable analyst reports in an effort to obtain investment banking business from Covad, including secondary offerings. The complaint in the Covad Action has been dismissed on consent of all parties. The plaintiffs in the Covad Action have stated their intention to file a new complaint. The Group's entities intend to defend themselves vigorously against all of the claims asserted in this matter.

On August 2, 2001, CSFB Corp. and five other investment banks were named as defendants in a putative class action filed with the US District Court for the Southern District of New York, alleging violations of the federal securities laws resulting from the issuance by defendants' research analysts of research reports on certain internet and technology company stocks, which reports included "buy" recommendations that allegedly increased or sustained the trading price of the stocks, and allegedly were materially misleading because they did not disclose the alleged financial interests of the analyst or the defendant investment banks in the subject internet or technology company. On November 9, 2001,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued)
CSFB Corp. was served with the complaint in this action. In April 2002, plaintiffs stipulated to dismiss the action without prejudice as to CSFB Corp. and four of the other investment banks. The parties are currently awaiting court approval of this stipulation of dismissal.

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Investigations of Regulators in Japan and United Kingdom

In 1999, the Financial Supervisory Agency of Japan, or Japan FSA completed a formal, on-site examination of the businesses of the Credit Suisse First Boston and certain of its subsidiaries in Japan. During the examination, the Japan FSA examiners questioned certain derivatives and other transactions entered into by Credit Suisse First Boston in Japan and inquired into certain supervisory and other issues. Shortly after the commencement of the Japan FSA examination in January 1999, our management became aware that several managers and other members of Credit Suisse First Boston's staff had attempted to intervene with the Japan FSA examination during its initial stages by canceling and/or destroying documents.

On July 29, 1999, we were notified of the administrative sanctions imposed by the Japan FSA and the Financial Reconstruction Commission in Japan, or FRC, as a result of the examination. The order revoked the license of the Tokyo branch of Credit Suisse Financial Products (currently known as Credit Suisse First Boston International, or CSFBI, our derivatives business subsidiary) to do business, and other sanctions were imposed on the Tokyo branch of Credit Suisse First Boston and other subsidiaries. On March 7, 2001, CSFBI was found guilty by the Tokyo District Court of obstructing the 1999 Japan FSA examination and was fined JPY 40 million (approximately CHF 0.5 million). The liability of CSFBI was based on an asserted principle of Japanese banking law that a company is vicariously liable for the conduct of employees during an examination.

In 1999, the Securities and Futures Authority of the United Kingdom, or UK SFA the principal regulator of our broker-dealer operations in the United Kingdom, commenced its own inquiry into the activities that were the subject of the Japan FSA examination as well as other activities associated with our operations in Tokyo. In July 2001, the UK SFA concluded the factual aspect of the investigation. On December 1, 2001, the UK SFA ceased to exist, and the investigation has been continued by the UK SFA's successor regulator, the Financial Services Authority of the United Kingdom, or UK FSA. On March 8, 2002, CSFBI received the UK FSA's "Preliminary Findings Letter," which sets forth the UK FSA's findings of fact upon which a decision to institute disciplinary proceedings against CSFBI would be based. CSFBI is in the process of preparing a response.

Securities and Exchange Board of India interim order

On April 18, 2001, the Securities and Exchange Board of India ("SEBI"), issued an interim order requiring that Credit Suisse First Boston (India) Securities Private Limited ("CSFB India") not undertake any new stock broking business until further orders are passed by SEBI. The interim order, which was issued following a preliminary enquiry by SEBI but prior to any hearing of the matter, was based on a preliminary determination by SEBI that (i) certain purchase and sale transactions in certain shares executed by CSFB India for a client in 2001 were financing transactions that were structured to give a misleading appearance of active trading in such shares leading to the creation of an artificial market and (ii) CSFB India had entered into unauthorized lending of securities. On April 30, 2001, CSFB India

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued) presented a defense in which it refuted the allegations contained in the interim order at an initial hearing before the Chairman of SEBI.

CSFB India received an order from SEBI on June 5, 2001. In summary the order

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(i) is a continuation of the April 18, 2001 order (and accordingly the suspension from carrying on stock broking business continues), (ii) did not introduce any new evidence or widen the scope or time period of this inquiry, (iii) continues to make broadly similar allegations to those set out in the earlier order, although SEBI has concluded that CSFB India did not engage in unauthorized stock lending and (iv) appoints an enquiry officer to investigate the matter.

CSFB India attended a hearing in front of the enquiry officer on August 10, 2001. The enquiry officer issued a second show cause notice in February 2002 (to which CSFB India has already responded) that expanded the scope of the enquiry to cover transactions entered into from April 1, 2000 to March 31, 2001. The next step in the procedure is for the enquiry officer to make a recommendation to the SEBI chairman who will then make a final decision. The enquiry officer has not yet made her recommendation.

Enron-related Litigation and Inquiries

NEWPOWER HOLDINGS, INC.

Since February 27, 2002, Credit Suisse First Boston, Inc. or, CSFBI, DLJSC, CSFBDIRECT and certain other investment banks, along with NewPower Holdings, Inc. or NewPower and certain of NewPower's directors, have been named as defendants in eight putative class actions filed with the US District Court for the Southern District of New York. One of our former employees was a director of NewPower and is named in seven of the eight complaints. These complaints allege violations of federal securities law due to alleged material misrepresentations in, and omissions of material fact from, the registration statement and prospectus issued in connection with NewPower's October 5, 2000 IPO, and for alleged misrepresentations and omissions regarding NewPower after the IPO. According to the complaints, NewPower was formed by Enron Corp., or Enron, in 1999, and Enron remains NewPower's controlling shareholder. On April 24, 2002, the Court ordered that a consolidated complaint be filed 45 days after a lead plaintiff has been selected. The Group's entities intend to defend themselves vigorously against all of the claims asserted in these complaints.

CALLIHAN V. SKILLING, ET AL.

On March 15, 2002, certain executives and directors of Enron, Arthur Andersen and CSFBI were named in a putative class action filed in the US District Court for the Southern District of Mississippi by purchasers of publicly traded Enron securities who purchased between October 19, 1998 and November 27, 2001. This complaint alleges violations of federal securities laws due to alleged misstatements and omissions of material fact contained in certain registration statements and prospectuses issued in connection with the sale of certain Enron debt securities and common stock, and for alleged misstatements and omissions of material fact regarding the financial condition of Enron. The Group's entities intend to defend themselves vigorously against all of the claims asserted in this matter.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

47.17 Financial instruments with off-balance sheet risk (continued) TITTLE V. ENRON CORP., ET AL.

On April 8, 2002, Enron and certain executives and directors of Enron, Arthur Andersen and certain partners, executives and employees of Arthur Andersen, the law firm of Vinson & Elkins, L.L.P. and certain partners of Vinson & Elkins, and CSFBI and certain other investment banks, were named in a putative class action filed in the US District Court for the Southern District of Texas by Enron

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employees who participated in various Enron employee savings plans. The complaint alleges violations of the Employment Retirement Income Security Act of 1974, or ERISA for various breaches of fiduciary duty, violations of the Racketeer Influenced and Corrupt Organizations Act, or RICO, state law negligence, and civil conspiracy for alleged misconduct in connection with the administration of Enron's employee savings plans. CSFBI and the other investment banking defendants have been named only in connection with the RICO and civil conspiracy claims. The Group's entities intend to defend themselves vigorously against those claims.

NEWBY V. ENRON CORP., ET AL.

On April 8, 2002, Enron and certain executives and directors of Enron, Arthur Andersen and certain partners, executives and employees of Arthur Andersen, the law firms of Vinson & Elkins, L.L.P. and Kirkland & Ellis, and CSFBI and certain other investment banks, were named in a consolidated putative class action filed in the US District Court for the Southern District of Texas by purchasers of Enron publicly traded equity and debt securities between October 19, 1998 and November 27, 2001. The complaint alleges violations of the federal securities laws for alleged misstatements and omissions of material fact regarding the financial condition of Enron, alleged misstatements and omissions of material fact in connection with various registration statements and prospectuses issued in connection with the sale of certain Enron securities and alleged controlling person liability, and violations of the Texas Securities Act for alleged material misstatements and omissions of material fact in connection with registration statements and prospectuses issued in connection with the sale of certain Enron debt securities. CSFBI has been named only in connection with the claims under the federal securities laws for alleged misstatements and omissions of material fact regarding the financial condition of Enron and for controlling person liability. The Group's entities intend to defend themselves vigorously against those claims.

THE RETIREMENT SYSTEMS OF ALABAMA V. MERRILL LYNCH & CO., ET AL.

On March 15, 2002, certain executives and directors of Enron, Arthur Andersen, and CSFBI and certain other investment banks were named in an action filed in the Circuit Court of Montgomery County, Alabama. A first amended complaint was filed on April 3, 2002. The first amended complaint alleges violations of the Securities Act of Alabama, the federal securities laws, as well as violations of Alabama statutory and common law due to alleged misstatements and omissions of material fact from certain registration statements and prospectuses issued in connection with the sales of certain Enron debt securities and common stock and for alleged material misstatements and omissions regarding Enron. CSFBI has been named only in connection with the claims under Alabama law. The Group's entities intend to defend themselves vigorously against those claims.

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47.17 Financial instruments with off-balance sheet risk (continued)
GOVERNMENT INQUIRIES

CSFB Corp., as well as, we understand, other investment banks, has received inquiries and requests for information from certain US Congressional committees, the SEC and the NYSE regarding certain transactions and business relationships with Enron and its affiliates, including certain Enron-related special purpose entities. The Group is cooperating fully with such inquiries and requests.

RESEARCH MATTERS

The New York State Attorney General, Secretary of the Commonwealth of

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Massachusetts, Securities Division, SEC, National Association of Securities Dealers and NYSE are reviewing the independence of research departments. CSFB Corp., as well as, we understand, other financial services firms, has been asked to provide information and documents. CSFB Corp. is fully cooperating with these inquiries.

Other

The Group and its subsidiaries are involved in a number of judicial, regulatory and arbitration proceedings, including those described above, concerning matters arising in connection with the conduct of the businesses of the Group and its subsidiaries. Some of these actions have been brought on behalf of various classes of claimants and seek damages of material and indeterminate amounts. Management believes, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on the financial condition of the Group as a whole, but could be material to the Group's operating results for any particular period.

47.18 Concentrations of credit risk

Credit risk concentrations arise and exist when any particular exposure type becomes material relative to the size and capital of the Group. Within the Group, monitoring by counterparties, country, industry, product and business division is carried out in an effort to ensure that such concentrations are identified. Possible material exposures of any counterparty or counterparties are regularly identified as part of regulatory reporting of large exposures. The approval of country and regional limits aims to avoid any undue country risk concentration. From an industry exposure point of view, the combined credit exposure of the Group is quite diversified. Within Credit Suisse Banking a large portion of exposure is from individual clients, particularly in residential mortgages in Switzerland. At Credit Suisse First Boston, a large portion of the exposure relates to transactions with financial institutions. However, in both cases, the customer base is extensive and the number and variety of transactions are broad. For Credit Suisse First Boston the business is also geographically diverse with operations focused in the Americas, Europe and, to a lesser extent, Asia.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.19 Deposits

The following table presents information concerning domestic and foreign deposits as of December 31. Designation of Switzerland versus foreign is based upon the location of the office receiving and recording the deposit. Amounts shown are Swiss GAAP reformatted to US GAAP presentation.

in CHF m	Switzerland	Foreign	Total 31.12.01	Switzerland
Non-interest bearing demand	9,570	2,467	12,037	10,095
Interest bearing demand	30,926	3,227	34,153	29,651
Savings deposits	38,536	11	38,547	39,219
Time deposits	47,974	136,365	184,339	41,943
Total deposits	127,006	142,070	269,076	120,908

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At December 31, 2001, the remaining maturities of time deposits are as follows:

in CHF m	
2002	169,432
2003	491
2004	7,248
2005	3,398
2006	3,476
Thereafter	294
<hr/>	
Total time deposits	184,339

The aggregate amount of deposits that have been reclassified as loan balances at December 31, 2001 and 2000 were CHF 657 million and CHF 463 million, respectively.

47.20 Liabilities for loss and loss adjustment expenses for the non-life insurance business

The following table reconciles the gross non-life reserves in the reconciliation of loss and loss adjustment expenses (LAE) presented below to that presented in footnote 34 within the provision for unpaid claims and claim adjustment expenses and provisions for annuities at:

in CHF m	31.12.01	31.12.00	31
<hr/>			
Gross loss and LAE reserves presented below	19,588	20,604	
Winterthur Reinsurance business 1)	377	493	
Republic Insurance Company 2)	0	0	
German Health 3)	198	195	
<hr/>			
Loss and LAE reserves	20,163	21,292	

- 1) The Winterthur Reinsurance business was divested in 1998. A 100% reinsurance contract was entered into for those contracts that were not novated.
- 2) Republic Insurance Company is a divested business, which was sold during 2000.
- 3) German health business, which is included in the non-life business segment, has been excluded from the table below as it is not a property-casualty business.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.20 Liabilities for loss and loss adjustment expenses for the non-life insurance business (continued)

The following table is a summary reconciliation of the beginning and ending loss and LAE reserves, including the effect of reinsurance ceded, for the non-life insurance business for each of the years ended December 31:

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in CHF m	2001	2000
Loss and LAE reserves at beginning of financial year	20,604	19,072
Less reinsurance recoverables on unpaid losses at beginning of financial year	(3,914)	(2,650)
Net loss and LAE reserves at beginning of financial year	16,690	16,422
Current accident year	10,707	9,608
Prior accident years 1)	79	100
Provision for losses and LAE for claims incurred	10,786	9,708
Current accident year	(4,796)	(4,550)
Prior accident years	(4,750)	(4,835)
Loss and LAE payments for claims incurred	(9,546)	(9,385)
Unrealized foreign exchange loss/(gain)	(234)	(317)
Other 2)	(1,000)	262
Net loss and LAE reserves at end of financial year	16,696	16,690
Reinsurance recoverables on unpaid losses at end of financial year	2,892	3,914
Loss and LAE reserves at end of financial year 3)	19,588	20,604

- 1) The loss on prior accident years in 2001 is primarily due to subsidiaries in USA and Spain. In 2000, this was primarily due to subsidiaries in Spain and Portugal and adverse development related to the December 1999 winter storms in Europe.
- 2) In 2001, included in the line Other are loss and loss expense reserves of CGU Belgium of CHF 513 million and Prudential Plc portfolio of CHF 417 million, which Winterthur Insurance acquired in 2001, and of Winterthur International. Winterthur Swiss Insurance (Asia), Hong Kong and the Czech non-life portfolio of CHF 1,944 million, which Winterthur diverted in 2001. In 2000, this included loss and expense reserves of NIG of CHF 633 million, which Winterthur Insurance acquired in 2000, and the deferred gain of CHF 381 million on the H.S. Weavers retroactive reinsurance contract.
- 3) Reserves for businesses disposed of have been excluded from the above table.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.20 Liabilities for loss and loss adjustment expenses for the non-life insurance business (continued)

Gross losses and LAE for asbestos and environmental claims, excluding reinsurance for environmental and asbestos claims, were CHF 936 million and CHF 968 million at December 31, 2001 and 2000, respectively. Of this amount, CHF 799 million in 2001 and CHF 856 million in 2000 were from claims in North America. Net losses and LAE for asbestos and environmental claims, including reinsurance assumed and ceded for environmental and asbestos claims were CHF 268 million and CHF 288 million at December 31, 2001 and 2000, respectively. Of this amount, CHF 157 million in 2001 and CHF 178 million in 2000 were related to

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claims in North America. H.S. Weavers was an underwriting agent that wrote business on behalf of Winterthur Insurance through year-end 1983. The agency accepted commercial umbrella and excess casualty business from US companies, and as a result, has significant exposure to asbestos, pollution and other health hazard claims. Effective July 1, 2000, Winterthur Insurance purchased reinsurance coverage up to USD 800 million to limit exposure from this book of business. In addition, during 2000, Winterthur Insurance also sold Republic Insurance Company, which eliminated a significant amount of the Group's exposure to asbestos, pollution and other health hazard risks related to this book of business. Due to uncertainties such as changes in legislation, additional liabilities may arise for amounts in excess of the current reserves, which cannot be reasonably estimated. However, the Group believes it is not likely that the additional claims will have a material adverse effect on the Group's financial position and results of operations.

At December 31, 2001 and 2000 the carrying values of certain annuity type non-life reserves that are discounted, on a gross basis, were CHF 3,472 million and CHF 3,219 million, respectively. The discount amounts were CHF 1,708 million and CHF 1,553 million for 2001 and 2000, respectively. The discount rates used were between 3% and 5% in both years.

47.21 Participating policies of insurance business

Participating policies are policies where policyholders participate in the profits and the policies are expected to pay dividends based on the experience of the insurer.

Participating business for non-life insurance represents approximately 8% and 9% of the total non-life insurance premium income for the years ended December 31, 2001 and 2000, respectively.

Participating business for life insurance represents approximately 67% and 69% of the total life insurance premiums in force at December 31, 2001 and 2000, respectively, and approximately 69% and 70% of life insurance premium income for the years ended December 31, 2001 and 2000, respectively.

The amount of dividends to be paid is determined annually by the board of directors of the respective companies where the dividends are paid. Amounts allocable to participating policyholders are based on company practice, legal requirements and/or market conditions depending on the jurisdiction. At December 31, 2001 and 2000, the amount of policyholder dividends for non-life was CHF 193 million and CHF 246 million, respectively. The amount of policyholder dividends for life insurance was CHF 1,558 million and CHF 1,500 million at December 31, 2001 and 2000, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.22 Business combinations

Vojensky Otevreny Penzijni Fond (VOPF)

On April 4, 2001, Winterthur Life & Pensions acquired the largest Czech pension fund, Vojensky Otevreny Penzijni Fond (VOPF) for a purchase price of CHF 125 million. The Group acquired 93.28% of total capital on January 18, 2001 and 6.66% of total capital on May 9, 2001. This acquisition has been accounted for under the purchase method of accounting, and accordingly, the results of operations of WPF beginning April 1, 2001 have been included in the accompanying consolidated financial statements. Total goodwill was approximately CHF 104 million will be amortized over 20 years under Swiss GAAP.

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JO Hambro Investment Management Limited

On February 7, 2001, Credit Suisse Group acquired JO Hambro Investment Management Ltd., an investment company targeting high-net-worth individuals, for GBP 94.5 million (CHF 229 million) payable in a combination of cash and securities. This acquisition has been accounted for under the purchase method of accounting, and accordingly, the results of operations of JO Hambro Investment Management Limited beginning February 7, 2001 have been included in the accompanying consolidated financial statements. Under Swiss GAAP, the goodwill amount of GBP 86 million (CHF 208 million) will be amortized over 20 years. JO Hambro will for the time being retain its name and operate as a separately branded entity.

Commercial General Union

On September 30, 2001, Winterthur acquired the non-life insurance activities of Commercial General Union in Belgium. The purchase price was BEF 4,764 million (CHF 175 million) and the goodwill amount of BEF 6,424 million (CHF 236 million) will be amortized over 20 years under Swiss GAAP. This acquisition has been accounted for under the purchase method of accounting, and accordingly, the results of operations of Commercial General Union in Belgium beginning September 30, 2001 have been included in the accompanying consolidated financial statements.

SLC Asset Management

On December 7, 2001, the Group acquired SLC Asset Management Limited, SLC Pooled Pensions Limited and Sun Life of Canada Unit Managers Limited, the principal UK asset management subsidiaries of global insurer Sun Life Financial Services of Canada Inc., for the purchase price of GBP 122 million (CHF 287 million). The companies are asset management companies with contracts for management of the insurance assets (including property) of their former affiliate Sun Life Assurance Company of Canada (UK) Limited and third-party institutional and retail funds. This acquisition has been accounted for under the purchase method of accounting, and accordingly, the results of operations beginning December 7, 2001 have been included in the accompanying consolidated financial statements. Under Swiss GAAP, the goodwill of GBP 106 million (CHF 250 million) will be amortized over 20 years.

Donaldson, Lufkin & Jenrette, Inc.

On November 3, 2000, the Group completed the acquisition of Donaldson, Lufkin & Jenrette, Inc. (DLJ). The Group acquired all of the outstanding shares of common stock of the series designated Donaldson, Lufkin & Jenrette, Inc.- DLJ Common Stock, for USD 90 per share in cash pursuant to a tender offer for

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.22 Business combinations (continued)

consideration of USD 5,026 million (CHF 8,930 million). The Group also acquired from AXA, SA and certain of its affiliates, their combined interest in DLJ for a combination of USD 2,377 million (CHF 4,223 million) in cash and 102,908,668 newly issued common shares. Total consideration for the acquisition of DLJ, including costs associated with the transaction amounted to USD 12,361 million (CHF 21,962 million).

In accordance with a Merger Agreement dated August 30, 2000, DLJ, now named Credit Suisse First Boston (USA), Inc., became an indirect wholly owned subsidiary of the Group. This acquisition has been accounted for under the purchase method of accounting, and accordingly the results of operations of DLJ

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beginning from November 3, 2000 have been included in the accompanying consolidated financial statements. The purchase price has been allocated to assets acquired and liabilities assumed based on their estimated fair value at the acquisition date. Goodwill is being amortized on a straight-line basis over 20 years.

The following unaudited pro forma consolidated results of operations are presented in accordance with US GAAP as if the acquisition of DLJ had occurred at the beginning of the years presented.

Pro forma information (unaudited)	2000 in CHF m	1999 in CHF m

Revenue, net of interest expense	73,922	60,717
Profit before extraordinary items	2,328	1,524
Net profit	2,345	1,524
Basic earnings per share (in CHF)	8.24	5.33

The pro forma consolidated results of operations include adjustments to give effect to amortization of goodwill, interest expense on acquisition debt, retention benefits and certain other adjustments, together with related income tax effects. The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the periods presented or the future results of the combined operations.

Colonial UK, Nicos Life, and National Insurance and Guarantee Corporation Plc

In 2000, "Winterthur" acquired the following entities in cash transactions: Colonial UK; Nicos Life; and National Insurance and Guarantee Corporation Plc (NIG). Colonial UK was purchased for GBP 290 million (CHF 731 million), Nicos Life was purchased for JPY 17,400 million (CHF 285 million) and NIG was purchased for GBP 130 million (CHF 347 million). All three acquisitions were accounted for as purchases and the resulting goodwill for each acquisition will be amortized over 20 years. The results of operations for each entity have been included in the accompanying consolidated financial statements beginning from the respective acquisition dates.

Warburg Pincus Asset Management

On July 6, 1999, Credit Suisse Asset Management (CSAM) completed its acquisition of Warburg Pincus Asset Management (Warburg Pincus), a US asset manager. CSAM paid an initial USD 450 million (CHF 689 million); consisting of USD 75 million (CHF 115 million) in cash and 8,276,596 common shares. Additional unconditional payments of USD 50 million (CHF 76 million) in common shares was paid out

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.22 Business combinations (continued)

within two years of the purchase date. These unconditional payments have been accrued and capitalized as part of the purchase price. Additional USD 150 million payments are conditional upon meeting employee retention and revenue targets as well as reaching specific levels of assets under management, and are to be paid out within three years of acquisition. Conditional payments are

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recorded as adjustments to goodwill when paid. The conditional payments are also made as a combination of cash and shares. Of these conditional payments, USD 70 million (CHF 114 million) has been paid out as certain targets for employee retention and assets under management were met for 2000 and 2001. This transaction has been accounted for as a purchase, and accordingly the results of operations beginning July 6, 1999 are included in the accompanying consolidated financial statements. Assets acquired and liabilities assumed have been recorded at their estimated fair values at the date of acquisition. Goodwill is being amortized on a straight-line basis over 20 years.

In connection with CSAM's acquisition of Warburg Pincus, the Group purchased a 19.9% interest in the private equity activities of Warburg Pincus & Co., effective July 6, 1999 for USD 425 million (CHF 650 million). The Group delivered 1,379,436 common shares with an aggregate value of approximately USD 62.5 million (CHF 96 million) and paid the remainder in cash. Additional USD 100 million payments, payable in cash and common shares, are subject to certain conditions and were paid out within two years of the acquisition.

DBV Winterthur Holding, AG

Effective July 1, 1999, Winterthur Group acquired an additional 23% stake in its fully consolidated subsidiary, DBV Winterthur Holding AG, Wiesbaden, from Commerzbank for DEM 977 million (CHF 759 million) in cash. The transaction was accounted for as a purchase, and goodwill is being amortized over 20 years. Winterthur Group's stake in DBV-Winterthur Holding AG increased to 68.6%. The change in minority interests as a result of this acquisition is reflected in the consolidated financial statements effective July 1, 1999.

Credit Suisse Financial Products/Credit Suisse First Boston International

In April 1999 Credit Suisse Group acquired Swiss Re's 20% minority interest in Credit Suisse Financial Products for CHF 1,104 million in cash. Credit Suisse Financial Products became a wholly owned subsidiary of Credit Suisse Group on the day of the acquisition. The transaction was accounted for as a purchase and resulting goodwill is being amortized using the straight-line method over 20 years. The transaction is reflected in the consolidated Swiss GAAP financial statements with effect from January 1, 1999. In March 2000, Credit Suisse Financial Products was renamed Credit Suisse First Boston International.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.22a Restructuring Costs, Merger-related costs and Other Exceptional Charges

For related information related to restructuring charges, please refer to note 13.

The following is an analysis of the change in the restructuring provision of the Group for the year ended December 31, 2001:

in CHFm	Balance at 31.12.00	Amounts paid in 2001	Forei exchan

Personnel expenses	333	(233)	
Premises and equipment	294	(245)	
Other	406	(303)	

Total	1,033	(781)	

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Merger related costs represent retention awards related to the acquisition of DLJ, which are being expensed over the vesting period. The vesting period is generally three years. Retention awards of CHF 799 million are included in the consolidated income statement for the year ended December 31, 2001. The remaining retention awards of CHF 901 million as of December 31, 2001, are expected to be charged against earnings in the following periods:

in CHFm	Amounts to be Charged
2002	565
2003	303
2004	33
Total	901

In addition during the fourth quarter of 2001, the Group incurred exceptional items of CHF 1,259 million due to staff reductions of approximately 1,500 employees, as part of an extensive cost-reduction program, which was initiated. Of this amount, CHF 985 million relates to severance and is included in PERSONNEL EXPENSES, CHF 274 million relates facilities charges and exit charges for non-core business, of which CHF 228 million is included in VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES.

Included in other income for the year ended December 31, 2001 is a gain of approximately CHF 314 million on the assignment of the lease and related sale of the lease hold improvements on the former headquarters of DLJ.

47.23 Related party transactions

See also note 37 for information on loans to members of the Group's governing bodies.

All loans are either mortgages or loans against securities. Mortgage loans are granted either with variable interest rates that can be adjusted at any time to reflect changed market conditions for such loans or with fixed interest rates over a certain period. Typically, fixed mortgages are granted for periods of up to 5 years. Interest rates applied are based on the refinancing cost of the bank plus a reduced margin and are consistent with those applicable to other employees. Loans against securities are granted at interest rates that can be adjusted to changed market conditions at any time and are consistent with interest rates applicable to similar loans granted to other employees.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.23 Related party transactions (continued)

In addition, the Group has entered into financing and other banking agreements with major shareholders and with companies in which members of the Board of Directors or the Group Executive Board have a significant influence. All such transactions were entered into in the ordinary course of business and at terms and conditions in line with comparable transactions with other similarly rated third-parties. The interest rates and/or fees applied are dependent on the

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Group's refinancing cost, the type of transaction as well as the terms of the transaction. At December 31, 2001, total exposures with such related parties amounted to CHF 82 million, including advances, derivative contracts and contingent liabilities. The highest exposure for the three years ended December 31, 2001, did not exceed CHF 1,070 million, including all contingent liabilities.

From time to time, the Group may engage through one of its subsidiaries in different types of investment banking transactions with related parties. As part of such contracts the Group may underwrite a substantial loan with the intention to immediately sell it again in the market. Any residual loans stemming from such transactions are included in the above amounts. Furthermore, the Group may enter through one of its subsidiaries into securities transactions with related parties involving a purchase of securities with the agreement to resell the securities back at an agreed price at a later date. Such borrowings are collateralized by a pledge of securities. The maximum potential exposure of such borrowings for the three years ended December 31, 2000 did not exceed CHF 450 million.

47.24 Pension and post-retirement benefits

See also note 36 for information on pension and post retirement benefits. The provisions of SFAS NO. 87, EMPLOYERS ACCOUNTING FOR PENSIONS (SFAS No. 87) have been applied only to the Group's main plans. Both the assets and covered employees within these main plans comprise in excess of 95% of the respective assets and covered employees in all of the Group's defined benefit plans. The measurement date for the Group's main plans is September 30, 2001. Amounts shown below are in accordance with US GAAP.

Swiss pension plans

The pension funds of the Group in Switzerland are defined benefit plans, and are set up as trusts, domiciled in Zurich and Winterthur. All employees in Switzerland are covered by these plans. The pension plan benefits exceed the minimum benefits required under Swiss law.

Contributions are paid for by the Group and the employees. The employee contributions are calculated as a percentage of the annual salary and are deducted monthly. The percentages deducted from the salary depend upon the employee's age and salary and vary between 7.5% and 12%. The employer's matching contributions are 167% of the employees' contributions.

Foreign pension plans

Various pension schemes exist in foreign locations of Credit Suisse Group, including both defined benefit and defined contribution plans. The plans' retirement benefits depend on age, contributions and salary. The funding policy for these plans is consistent with local government and tax requirements. The assumptions used are derived using local economic conditions. Material defined benefit plans exist in

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.24 Pension and post-retirement benefits (continued)

Germany, the US and the UK. These retirement plans provide benefits in the event of retirement, death, disability, or employment termination.

Post-retirement benefits other than pensions

In the United States and Canada, the Group sponsors post-retirement life

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insurance plans and provides health care benefits for certain retirees and employees when they retire.

The following table shows the components of net periodic pension expense for the Swiss and foreign defined benefit plans for the years ended December 31:

Total pension expense	Pension benefits 2001	Pension benefits 2000	Pension benefits 1999
in CHF m			
Net benefits earned during the year	423	406	311
Interest costs on benefit obligation	634	591	561
Expected return on plan assets	(861)	(824)	(751)
Amortization of			
Unrecognized transition obligation/(asset)	67	68	66
Prior service cost	3	2	1
Unrecognized (gains)/losses	(28)	(1)	3
Net periodic pension cost	238	242	191
Settlement loss	59	18	28
Total US GAAP pension expense	297	260	219

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.24 Pension and post-retirement benefits (continued)

The following table shows the changes in the benefit obligation and the fair value of plan assets during 2001 and 2000 and the amounts included in the Group's condensed consolidated US GAAP balance sheet for the Group's defined benefit pension and other post-retirement benefit plans at:

	Pension benefits	Pension benefits	Post retirement benefit
in CHF m	31.12.01	31.12.00	31.12.00
Benefit obligation at beginning of financial year	13,857	13,824	6
Benefit obligation of countries added in current year	314	31	
Plan participants' contributions	254	192	
Service cost	423	406	
Interest cost	634	591	
Plan amendments	233	15	
Settlement loss	59	18	
Actuarial (gains)/losses	953	(296)	
Business Combinations	(7)	0	
Benefits payments	(632)	(855)	
Exchange rate (gains)/losses	(18)	(69)	
Benefit obligation at end of financial year	16,070	13,857	7

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Fair value of plan assets at beginning of financial year	14,984	13,577	
Assets of countries added in current year	262	28	
Actual return on plan assets	(989)	1,498	
Group contributions	782	564	
Plan participants' contributions	254	192	
Settlements	29	18	
Benefits payments	(632)	(855)	
Exchange rate (gains)/losses	12	(38)	

Fair value of plan assets at end of financial year 1)	14,702	14,984	

Total amount recognized at end of financial year			
Funded status of the plan	(1,368)	1,127	(7)
Unrecognized:			
Net transition obligation/(asset)	123	190	
Prior service cost	255	25	(
Net actuarial (gains)/losses	962	(1,865)	(
4th quarter employer contributions	146	145	

Net amount recognized	118	(378)	(8)

Amounts recognized in the US GAAP balance sheet consist of			
Prepaid benefit cost	428	533	
Accrued benefit liability	(665)	(910)	(8)
Intangible asset	79	(1)	
Accumulated other comprehensive income	276	0	

Net amount recognized	118	(378)	(8)

- 1) At December 31, 2001 and 2000, the total value of Group securities included in plan assets was CHF 697 million and CHF 675 million, respectively. The majority of these assets are invested in Credit Suisse Group shares. In addition, the majority of the plan assets of the Winterthur Pension Plan of Switzerland is fully insured with Winterthur Life Switzerland. The plan assets covered by this agreement amount to CHF 3,476 million and CHF 3,281 million at December 31, 2001 and 2000, respectively.
- 2) For those plans whose accumulated benefit obligation exceeds plan assets, the aggregate accumulated benefit obligation for the year 2001 was CHF 1,884 million and the aggregate fair value of plan assets for the year 2001 for those plans was CHF 1,723 million.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.24 Pension and post-retirement benefits (continued)

The weighted-average assumptions used in calculating the above amounts were:

in %	Pension benefits 2001	Pension benefits 2000 in %	Post retirement benefits 2001

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Discount rate	4.4	4.7	7.0
Expected rate of salary increases	3.5	3.5	-
Expected long-term rate of return on assets	6.0	6.2	-
Assumed health care cost increase	-	-	4.8

The discount rates used reflect the rates at which the pension benefits could be effectively settled. The assumed discount rates have been primarily based on the rates of return of high-quality fixed-income investments available in each market at the measurement date.

A 1% increase or decrease in the health care cost trend rate assumption would not have had a material impact on the accumulated post-retirement benefit obligation or expense for 2001 and 2000.

Defined Contribution Plans

The Credit Suisse Group also contributes to various defined contribution plans primarily in the US and the UK but also in other countries throughout the world. The contribution to these plans during 2001, 2000 and 1999 were CHF 109 million, CHF 102 million and CHF 84 million, respectively.

47.25 Capital requirements

Banking operations

The Group, on a consolidated basis, is subject to risk-based capital and leverage guidelines, under the Swiss Federal Banking Commission (FBC) and the Bank for International Settlements (BIS) guidelines. These guidelines are used to evaluate risk-based capital adequacy. For purposes of complying with FBC and BIS capital requirements, total capital is divided into three categories:

- Tier 1 capital (core capital)
- Tier 2 capital (supplementary capital)
- Tier 3 capital (additional capital)

Tier 1 capital primarily includes paid-in share capital, reserves (defined to include retained earnings), capital participations of minority shareholders in fully consolidated subsidiaries, and the reserve for general banking risks and audited current-year profits, less anticipated dividends. Among other items, this is reduced by the Group's holdings of its own shares outside the trading book and goodwill. Tier 1 capital is supplemented for capital adequacy purposes by Tier 2 capital, which consists primarily of hybrid capital and subordinated debt instruments. A further supplement is Tier 3 capital, which consists of certain unsecured subordinated debt obligations with repayment restrictions. The sum of all three capital tiers, less non-consolidated participations in the industries of banking, finance and insurance,

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.25 Capital requirements (continued)

equals total capital. Under both FBC law and BIS guidelines, a bank must have a ratio of total eligible capital to aggregate risk-weighted assets of at least 8%, of which the Tier 1 capital element must be at least 4%.

The following table sets forth key capital figures and ratios under the BIS

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guidelines as of:

	31.12.01	31.12.00

Tier 1 capital in CHF m 1)	21,155	27,111
Total capital in CHF m	34,888	43,565
BIS Tier 1 capital ratio (in %) 1)	9.5%	11.3%
BIS Total capital ratio (in %)	15.7%	18.2%

- 1) Tier 1 capital includes non-cumulative perpetual preferred securities of CHF 2.1 bn in 2001 and CHF 1.1 bn in 2000.

The ratios measure capital adequacy by comparing eligible capital with risk-weighted assets positions, which include balance sheet assets, net positions in securities not held in the trading portfolio, off-balance sheet transactions converted into credit equivalents and market positions in the trading portfolio.

The volatility of the components within shareholders' equity may have an impact on the capital adequacy of the Group. In 2001, total capital was impacted by a decrease in the amount of net unrealized gains on available-for-sale investment securities from the insurance business, as well as decreases in share capital and capital reserves.

At December 31, 2001, the Group was adequately capitalized under the regulatory provisions outlined under both FBC and BIS guidelines.

Broker-dealer operations

The Group's wholly owned subsidiaries, Donaldson, Lufkin & Jenrette Securities Corporation (DLJSC) and Credit Suisse First Boston Corporation (CSFB Corp.), are registered broker-dealers, registered futures commission merchants and member firms of the New York Stock Exchange, Inc. (the NYSE). As such, they are subject to the NYSE's net capital rule, which conforms to the Uniform Net Capital Rule pursuant to rule 15c3-1 of the Securities Exchange Act of 1934, as amended (the Exchange Act). Under the alternative method permitted by this rule, the required net capital may not be less than two percent of aggregate debit balances arising from customer transactions or four percent of segregated funds whichever is greater. If a member firm's capital is less than four percent of aggregate debit balances, the NYSE may require the firm to reduce its business. If a member firm's net capital is less than five percent of aggregate debit balances, the NYSE may prevent the firm from expanding its business and declaring cash dividends. At December 31, 2001, DLJSC and CSFB Corp.'s net capital of approximately USD 1.2 billion and USD 2.4 billion, respectively, were 19.7% and 43.9%, respectively, of aggregate debit balances and in excess of the minimum requirement by approximately USD 1.1 billion and USD 2.3 billion, respectively.

The Group's London-based broker-dealer subsidiaries are subject to the requirements of the Securities and Futures Authority, a self-regulatory organization established pursuant to the United Kingdom Financial Services Act of 1986. Other US and foreign broker-dealer subsidiaries of the Group are subject to the net capital requirements of their respective regulatory agencies.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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47.25 Capital requirements (continued)

At 31 December 2001, the Group's broker-dealer subsidiaries were in compliance with all applicable regulatory capital adequacy requirements.

Insurance operations

The Group is required to maintain minimum solvency margins for its insurance business under the Swiss Code of Obligations. All insurance companies granted an insurance license in Switzerland are required to adhere to the following capital requirements:

in CHF m	Non-life	Life
Capital	0.6-10.0	5.0-10.0
Organization fund 1)	up to 50% of capital	3.0-5.0

- 1) The use of the organization fund is restricted. It can be used to cover incorporation and start-up extraordinary growth, and any losses.

The solvency margin for non-life is the greater of two calculations: (1) the premium margin based on the net premium income for the latest financial year; and (2) the claims margin, based on the net average claims expense for the last three financial years. The premium margin is calculated by taking 16-18% of the appropriate premium income less a deduction of up to 50% for the gross claims incurred in the previous financial year that were reinsured. The claims margin is calculated by multiplying 23-26% by the appropriate claims expense of up to 50% for the gross claims incurred in the previous financial year that were reinsured. The required solvency margin is the higher of the above two margins.

Life insurance companies are required to maintain a margin of approximately 4% of insurance reserves (1% of separate account reserves) plus 0.03% of the amount at risk under insurance policies. Required safety margin is calculated as: (1) the total of commitments for policies issued, provisions for claims outstanding and policyholders surplus; plus (2) 1% of the total of clause (1), but at least CHF 100,000.

The minimum solvency margin requirements in Switzerland are similar to the requirements for European Union member countries in accordance with European Union directives. Regulators outside the EU can and do impose various capital and solvency requirements on insurers operating within their jurisdiction. Additionally, some local regulators can and do require companies to maintain solvency margins which are higher than the solvency margins provided for by the regulations.

Based on a review of the Group's principal insurance subsidiaries, at December 31, 2001, these subsidiaries were in compliance with all applicable solvency and capital adequacy margin requirements. The Group's principal insurance subsidiaries in aggregate represent approximately CHF 165 billion or approximately 97% of the total insurance assets of the Group.

Dividend restrictions

Certain of the Group's subsidiaries are subject to legal restrictions on the amount of dividends they can pay. For example, article 675 in conjunction with article 671 of the Swiss Code of Obligations restricts the amount of dividends that "Winterthur" Swiss Insurance Company, Credit Suisse First Boston and Credit Suisse legal entities can pay.

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At December 31, 2001, the Group was not subject to significant restrictions on its ability to pay dividends.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.26 Credit Suisse Group (parent company only)

Condensed statement of income in CHF m	2001	2000	1999
Interest income and income from securities	1,343	1,620	1,919
Income from investments in Group companies 1)	3,141	4,091	1,888
Other income	555	270	270
Income	5,039	5,981	2,344
Interest expenses	423	376	266
Personnel expenses and directors' fees	115	112	111
Other expenses	182	154	141
Depreciation, write-offs and provisions	655	0	0
Extraordinary expenses	0	0	0
Taxes	66	92	200
Expenses	1,441	734	555
Net profit for the year	3,598	5,247	1,790

1) Recognized on a cost basis, pursuant to Swiss Company law.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.26 Credit Suisse Group (parent company only) (continued)

Condensed balance sheet in CHF m	31.12.01	31.12.00
Assets		
Liquid assets held at Group companies	1,497	772
Securities	1,438	3,701
Other receivables from third-parties	39	87
Receivables from Group companies	490	0
Accrued income and prepaid expenses	1,272	1,842
Total current assets	4,736	6,402
Investments in Group companies 1)	32,204	32,065
Long-term loans to Group companies	3,024	2,063
Securities	3,039	2,420

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Total long-term assets	38,267	36,548

Total assets	43,003	42,950

Liabilities and shareholders' equity		
Payable to third-parties	9	984
Payable to Group companies	1,161	1,168
Accrued expenses and deferred income	1,119	1,576

Total current liabilities	2,289	3,728

Bonds	3,650	4,150
Long-term loans from Group companies	3,827	2,972
Provisions	817	492

Total long-term liabilities	8,294	7,614

Share capital	3,590	6,009
Legal reserve	11,817	19,653
Reserve for own shares	2,469	600
Free reserves	14,100	0
Retained earnings:		
Retained earnings brought forward	(3,154)	99
Net profit for the year	3,598	5,247

Total shareholders' equity	32,420	31,608

Total liabilities and shareholders' equity	43,003	42,950

1) Recognized on a cost basis, pursuant to Swiss Company law

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47.26 Credit Suisse Group (parent company only) (continued)

Condensed cash flow statement in CHF m	2001	2000	1999

Cash flows from operating activities			
Net profit	3,598	5,247	1,799
Net adjustments to reconcile net profit to net cash provided by operating activities	(531)	(444)	(321)

Net cash provided by operating activities	3,067	4,803	1,478

Cash flows from investing activities			
Purchases of securities	(3,799)	(4,158)	(3,333)
Sales of securities	4,469	2,648	2,444
Investments in and advances to subsidiaries	(1,282)	(11,407)	(2,211)
Repayment of advances to subsidiaries	139	0	200

Net cash used in investing activities	(473)	(12,917)	(2,900)

Cash flows from financing activities			

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Advances from subsidiaries	848	1,455	2,000
Issuance of bonds	0	600	500
Repayments of bonds	(500)	(600)	
Proceeds from issuance of common shares	175	8,717	750
Dividends paid/repayment out of share capital	(2,392)	(1,917)	(1,360)

Net cash provided by/(used in) financing activities	(1,869)	8,255	1,900

Net increase/(decrease) in liquid assets	725	141	470
Liquid assets at beginning of financial year	772	631	150

Liquid assets at end of financial year	1,497	772	630

Supplemental disclosure of cash flow information			
Cash paid during the year for income taxes	31	78	100
Cash paid during the year for interest	429	364	250
Cash dividends received from subsidiaries	3,141	4,091	1,880

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[KPMG LOGO]

Assurance

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Report of the Independent Auditors

THE BOARD OF DIRECTORS OF CREDIT SUISSE GROUP

Under the date of March 1, 2002, we reported on the consolidated balance sheets of Credit Suisse Group and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of income and source and application of funds for each of the years in the three-year period ended December 31, 2001, which are included in the Form 20-F. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedules I, III and IV in the Form 20-F. These financial statement schedules are the responsibility of Credit Suisse Group management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Zurich, March 1, 2002

KPMG Klynveld Peat Marwick Goerdeler SA

/s/ Brendan R. Nelson
 Brendan R. Nelson
 Chartered accountant

/s/ Peter Hanimann
 Peter Hanimann
 Certified accountant

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Member Firm of
KPMG International

Member the Swiss Institute of Certified
Accountants and Tax Consultants

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Schedule I

Summary of investments -- other than investments in related parties from the insurance business

December 31, 2001 in CHF m	Cost 1)	Fair val

Debt securities		
United States Government and government agencies and authorities	1,502	1,5
Swiss Federal Government, cantonal or local governmental entities	8,205	8,2
Foreign governments	19,336	19,5
Public utilities	1,214	1,2
Convertibles and bonds with warrants attached	15	
All other corporate bonds	36,993	37,7
Time deposits	2	

Fixed maturities 2)	67,267	68,4

Public utilities	496	5
Banks, trust and insurance companies	5,153	5,6
Industrial, miscellaneous and all other	16,533	16,2

Equity securities 3)	22,182	22,3

Other investments		
Mortgage loans on real estate	9,811	9,4
Real estate	7,549	10,3
Policy loans	814	8
Separate account investments	14,519	14,5
Other long-term investments	4,576	4,8
Short-term investments	3,805	3,8

Other investments	41,074	43,8

Total investments	130,168	134,2

Own shares		
Policy loans (excluded from investments from the insurance business)		
Derivatives (included in investments from the insurance business)		

Total investments from the insurance business		

- 1) Original cost of equity securities and, as to fixed maturities, original cost reduced by repayments and adjustment for amortization of premiums and discounts.
- 2) Excludes bonds issued by Group entities with cost value of CHF 914 million and fair value of CHF 929 million.

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3) Excludes shares issued by Group with cost value of CHF 181 million and fair value of CHF 184 million.

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Schedule III

Supplementary insurance information

Segment in CHF m	Deferred policy acquisition costs	Future policy benefits, losses, claims, and loss expenses	Unearned premiums	Other policy and claims benefits payable	Premium revenue	Net investment income	Benefits, claims, losses and settlement expenses

2001							
Non-life	2,109	20,308	5,987	1,443	15,007	2,217	(11,509) 1)
Life	3,553	102,818	13	7,785	17,188	3,651	(12,167)

Total	5,662	123,126	6,000	9,228	32,195	5,868	(23,676)

2000							
Non-life	1,454	19,955	4,996	1,702	13,519	2,385	(10,432) 1)
Life	2,511	95,198	21	10,303	15,171	6,051	(9,734)

Total	3,965	115,153	5,017	12,005	28,690	8,436	(20,166)

1999							
Non-life	1,191	19,662	4,055	1,705	12,056	1,691	(6,145) 1)
Life	2,369	79,922	9	8,628	14,090	5,048	(8,033)

Total	3,560	99,584	4,064	10,333	26,146	6,739	(14,178)

1) Includes benefit claims, losses and settlement expenses from health business and divested businesses.

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Schedule IV

Reinsurance

in CHF m	Gross amount	Ceded to other companies	Assumed from other companies	Net

2001				
Life insurance in force	351,726	--	--	
Premiums				
Non-life	16,162	(1,679)	524	
Life	17,190	(210)	208	

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Total premiums	33,352	(1,889)	732

2000			
Life insurance in force	333,859	-	-
Premiums			
Non-life	14,711	(1,532)	340
Life	15,438	(281)	14

Total premiums	30,149	(1,813)	354

1999			
Life insurance in force	282,599	-	-
Premiums			
Non-life	13,084	(1,244)	216
Life	14,178	(108)	20

Total premiums	27,262	(1,352)	236

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