CREDIT SUISSE GROUP
Form 6-K
March 31, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Dated March 31, 2004

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

For the month of March 31, 2004

Commission File Number 001-15244

CREDIT SUISSE GROUP

(Translation of registrant's name into English)

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

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

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-____

ANNUAL REPORT 2003

Credit Suisse Group is a leading global financial services company headquartered in Zurich. The business unit Credit Suisse Financial Services provides private clients and small and medium-sized companies with private banking and financial advisory services, banking products, and pension and insurance solutions from Winterthur. The business unit Credit Suisse First Boston, an investment bank, serves global institutional, corporate, government and individual clients in its role as a financial intermediary. Credit Suisse Group's registered shares (CSGN) are listed in Switzerland and in the form of American Depositary Shares (CSR) in New York. The Group employs around 60,800 staff worldwide.

Financial calendar

Annual General Meeting	Friday, April 30, 2004
First quarter results 2004	Wednesday, May 5, 2004
Payment of par value reduction (in lieu of a dividend)	Monday, July 12, 2004
Second quarter results 2004	Wednesday, August 4, 2004
Third quarter results 2004	Thursday, November 4, 2004

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In this year's corporate reports, we have chosen the work of Swiss artist Daniel Grobet to represent Credit Suisse Group's 360° approach to finance. In his hand-crafted iron sculptures, Daniel achieves a harmonious balance by carefully combining static and dynamic elements.

This symbol is used to indicate topics on which further information is available on our website. Go to www.credit-suisse.com/annualreporting/bookmarks.html to find links to the relevant information. This additional information indicated is publicly accessible and does not form part of the Annual Report. Some areas of Credit Suisse Group's websites are only available in English.

MESSAGE FROM THE CHAIRMAN

Walter B. Kielholz
Chairman of the Board of Directors

Dear shareholders

Following a period of transition in 2002, when we defined the measures necessary to achieve a successful turnaround, 2003 was a year in which Credit Suisse Group had to demonstrate its strength. The Board of Directors and the Executive Board are pleased to see that our enormous efforts have proved successful and the Group has returned to profitability. Your company is now once again solidly positioned as one of the world's leading financial services providers.

Credit Suisse Group recorded a net profit of CHF 5.0 billion for 2003. The Board of Directors has decided to propose a reduction in par value of CHF 0.50 per share in lieu of a dividend for the financial year 2003 to the Annual General Meeting on April 30, 2004. This proposal reflects the significant improvement in performance compared to the previous year, in which we reported a net loss of CHF 3.3 billion and paid out a dividend of CHF 0.10 per share, as well as our continuing pursuit of a cautious policy on capitalization and our desire to create capacity for further growth.

At the end of 2002, the Board of Directors set clear strategic priorities to restore the Group to its former strength and lead it towards future success. We have achieved significant progress in all those areas:

First, we have strengthened our capital base to such an extent that we are now rated once again as one of the very well capitalized financial services providers.

Second, we have significantly reduced costs across the entire Group.

Third, at Credit Suisse First Boston, we further focused on promoting a corporate culture based on integrity and long-term business success. We also reduced the legacy business portfolio in our investment bank, thus limiting its impact on our results.

Fourth, at Winterthur, we carefully examined our international business portfolio to identify the markets in which our insurance business could expect to achieve a strong and promising position in the long term and subsequently divested parts of the company. We also adapted our insurance business strategy to the altered market conditions.

Fifth, we realigned our European private banking activities to focus clearly on high-net-worth individuals, in line with changes to the market environment. In addition to Asia, the onshore business in Europe remains a key aspect of our growth strategy in private banking.

I believe that we have come a long way in restoring Credit Suisse Group’s credibility towards you, our shareholders, as well as our employees, clients and the general public. In view of our ability to master difficult situations rapidly and decisively, the confidence of our various stakeholder groups has returned. We thus have a good basis for Credit Suisse Group’s continued growth.

Our 2003 results are good considering the Group’s financial position just over one year ago. However, Credit Suisse Group is not yet where it should be. The objective for all of our businesses in 2004 is to improve revenues while maintaining a disciplined approach to costs; to grow our market share; and to make further progress towards our goal of sustained profitability. We believe that we have created a solid position upon which to achieve these goals.

Walter B. Kielholz
March 2004

MESSAGE FROM THE CO-CHIEF EXECUTIVE OFFICERS

Oswald J. Grübel
Co-CEO Credit Suisse Group
Chief Executive Officer
Credit Suisse Financial Services

John J. Mack
Co-CEO Credit Suisse Group
Chief Executive Officer
Credit Suisse First Boston

Dear shareholders

In 2003, Credit Suisse Group fulfilled its pledge to return to sound profitability, reporting a net profit of CHF 5.0 billion. The Group benefited in 2003 from the improving global markets and the results reflect increased activity levels and improved investor confidence.

In addition to focusing on profitability, the Group has concentrated on efficiency, maintaining leading positions in key markets and building its client franchise. In 2003, the Group made certain divestitures, most significantly at Winterthur with the sale of Republic in the US, Churchill in the UK and Winterthur Italy. These divestitures have allowed us to focus on core businesses and strengthened the Group's capital position.

At the Credit Suisse Financial Services business unit, we achieved a strong performance in 2003, reporting a net profit of CHF 4.1 billion. Credit Suisse Financial Services benefited from a better global market environment and the implementation of efficiency measures. The leading market position of Private Banking and the expansion of the private mortgage business in Corporate & Retail Banking and Private Banking contributed to the year's sound performance. Winterthur's strong recovery in 2003 was mainly attributable to increased investment income, reflecting its goal of more dynamically managing its investment portfolio. Improvements in underwriting result and claims management and significant progress in reducing administration costs also contributed to Winterthur's turnaround last year.

At the Credit Suisse First Boston business unit, we realized a successful turnaround from the negative result in 2002 with a net profit in 2003 of CHF 1.2 billion. In 2003, Credit Suisse First Boston focused on profitability and cost discipline and received notable recognition in several areas including the number one market share in high yield debt. Significant progress was made during the year towards building an equity compensation culture by changing the incentive equity award strategy, while maintaining a strong risk culture. Credit Suisse First Boston also benefited during the year from lower credit provisions as a result of the continued improvement in the credit markets.

Given our return to sound profitability in 2003, Credit Suisse Group is well positioned to compete successfully in its primary markets. While our businesses remain tied to fluctuations and risks in the capital markets, we are optimistic about 2004, given the current levels of client activity and improving economic conditions. We are proud of what our employees have accomplished in 2003 and expect to continue to make progress towards achieving leading performance in our respective businesses.

Oswald J. Grübel John J. Mack

March 2004

CREDIT SUISSE GROUP KEY FIGURES 2003

Consolidated income statement

in CHF m	2003	2002	2001	Change in % 2003/2002	Change in % 2002/2001
Operating income	**26,322**	28,038	39,154	(6)	(28)
Gross operating profit	**7,421**	4,509	8,870	65	(49)
Net profit/(loss)	**4,999**	(3,309)	1,587	–	–

Return on equity

in %	2003	2002	2001	Change in % 2003/2002	Change in % 2002/2001
Return on equity	**16.6**	(10.0)	4.1	–	–

Consolidated balance sheet

in CHF m	31.12.03	31.12.02	Change in % from 31.12.02
Total assets	**962,164**	955,656	1

Shareholders' equity	**34,692**	31,394	11
Minority interests in shareholders' equity	**2,956**	2,878	3

Capital data

in CHF m	31.12.03	31.12.02	Change in % from 31.12.02
BIS risk-weighted assets	**190,761**	196,486	(3)
BIS tier 1 capital	**22,287**	17,613	27
of which non-cumulative perpetual preferred securities	**2,169**	2,162	0
BIS total capital	**33,207**	28,311	17

Capital ratios

in %		31.12.03	31.12.02
BIS tier 1 ratio	Credit Suisse	**8.2**	7.4
	Credit Suisse First Boston [1]	**13.6**	10.3
	Credit Suisse Group [2]	**11.7**	9.0
BIS total capital ratio	Credit Suisse Group	**17.4**	14.4

Assets under management/client assets

in CHF bn	31.12.03	31.12.02	Change in % from 31.12.02
Advisory assets under management	**609.6**	577.9	5
Discretionary assets under management	**589.8**	582.1	1
Total assets under management	**1,199.4**	1,160.0	3
Client assets	**1,343.3**	1,757.9	(24)

Net new assets

in CHF bn	2003	2002	Change in % from 2002
Net new assets	**4.8**	(1.4)	–

[1] Ratio is based on a tier 1 capital of CHF 12.1 bn (31.12.02: CHF 10.6 bn), of which non-cumulative perpetual preferred securities is CHF 1.0 bn (31.12.02: CHF 1.0 bn).
[2] Ratio is based on a tier 1 capital of CHF 22.3 bn (31.12.02: CHF 17.6 bn), of which non-cumulative perpetual preferred securities is CHF 2.2 bn (31.12.02: CHF 2.2 bn).

Number of employees (full-time equivalents)

		31.12.03	31.12.02	Change in % from 31.12.02
Switzerland	banking	**19,661**	21,270	(8)
	insurance	**6,426**	7,063	(9)
Outside Switzerland	banking	**20,310**	25,057	(19)
	insurance	**14,440**	25,067	(42)
Total employees Credit Suisse Group		**60,837**	78,457	(22)

Share data

	31.12.03	31.12.02	Change in % from 31.12.02
Shares issued	**1,195,005,914**	1,189,891,720	0
To be issued upon conversion of MCS [1]	**40,413,838**	40,413,838	0
Own shares, net [2]	**(21,220,018)**	–	–
Shares outstanding	**1,214,199,734**	1,230,305,558	(1)
Share price in CHF	**45.25**	30.00	51
Market capitalization in CHF m	**54,943**	36,909	49
Book value per share in CHF	**26.14**	23.18	13

1) Maximum number of shares related to Mandatory Convertible Securities (MCS) issued by Credit Suisse Group Finance (Guernsey) Ltd.

2) Reflects applied mandatory changes in Swiss Federal Banking Commission guidelines.

Share price

in CHF	2003	2002	Change in % from 2002
High (closing price)	**48.70**	73.60	(34)
Low (closing price)	**20.70**	20.60	0

Earnings per share

	2003	2002	2001	Change in % 2003/2002	Change in % 2002/2001
Net profit/(loss) in CHF m	**4,999**	(3,309)	1,587	–	–
Diluted net profit/(loss) in CHF m	**4,999**	(3,309)	1,588	–	–
Weighted average shares outstanding	**1,209,297,290** 1)	1,190,206,207 2)	1,194,090,788	2	0
Dilutive impact	**31,562,945** 1)	0 3)	9,356,766	–	–
Weighted average shares, diluted	**1,240,860,235** 1)	1,190,206,207	1,203,447,554	4	(1)
Basic earnings per share in CHF	**4.13**	(2.78)	1.33	–	–
Diluted earnings per share in CHF	**4.03**	(2.78)	1.32	–	–

1) Reflects in 2003 applied mandatory changes in Swiss Federal Banking Commission guidelines.

2) Adjusted for weighted average shares repurchased.

3) The calculation of the diluted loss per share in the financial year 2002 excludes the effect of the potential exchange of convertible bonds and the potential exercise of options to purchase shares, as the effect would be anti-dilutive.

INFORMATION ON THE COMPANY

INFORMATION ON THE COMPANY | CREDIT SUISSE GROUP

Overview

Credit Suisse Group is a global financial services company domiciled in Switzerland. The activities of Credit Suisse Group are structured into two main business units described below.

Credit Suisse Financial Services

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

Credit Suisse Financial Services consists of four segments:

- Private Banking, providing wealth management services for high-net-worth clients around the world;
- Corporate & Retail Banking, serving corporate and retail banking clients in Switzerland;
- Life & Pensions, providing Winterthur’s insurance and pension solutions to private and corporate clients in Europe and selected Asian markets; and
- Insurance*, providing Winterthur’s non-life insurance to private and corporate customers predominantly in Europe and the United States. Effective January 1, 2004, the Insurance segment was renamed Non-Life.
-

Credit Suisse First Boston

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

Credit Suisse First Boston consists of two segments:

- Institutional Securities, which provides securities underwriting, financial advisory services, capital raising services and sales and trading products worldwide, and conducts private equity investment activities; and

- CSFB Financial Services**, which provides asset management products and financial and advisory services to institutional and private clients.

Effective January 1, 2004, Credit Suisse First Boston reorganized its operations by transferring the private equity and private fund groups from the Institutional Securities segment to the CSFB Financial Services segment, which has been renamed Wealth & Asset Management.

Corporate Center

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

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

- Group internal audit;
- Group communications;
- Group-level functions assigned to the Chief Financial Officer, including accounting and financial reporting, tax, investor relations, capital and liquidity management and corporate development;
- Group legal and compliance; and
- Group risk management.

Outsourcing of services

Where the outsourcing of services through agreements with external service providers is considered significant under the terms of Swiss Federal Banking Commission Circular 99/2 “Outsourcing”, those agreements comply with all regulatory requirements with respect to business and banking secrecy, data protection and customer information. For Credit Suisse Group, no significant outsourcing relationships exist with external service providers.

Strategy

Credit Suisse Group’s strategy is to strengthen its global position in asset gathering and investment banking by being a leader in private wealth management, global asset management, European insurance, retail banking in Switzerland and global investment banking. The Group’s overall objective is to achieve sustainable growth by focusing on customer satisfaction, product innovation, leveraging its franchises and being the employer of choice for talented individuals.

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

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

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

Business unit strategies

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

Company history and legal structure

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

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

- Credit Suisse (Private Banking and Corporate & Retail Banking segments);
- Credit Suisse First Boston (Institutional Securities and CSFB Financial Services segments, the latter having been renamed Wealth & Asset Management);
- Winterthur (Life & Pensions and Insurance segments, the latter having been renamed Non-Life).

Credit Suisse Group is registered as a corporation in the commercial register of, and has registered offices in, Zurich, Switzerland. The address of the principal executive offices is Paradeplatz 8, P.O. Box 1, CH-8070, Zurich, Switzerland; the telephone number is +41 1 212 1616.

INFORMATION ON THE COMPANY | CREDIT SUISSE FINANCIAL SERVICES

Overview

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

- Private Banking provides high-net-worth clients in Switzerland and in numerous other markets around the world with wealth management products and services. Private Banking is one of the largest private banking operations worldwide, with a leading client-centric service model and recognized innovation capabilities;

- Corporate & Retail Banking offers banking products and services to corporate and retail clients in Switzerland. Corporate & Retail Banking is the second-largest bank in Switzerland, with a nationwide branch network and leading multi-channel capabilities;

- Life & Pensions offers life insurance products through multiple distribution channels to private and corporate clients in Switzerland and other markets in Europe and Asia; and

- Insurance, renamed Non-Life effective January 1, 2004, offers non-life insurance products to private and corporate clients in Switzerland, North America and certain markets in Europe. Both insurance segments are market leaders in Switzerland and hold sound market positions in selected principal markets including Belgium, Spain and Germany.

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

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

- First, Credit Suisse Financial Services integrated the Zurich-based securities and treasury execution platform formerly run by Credit Suisse First Boston, including the mid- and back-offices and IT functions. Client relationships were not affected in any relevant way by this reorganization;

- Second, Winterthur realigned its organizational structure , bringing the Insurance and Life & Pensions segments under joint management. This realignment includes joint head office functions and the pooling of the segments' distribution network in Switzerland, which is being implemented in phases throughout 2004; and

- Third, Winterthur divested its entire Portuguese and Italian operations (both life and non-life business), Churchill Insurance Group in the United Kingdom (non-life business) and Republic Financial Services in the United States (non-life business) to streamline its international business portfolio. These divestitures were in line with Winterthur Group's strategy to focus on selected core markets and served to significantly strengthen its capital position.

Strategy

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

- Focus the organization on client needs, quality and innovation. This includes continued product and service innovations, focused marketing activities and superior service and advice;

- Invest in skills and know-how of staff, as demonstrated through the establishment of the Credit Suisse Business School;

- Improve productivity continuously through rigorous cost management and consequent streamlining of processes; and

- Manage capital base and reputation. Above all, this means striving to generate strong cash flows and to deliver on promises, to clients, employees and shareholders.

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

- Private Banking intends to expand its leading franchise, primarily by strengthening its international offshore and European onshore business. In its Swiss operations, Private Banking is striving to gain further market share in the onshore and Western European offshore business;

- Corporate and Retail Banking intends to further develop its profitability and increase its market share in Switzerland. The retail business is expected to grow especially in terms of mortgages and retail investment products. The corporate business will seek to increase cross-selling of non-lending products and to optimize the risk-return profile of its lending activities; and

- Winterthur Group's life and non-life operations expect to maintain their focus on selected core markets offering the best opportunities to achieve scale and profitability. In addition, Winterthur Group aims to further develop its active approach to investment management, and to continue improvements in claims and cost management efficiency.

Credit Suisse Business School: A passion to learn and perform

Markets and client needs are changing at an ever increasing rate. As a consequence, Credit Suisse's staff and management are confronted with increasing demands on their skills and competencies. To meet this enormous challenge, the Credit Suisse Business School was founded in Switzerland in 2003.

With the slogan 'A passion to learn and perform', the Credit Suisse Business School offers its employees a platform for exchanging knowledge and for development that allows them to improve their performance on an ongoing basis. In particular, the Credit Suisse Business School pursues the following objectives:

- Enhancement of skills and competencies through specialist and sales training;

- Promotion of Credit Suisse's values and culture;

- Provision of a platform for communicating strategy and for improving leadership skills; and

- Targeted dissemination of strategic core Credit Suisse topics.

The education program is being developed in collaboration with external partner schools and universities. Credit Suisse top management is closely integrated as lecturers and participants in all programs. The establishment of the Credit Suisse Business School is a further step towards accelerating innovation as well as developing talent, with a view to enhancing the quality of services to the client.

Private Banking

Overview

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

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

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

- Market Area 1 consists of the Swiss domestic market, international private clients from Italy and France, and booking centers in Luxembourg, Guernsey, Monaco and Gibraltar;

- Market Area 2 consists of international private clients in Asia Pacific, the Middle East, the Americas, Northern Europe, Eastern Europe, Iberia, Germany and Austria. It includes the global private banking center in Singapore, as well as operations in Hong Kong and the Bahamas; and

- Market Area 3 consists of the onshore banking operations in the five largest European markets Germany, Italy, the United Kingdom, France and Spain.

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

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

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

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

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

Products and services

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

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

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

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

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

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

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

Corporate & Retail Banking

Overview

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

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

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

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

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

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

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

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

Products and services

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

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

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

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

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

Marketing and distribution

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

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

Life & Pensions

Overview

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

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

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

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

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

Acquisitions and divestitures

In November 2002, Winterthur Group announced the divestiture of its subsidiaries, Companhia Europeia de Seguros S.A. and Winterthur Pensiones S.A., in Portugal. The divestiture of the Portuguese operations was finalized in May 2003.

The divestiture of the Italian operations was finalized in September 2003. The divestitures of the Portuguese and Italian life and non-life operations reflect Winterthur Group's strategy of streamlining its international business portfolio, thereby focusing more strongly on principal markets and taking advantage of opportunities for growth and profitability.

Products and services

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

Traditional products

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

Non-traditional products

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

Disability insurance

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

Group pensions

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

Effective January 1, 2004, Life & Pensions introduced its new employee benefit business model for Swiss group pension plans, as announced in the first half of 2003 . This new model is more closely aligned with the current economic environment and developments in terms of life expectancy.

Marketing and distribution

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

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

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

Insurance

Overview

Insurance, which was renamed Non-Life effective January 1, 2004, provides non-life insurance to private and small corporate clients through a range of distribution channels.

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

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

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

Acquisitions and divestitures

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

Products and services

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

Motor insurance

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

Non-motor insurance (excluding accident and health)

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

Accident and health insurance

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

Marketing and distribution

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

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

Operating environment and competition

Operating environment

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

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

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

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

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

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

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

Competition

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

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

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

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

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

INFORMATION ON THE COMPANY | CREDIT SUISSE FIRST BOSTON

Overview

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

- securities underwriting, sales and trading;
- financial advisory services;

- private equity investments;
- full service brokerage;
- derivatives and risk management products; and
- asset management.

Credit Suisse First Boston includes the Institutional Securities and CSFB Financial Services segments.

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

- Fixed Income, which underwrites, trades and distributes fixed income financial instruments and offers derivatives and risk management products;
- Equity, which underwrites, trades and distributes equity and equity-related products, including listed and over-the-counter derivatives and risk management products, and engages in securities lending and borrowing; and
- Investment Banking, which serves a broad range of users and suppliers of capital, provides financial advisory and securities underwriting and placement services and, through the private equity group, makes privately negotiated equity investments, and acts as an investment advisor for private equity funds.

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

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

Effective January 1, 2004, Credit Suisse First Boston’s operations were reorganized to transfer the private equity and private fund groups in Investment Banking to CSFB Financial Services, which was renamed Wealth & Asset Management.

In 2003, Credit Suisse First Boston continued to focus on core businesses and reduce costs. In May 2003, Credit Suisse First Boston sold its clearing and execution platform, Pershing, which was part of the CSFB Financial Services segment, to The Bank of New York Company, Inc. In June 2003, Credit Suisse First Boston acquired Volaris Advisors, a New York-based equity-options strategies firm that provides yield-enhancement and volatility management services, to enhance the services of the Private Client Services business. In September 2003, Credit Suisse First Boston completed the transfer of its Zurich-based securities and treasury execution platform to Credit

Suisse Financial Services. In November 2003, Credit Suisse First Boston sold its 50% interest in a Japanese online broker. Also in November 2003, Credit Suisse First Boston acquired a majority interest in a joint venture that originates and services commercial mortgage loans and holds licenses in the United States under Fannie Mae, Freddie Mac and Department of Housing and Urban Development programs. Credit Suisse First Boston completed the sales of its local brokerage business in Poland and a 90% stake in its South African local equity brokerage operations in 2003. Credit Suisse First Boston also continued to reduce significantly the portfolio of real estate and related loans and distressed assets that are part of non-continuing businesses.

Strategy

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

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

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

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

Institutional Securities

Overview

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

Effective January 1, 2004, the segment was reorganized to transfer the private equity and private fund groups to CSFB Financial Services. The operations of Institutional Securities now include debt and equity underwriting and financial advisory services and the equity and fixed income trading businesses. The following description reflects the organization in place during 2003.

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

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

Products and services

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

Fixed Income division

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

Key fixed income products and services include:

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

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

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

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

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

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

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

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

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

Equity division

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

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

Investment Banking division

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

Investment Banking clients include US and international public and private corporations, sovereign governments, supranational and national agencies and public sector entities.

Investment Banking's principal services consist of:

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

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

Global investment research

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

CSFB Financial Services

Overview

CSFB Financial Services provides international asset management services, including mutual funds, to institutional and private investors and financial advisory services to high-net-worth individuals and corporate investors.

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

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

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

Effective January 1, 2004, the segment was renamed Wealth & Asset Management and its operations were reorganized to include the private equity and private fund groups transferred from Institutional Securities. The following description reflects the organization in place during 2003.

Products and services

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

Asset management and advisory services

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

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

- Derivatives and commodities;
- Real estate portfolio management; and
- Alternative investment products, which include fund-of-funds products.

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

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

Funds

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

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

Operating environment and competition

Operating environment

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

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

Competition

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

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

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

INFORMATION ON THE COMPANY | CREDIT SUISSE GROUP AND SOCIETY

The market value of a company is driven not only by its financial results but also by intangible values such as intellectual capital, corporate culture, client loyalty and reputation. Its business success depends to a large degree on the confidence of its various stakeholders. Consequently, one of the challenges that a company faces when striving to achieve sustainable business success is that of identifying the expectations of key stakeholder groups and of addressing them appropriately.

Fulfillment of responsibilities

Credit Suisse Group introduced a Group-wide Code of Conduct in 1999. The Code lays down the most important principles that Credit Suisse Group employees are expected to follow when conducting business and when interacting with colleagues, clients and other stakeholders. It defines the company's 12 core values:

Ethical values

Integrity

Responsibility

Fairness

Compliance

Transparency

Confidentiality

Performance values

Service

Excellence

Teamwork

Commitment

Risk culture

Profitability

The basic values set out in the Code of Conduct are translated into directives and guidelines tailored to the individual business units and prevailing operating conditions. On January 1, 2004, an updated version of the Code of Conduct came into effect, which further explains the existing principles and takes account of new requirements arising from the Sarbanes-Oxley Act and the New York Stock Exchange's revised Corporate Governance Rules.

Commitment to sustainability

For Credit Suisse Group, sustainability means achieving economic success by addressing environmental, social and commercial expectations vis-à-vis the company and by reaching decisions that achieve a fair balance between society's needs today and in the future.

The Group's commitment to sustainability is founded upon its Environmental Policy and Code of Conduct. It is also based on a series of international initiatives. In 1992, Credit Suisse Group signed the United Nations Environment Programme (UNEP) Declaration for Financial Services Providers and, in 2000, it signed up to the UN Global Compact, a UN initiative which commits companies to nine principles relating to human rights, working conditions and the environment.

Several independent rating agencies and index providers have repeatedly rated Credit Suisse Group as one of the leading companies in the field of sustainability; it has subsequently been included in sustainability indices such as the Dow Jones Sustainability Index and the FTSE4Good Index.

In its Sustainability Report 2003 , Credit Suisse Group explains its relations with various stakeholder groups and provides information about its environmental performance and social commitments.

Employees

For a financial services provider such as Credit Suisse Group, dedicated and well-qualified employees are a vital success factor. An environment that encourages top performance and a responsible attitude – particularly in challenging economic periods – is essential if a company is to retain and attract the best talent.

Fairness and equal opportunities

Credit Suisse Group employs people from more than 100 different nations. Particular attention is thus given to the promotion of equal rights and the creation of a working environment that is free from discrimination. For instance, Credit Suisse First Boston offers its employees an opportunity to gain a greater awareness of their colleagues' varied ethnic and cultural backgrounds by staging events during specific "Heritage and History Months" (e.g., Black History Month or Hispanic Heritage Month). Its efforts to ensure equal opportunities for all employees were acknowledged in 2003 by awards from "Opportunity Now" and "Human Rights Campaign".

The Group's efforts to ensure equal opportunities between men and women are producing visible results. In Switzerland, for instance, the percentage of women in middle management positions has increased from 18% in 1998 to 21% in 2003, while the percentage of women in senior management increased from 6% to almost 10% over the same period.

Continuous learning

Credit Suisse Group's training and development programs range from apprenticeships (it currently offers more than 1,000 vocational apprenticeships in Switzerland) and graduate programs to specialist training and management courses. The establishment of the Credit Suisse First Boston Leadership Institute in 2002 provided Credit Suisse First Boston with a central platform for employee and management training.

With the launch of its business school in 2003, Credit Suisse Financial Services aims to bring its training programs even more closely into line with its business strategy and to support the systematic transfer of experience and best practice. The business school will build on the existing range of training programs on offer and add targeted measures such as the development of certified specialist curricula.

The market creates a need for action

In 2003, the challenging economic environment and financial market corrections made restructuring measures unavoidable. A total of 920 jobs were cut worldwide at Credit Suisse First Boston, and a further 2,500 at Credit Suisse Financial Services. Employees affected by these cuts received professional advice and support in their search for new internal or external positions. These measures – particularly those drawn up in conjunction with the Group's social partners in Switzerland – often exceeded the legal requirements in the relevant jurisdictions.

Clients

Innovation and adaptation are essential if Credit Suisse Group is to keep pace with developing client needs in a changing society. An awareness of individual responsibility and of good value in terms of price and service quality will enable the Group to maintain its clients' trust and satisfaction in the long term.

Adapting to economic and social changes

As investors have become more risk-aware in recent years, Credit Suisse Group has launched new products designed to focus on capital preservation and stable returns. In addition to inflation-proof bond funds, these products include "profit lock-in units" that offer capital protection up to the maturity date and lock in profits that accrue during the term of the instrument. Changes are also being made in the insurance business. In 2003, Winterthur introduced its new model for collective foundations, which takes better account of both the altered financial market environment and increased life expectancy. Winterthur was the first company to launch this model publicly and met with considerable criticism. However, it was eventually understood that this move was essential to secure the long-term future of the employee benefit business.

Central role – enhanced responsibility

Financial intermediaries play a central role in national and global economies. Credit Suisse Group can only fulfill this role if it meets the highest standards of credibility and trust. It has to prevent its services from being abused while still respecting the privacy of its clients.

The Swiss financial services industry leads the way in the fight against money laundering. Its know-your-customer rules are among the strictest in the world. These rules also state that the banks must fulfill special due diligence requirements with regard to politically exposed persons. As a member of the Wolfsberg Group, Credit Suisse Group has committed itself to the financial industry's international fight against money laundering and terrorist funding.

Credit Suisse Group supported the Swiss government's firm position on the taxation of savings income in its negotiations with the European Union. In 2003, EU finance ministers approved Switzerland's offer of a system of withholding tax in favor of EU member states. Once implemented, this system will ensure that the clients' privacy with respect to their financial affairs remains intact.

Quality and satisfaction

Credit Suisse Group is implementing targeted measures to ensure that it maintains the highest standards of client focus and service quality. It regularly assesses client satisfaction in key areas. Surveys enable management to focus even more closely on client requirements. In 2003, the surveys showed a clear increase in client retention and in overall satisfaction amongst Credit Suisse's corporate and retail clients in Switzerland for the second year in succession. This trend can be attributed to improved information, increased reliability and the considerable efforts assigned to addressing clients' concerns and questions.

Society

Credit Suisse Group strives to meet the expectations of society. It engages in dialog with representatives from the public, business organizations, political circles and government authorities. Credit Suisse Group and its business units also support charitable humanitarian, social and cultural institutions.

Following the rules

Integrity and professionalism are the essential foundations on which client, shareholder and public confidence are built. Over the last two years, Credit Suisse Group has further strengthened its internal compliance structures and has been at the forefront of implementing reforms in response to industry-wide settlements.

The issue of business and human rights has become an important topic in the public debate surrounding the issues of internationalization and globalization. Credit Suisse Group is committed to fulfilling its responsibilities with regard to human rights, as asserted in the UN Global Compact. The Group firmly believes that business activity helps improve living standards for all people, as long as negative effects can be recognized, corrected or mitigated.

In dialog with society

In its relations with regulators and politicians, as well as with industry bodies, Credit Suisse Group aims to establish conditions that favor entrepreneurial activity and economic growth. The Group's Economic & Policy Consulting department analyzes key economic and political topics in its well-researched studies. With its studies on topics such as fiscal policy, economic growth and liberalization published in 2003, the Group actively contributed to public debate about these issues.

Supporting non-commercial initiatives

Credit Suisse Group is aware that companies depend on the existence of a stable environment for both themselves and their employees, and that this is something to which they must contribute. Within the Group, various entities contribute to charitable projects through the personal efforts and know-how of their employees as well as via donations. Examples of the Group's support for non-commercial initiatives in 2003 include:

- Credit Suisse Group's Donations department contributed to cultural, social and charitable initiatives, as well as to educational projects with a particular focus on higher education in the area of finance;

- Credit Suisse Group's Jubilee Foundation supported cultural and charitable causes. Major priorities included projects that help people with disabilities – such as "Plusport Day", an annual event for 1,500 disabled and able-bodied sports enthusiasts – as well as schemes to promote outstanding musical talent, such as the Credit Suisse Young Artist Award;

- Credit Suisse First Boston Foundation , New York, conducted a major employee volunteer program that contributed thousands of volunteer hours to programs in local communities, benefiting disadvantaged youths and senior citizens;

- Credit Suisse First Boston Asia Pacific Philanthropic Committee, Hong Kong, provided support for projects aimed at building, renovating and equipping educational facilities in rural areas of lesser-developed countries in the region;

- Winterthur focused on accident prevention, particularly working to help prevent traffic accidents involving children. Winterthur also established a foundation and meeting center to promote contact between the young and old.

Sponsorship

Credit Suisse Financial Services has long been a leading sponsor of Swiss cultural and sporting events. In the field of cultural sponsorship, Credit Suisse focuses on classical music, jazz and fine art. In the area of sports, it is committed to supporting Formula One motor racing, soccer, horse-riding and golf, and it always endeavors to support young talent.

Environmental management

Credit Suisse Group's environmental policy sets out the Group's pledge to act in an environmentally responsible manner. It also defines the key areas of action. In 1997, Credit Suisse Group became the first bank to have its environmental management system certified according to the ISO 14001 standard.

Management system

Credit Suisse Group is constantly adapting its environmental management system to align it with changing conditions. The second re-certification in 2003 confirmed the high standard of Credit Suisse Group's environmental management system – covering all of the Group's banking locations around the world, as well as its insurance operations in Switzerland – and testified of its continuous improvement. This is attributable not only to the expansion of the system to include locations such as New York, London and Singapore, but also to the increasing involvement of key external partners. Individual agreements ensure that firms working with the Group respect its standards and endeavor to improve their own environmental performance.

Improving environmental performance

Energy consumption is the largest direct impact that Credit Suisse Group has on the environment. The Group therefore follows appropriate environmental criteria when building new premises or renovating and maintaining existing buildings. Its main activities in 2003 included a project to optimize energy consumption through the use of heat recycling plants, measures relating to climate control, ventilation and lighting, as well as the use of energy-efficient IT technology. All of these measures also provided financial benefits by decreasing related expenses.

Continuously improving environmental management is the duty of all employees at all levels of the company and across all business areas. This also applies in the case of efforts to reduce paper consumption. Various measures initiated since 1999 have resulted in a reduction of around one third in the amount of paper consumed at Credit Suisse Group's locations in Switzerland. Further potential savings are currently being evaluated.

Sustainability products and services

Dealing with sustainability involves identifying, assessing and appropriately managing risks, as well as creating attractive investment opportunities that generate added value in environmental or social terms.

Management of environmental and social risks

As risks have become more varied, the number and scale of non-traditional risks has also increased. Effective risk management must therefore identify environmental and social risks that might be associated with clients and projects at an early stage in an effort to avoid exposure to credit, reputational or liability risks.

The Group took a significant step forward in this respect with the adoption of the Equator Principles in June 2003. This voluntary commitment obliges the participating financial institutions – including Credit Suisse First Boston – to adopt a common approach based on World Bank guidelines when considering environmental and social risks in project finance. By the end of 2003, 20 banks around the world – that had collectively arranged funding for over 75% of the total market volume of project finance – had signed up to the Principles, making them an almost industry-wide standard.

Bridging the gap

Microfinance enables small and very small businesses in developing countries to help themselves by offering loans that are often as small as USD 50. In 2003, Credit Suisse Group, together with other representatives of the Swiss financial sector, established a platform to promote microfinance investments. The company created by these efforts, responsAbility AG, bridges the gap between the financial market and development cooperation and allows private and institutional investors to make investments that are of benefit in both economic and development terms.

Sustainability investments

Credit Suisse Group offers its clients various socially responsible investment opportunities such as the Credit Suisse EF (Lux) Global Sustainability Fund, which invests in the global sustainability leaders in each industry, or the Credit Suisse Fellowship Fund, which focuses on UK companies that take an environmentally friendly and socially responsible approach. The investment company Prime New Energy AG focuses on renewable energies, while the CSFB Global Water Basket concentrates on selected businesses active in the water supply and water treatment sector.

OPERATING AND FINANCIAL REVIEW

In 2003, Credit Suisse Group posted operating income of CHF 26,322 million, and a net profit of CHF 4,999 million. The Group measures its business at the consolidated group level on the basis of growth in net new assets and return on equity. At December 31, 2003, assets under management totaled CHF 1,199.4 billion, and for the year 2003 net new asset inflow was CHF 4.8 billion. Return on equity was 16.6% in 2003.

Operating income decreased CHF 1,716 million in 2003 to CHF 26,322 million compared to 2002. This decrease was mainly due to a decrease in net commission and service fee income primarily within Credit Suisse First Boston as a result of lower levels of market activity and the sale of Credit Suisse First Boston's clearing and execution platform, Pershing. Credit Suisse First Boston's operating income decreased in 2003 as a result of significantly lower operating income from the Institutional Securities segment primarily reflecting lower levels of market activity, the negative impact of the decline in the US dollar and a decline in operating income of the CSFB Financial Services segment mainly as a result of the sale of Pershing. The decline in operating income at Credit Suisse First Boston in 2003 was partly offset by a significant increase in net income from the insurance business within Credit Suisse Financial Services. The significant increase in net income from the insurance business is primarily a result of higher investment income reflecting improvements in the global capital markets and a significant decrease in other than temporary impairments in the investment portfolio compared to 2002. Net interest income decreased CHF 612 million, or 7.6%, reflecting stable interest margins, and net trading income increased CHF 261 million, or 11.6%, reflecting increased trading activities of Credit Suisse First Boston. Other ordinary income/(expenses), net, improved from an expense of CHF 898 million in 2002 to an expense of CHF 178 million in 2003. This improvement was mainly the result of a significant decrease in unrealized losses on financial investments.

In 2003, the Group's accounts were affected by mandatory changes in Swiss Federal Banking Commission guidelines (Swiss GAAP). The significant changes for the Group related to the accounting for derivatives and own shares. In line with US GAAP, the changes in accounting related to derivatives imposed more prescriptive requirements with respect to hedge effectiveness for derivatives hedging transactions. The majority of the Group's derivative transactions are not affected by these changes as they are entered into for trading purposes. However, certain of these hedges no longer qualify for hedge accounting under Swiss GAAP and, accordingly, changes in the fair value of such hedges have been reflected in operating income. The change in accounting for derivatives resulted in a decrease of CHF 179 million in operating income, mainly attributable to Credit Suisse First Boston. Changes in accounting for own shares resulted in the recognition in shareholders' equity of realized gains and losses on trading in own shares, while in the past such gains and losses were recorded in the income statement. The impact from the change in accounting for own shares resulted in a decrease of CHF 94 million in net profit accounted for at the Corporate Center.

Operating expenses decreased CHF 4,628 million, or 19.7%, in 2003 mainly reflecting continued focus on efficiency improvements and the impact of foreign exchange movements. Personnel expenses decreased CHF 3,280 million, or 19.4%, primarily as a result of headcount reductions. Included in personnel expenses are charges related to severance payments and retention awards in connection with staff reductions. Amortization of retention payments was CHF 213 million in 2003 compared to CHF 644 million in 2002. In 2003, Credit Suisse Group adopted the fair value method of expensing stock option awards, changed the vesting of stock option awards across the Group and changed the vesting of share awards at Credit Suisse First Boston. As a result of the changes in share plans and vesting, Credit Suisse First Boston increased the amount of compensation deferred in the form of shares and replaced performance-based plans and share option awards with share awards. In 2003, Credit Suisse First Boston deferred USD 873 million of compensation in the form of shares to future periods, compared to USD 869 million of value awarded in 2002 that was deferred or otherwise not expensed (in the case of share options). Other operating expenses decreased CHF 1,348 million, or 20.4%, in 2003 primarily as a result of ongoing cost containment and the impact of foreign exchange movements.

Depreciation of non-current assets decreased CHF 286 million, or 13.2%, in 2003 compared to 2002 primarily as a result of decreased depreciation of tangible fixed assets. Amortization of acquired intangible assets decreased CHF 100 million, or 14.4%, and amortization of goodwill decreased CHF 212 million, or 26.3%, in 2003, in line with the decreased balances of these items. Included in amortization of acquired intangible assets is an impairment of CHF 270 million in respect of the intangible assets related to Credit Suisse First Boston's high-net-worth asset management business.

Valuation adjustments, provisions and losses from the banking business decreased CHF 3,569 million, or 80.6%, in 2003 primarily as a result of lower credit valuation allowances and provisions reflecting an improved credit environment, loan repayments and loan sales, as well as lower litigation provisions. In addition, the changes in Swiss GAAP related to derivatives resulted in the discontinuation of hedge accounting treatment for certain credit default swaps. The impact of the changes in fair value of these swaps accounted for in operating income were offset by an increase in credit losses in the amount of CHF 197 million, reflected in valuation adjustments, provisions and losses from the banking business.

Extraordinary income/(expenses), net, increased CHF 1,129 million to income of CHF 1,472 million in 2003. This increase mainly resulted from an after-tax gain of CHF 1,325 million, net of related provisions, from divestitures of Winterthur's Republic Financial Services in the United States, Churchill Insurance in the United Kingdom and Winterthur Italy.

The impact of the Swiss GAAP changes, as discussed above, for periods prior to 2003 was recorded as cumulative effect of change in accounting principle in 2003 in the amount of CHF 319 million, or CHF 187 million net of tax. In 2002, the accounting policy was changed to recognize deferred tax assets on net operating loss carryforwards when it is considered more likely than not that future taxable profit will be available against which such losses can be utilized. The CHF 520 million recorded in 2002 as a cumulative effect of change in accounting principle related to net operating losses incurred prior to 2002.

Taxes decreased CHF 442 million, or 74.2%, in 2003 compared to 2002 to an expense of CHF 154 million. The decrease was mainly due to tax credits reported within the Life & Pensions and Insurance segments as a result of changes in German tax legislation in December 2003. The changes in tax law now allow life and health insurance companies to deduct impairments and realized losses on equity for German tax purposes. In addition, a retroactive deduction of 80% of all impairments and realized losses incurred from equity investments since 2001 was also allowed. The result of these changes was a tax benefit of CHF 782 million which, after the related increase in dividends to policyholders of CHF 711 million, had a net positive impact on net profit before minority interests of CHF 71 million in 2003.

A key driver of our operating income is growth in net new assets, which is a Key Performance Indicator for measuring the progress of the asset gathering strategy. In 2003, assets under management increased CHF 39.4 billion, or 3.4%, to CHF 1,199.4 billion, despite divestitures at Winterthur during the year. This increase was primarily due to stronger equity markets and CHF 4.8 billion of net new assets.

Condensed consolidated income statement

in CHF m	2003	2002
Net interest income	**7,424**	8,036
Net commission and service fee income	**11,940**	15,334

Net trading income	**2,515**	2,254
Net income from the insurance business [1]	**4,621**	3,312
Other ordinary income/(expenses), net [2]	**(178)**	(898)
Operating income	**26,322**	28,038
Personnel expenses	**13,630**	16,910
Other operating expenses	**5,271**	6,619
Operating expenses	**18,901**	23,529
Gross operating profit	**7,421**	4,509
Depreciation of non-current assets [3]	**1,887**	2,173
Amortization of acquired intangible assets	**593**	693
Amortization of goodwill	**594**	806
Valuation adjustments, provisions and losses from the banking business [2]	**861**	4,430
Depreciation, valuation adjustments and losses	**3,935**	8,102
Profit/(loss) before extraordinary items, cumulative effect of change in accounting principle and taxes	**3,486**	(3,593)
Extraordinary income/(expenses), net	**1,472**	343
Cumulative effect of change in accounting principle [4]	**319**	520
Taxes	**(154)**	(596)
Net profit/(loss) before minority interests	**5,123**	(3,326)
Minority interests	**(124)**	17
Net profit/(loss)	**4,999**	(3,309)

[1] 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 the insurance businesses.
[2] Effective 2003, declines in value of debt securities and loans available for sale due to deterioration in creditworthiness are reported in "Other ordinary income/(expenses), net". In previous years they were recorded in "Valuation adjustments, provisions and losses from the banking business".
[3] Includes amortization of Present Value of Future Profits (PVFP) from the insurance businesses.
[4] In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Assets under management/client assets [1]

in CHF bn	31.12.03	31.12.02
Credit Suisse Financial Services		
Private Banking [2]		
Assets under management	**511.7**	465.7

of which discretionary	**133.0**	121.5
Client assets	**540.7**	494.8
Corporate & Retail Banking [2]		
Assets under management	**70.0**	70.3
Client assets	**95.2**	86.9
Life & Pensions		
Assets under management (discretionary)	**113.3**	110.8
Client assets	**113.3**	110.8
Insurance		
Assets under management (discretionary)	**25.8**	30.7
Client assets	**25.8**	30.7
Credit Suisse Financial Services		
Assets under management	**720.8**	677.5
of which discretionary	**273.3**	264.2
Client assets	**775.0**	723.2
Credit Suisse First Boston		
Institutional Securities		
Assets under management	**29.8**	31.3
of which Private Equity on behalf of clients (discretionary)	**19.5**	20.9
Client assets	**101.5**	83.3
CSFB Financial Services [3]		
Assets under management	**448.8**	451.2
of which discretionary	**290.4**	289.6
Client assets	**466.8**	951.4
Credit Suisse First Boston		
Assets under management	**478.6**	482.5
of which discretionary	**316.5**	317.9
Client assets	**568.3**	1,034.7
Credit Suisse Group		
Assets under management	**1,199.4**	1,160.0
of which discretionary	**589.8**	582.1
Client assets	**1,343.3**	1,757.9

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.
[2] Comparative figures have been restated to reflect the realignment of the private client business. This entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking as well as re-evaluating the balances of 2002 discretionary assets.
[3] Excluding assets managed on behalf of other entities within Credit Suisse Group.

Net new assets [1]

in CHF bn	2003	2002
Credit Suisse Financial Services		

Private Banking [2]	**17.9**	19.1
Corporate & Retail Banking [2]	**(1.4)**	(3.6)
Life & Pensions	**0.0**	3.4
Credit Suisse Financial Services	**16.5**	18.9
Credit Suisse First Boston		
Institutional Securities	**2.3**	1.9
CSFB Financial Services [3]	**(14.0)**	(22.2)
Credit Suisse First Boston	**(11.7)**	(20.3)
Credit Suisse Group	**4.8**	(1.4)

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.
[2] Comparative figures have been restated to reflect the realignment of the private client business. This entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[3] Excluding assets managed on behalf of other entities within Credit Suisse Group.

OPERATING AND FINANCIAL REVIEW I CREDIT SUISSE FINANCIAL SERVICES

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

The business unit results reflect the results of the separate segments comprising the business unit. Certain acquisition-related costs, including acquisition interest, amortization of acquired intangible assets and goodwill, as well as exceptional items, minority interests and the cumulative effect of changes in accounting principles not allocated to the segments, are included in the business unit results. The results of Credit Suisse Financial Services and its segments are discussed on an operating basis. For a reconciliation of operating basis business unit results to Swiss GAAP and a discussion of the material reconciling items, the purpose of the operating basis results and the reasons why management believes they provide useful information for investors, please refer to “Reconciliation of operating results to Swiss GAAP.”

In 2003, Credit Suisse Financial Services recorded a net profit of CHF 4,100 million compared to a net loss of CHF 271 million in 2002. This positive result was primarily due to significant cost reductions of CHF 1,068 million in 2003, as well as improved investment income in both the Life & Pensions and Insurance segments. Additionally, 2003 net profit includes divestiture gains of CHF 1,325 million, net of related provisions, and certain provisions of CHF 383 million at Winterthur in the third quarter. In 2003, Credit Suisse Financial Services reported a net operating profit – which excludes amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of changes in accounting principles – of CHF 4,261 million compared to a net operating loss of CHF 151 million in 2002.

Credit Suisse Financial Services measures performance based on operating return on average allocated capital. Operating return on average allocated capital increased from –2.4% in 2002 to 30.3% in 2003. Return on average allocated capital increased from –3.4% in 2002 to 29.2% in 2003.

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

In 2003, Credit Suisse Financial Services recorded operating income of CHF 13,892 million, up CHF 1,740 million, or 14.3%, compared to 2002. The 2003 result included a third quarter after-tax gain resulting from divestitures at Winterthur of CHF 1,325 million, net of related provisions. Operating expenses decreased CHF 1,068 million, or 11.2%, in 2003. Personnel expenses decreased CHF 510 million, or 8.6%, and other operating expenses decreased CHF 558 million, or 15.4%. These improvements were mainly due to headcount reductions and ongoing efficiency measures taken throughout 2003.

Assets under management were up 6.4% at year-end 2003 compared to year-end 2002, primarily due to stronger financial markets. This increase was partially offset by the effects of the weaker US dollar. The business unit recorded a net new asset inflow of CHF 16.5 billion for the full year 2003 compared to CHF 18.9 billion in 2002.

Private Banking

Private Banking reported a segment profit of CHF 1,914 million for 2003, up 12.9% compared to 2002. Operating income amounted to CHF 5,921 million, down 2.5% compared to 2002. This decrease in operating income was mainly attributable to lower commission and service fee income as a result of the lower average asset base in 2003, partially offset by higher trading income due to increased volumes.

Operating expenses amounted to CHF 3,323 million in 2003, down 7.5% compared to 2002. Personnel expenses decreased 3.0% to CHF 2,193 million, mainly due to decreased headcount. Other operating expenses declined CHF 202 million, or 15.2%, to CHF 1,130 million as a result of efficiency measures. Private Banking recorded a cost/income ratio of 59.8%, down 3.3 percentage points compared with 2002.

At the end of 2003, assets under management were CHF 511.7 billion, up CHF 46.0 billion, or 9.9%, compared to year-end 2002. Assets under management benefited mainly from strong equity markets, as well as inflows of net new assets, which totaled CHF 17.9 billion in 2003.

Private Banking measures overall performance based on growth in net new assets and gross margin on average assets under management. The growth in net new assets remained stable in 2003 compared to 2002, and gross margin on average assets under management remained virtually unchanged at 121.3 bp in 2003.

Corporate & Retail Banking

Corporate & Retail Banking reported a segment profit of CHF 565 million, an increase of CHF 151 million, or 36.5%, compared with 2002.

Operating income in 2003 was CHF 3,131 million, almost unchanged compared to 2002. An increase in net trading income was offset by a lower net commission and service fee income, primarily as a result of the lower average asset base and lower transaction volumes. Operating expenses declined to CHF 1,997 million in 2003, down 8.9%

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

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

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

Corporate & Retail Banking measures overall performance based on return on average allocated capital, which increased from 8.2% in 2002 to 11.6% in 2003. The segment's second key performance indicator – its cost/income ratio – improved further to 67.2% for 2003, a decrease of 5.9 percentage points versus 2002.

Life & Pensions

Life & Pensions reported a segment profit of CHF 478 million in 2003, compared with a segment loss of CHF 1,400 million in 2002. The year-on-year recovery was primarily due to higher investment income, which resulted from better performing investment markets and significantly reduced administration costs. In addition, the segment profit for 2003 includes an after-tax gain of CHF 57 million from the divestiture of Winterthur Italy.

In 2003, Life & Pensions' gross premiums written declined CHF 1,746 million, or 9.2%, compared to the previous year. Adjusted for divestitures and exchange rate impacts, gross premiums written decreased CHF 496 million, or 2.9%. The decline in reported premium volumes was primarily due to profit-oriented underwriting reflecting market conditions.

In 2003, the technical result, comprised of the sum of net premiums earned, death and other benefits incurred and the change in provisions for future policyholder benefits-technical, decreased slightly by CHF 77 million compared to the previous year, mainly due to the downturn in disability claims development. This was primarily offset by the improved result in Switzerland, which was due to the reduction of the technical interest rate in group life insurance in Switzerland from 4.0% to 3.25%.

Dividends to policyholders incurred, net increased CHF 3,419 million in 2003 compared to 2002, primarily due to the allocation to policyholders of higher investment results and the impact of tax law changes in Germany announced in December 2003. The tax law changes resulted in the release of net deferred tax liabilities and the related increase in dividends to policyholders incurrred.

Policy acquisition costs (including the change in deferred policy acquisition costs (DAC)/present value of future profits (PVFP)) increased mainly due to higher DAC amortization as a result of lower expectations for long-term investment returns.

Administration costs decreased CHF 344 million, or 23.5%, in 2003. This reduction was mainly due to ongoing efficiency measures and the impact of certain one-time expenses in 2002.

Investment income general account increased CHF 3,913 million in 2003 compared to 2002. This increase was primarily due to the significant decrease of other than temporary impairments.

Other income/(expenses), net, decreased CHF 216 million from income of CHF 74 million in 2002 to an expense of CHF 142 million in 2003. This was mainly due to restructuring expenses and the impact of foreign exchange movements.

Taxes decreased CHF 1,505 million from an expense of CHF 786 million in 2002 to a benefit of CHF 719 million in 2003. The 2003 benefit was mainly a result of the change in German tax laws, which resulted in the release of deferred tax liabilities.

In 2003, Winterthur Life in Switzerland announced the introduction of its new model for the regulated Swiss employee benefit scheme, which went into effect on January 1, 2004. This model, known in Switzerland as the “Winterthur Model”, has been adopted with respect to the regulated employee benefit insurance system in Switzerland to reflect current economic realities, particularly low investment yields, as well as developments in terms of life expectancy, by changing the contractual relationships between the insurer and the insured. Although the Life & Pensions segment remains exposed to the volatility of the financial markets due to the nature of its business, the implementation of the new employee benefit model should partially mitigate the impact of market volatility by providing more flexibility in the way policyholder bonuses are set.

Insurance

Insurance reported a segment profit of CHF 1,290 million in 2003 compared with a segment loss of CHF 992 million in 2002. The recovery from 2002 was primarily due to a CHF 1,268 million after-tax gain from the divestitures of Republic Financial Services in the United States, Churchill Insurance Group in the United Kingdom, and Winterthur Italy in the third quarter of 2003, net of related provisions. In addition, certain provisions of CHF 383 million related to the current and former international business portfolio were recorded in the third quarter of 2003. Additionally, segment profit was impacted by a significant improvement in investment income, lower administration costs, as well as the positive development of the underwriting result, before dividends to policyholders incurred, mainly due to tariff increases.

In 2003, the Insurance segment’s net premiums earned decreased by CHF 1,133 million, or 7.2%. Adjusted for the divestitures and exchange rate impacts, net premiums earned increased CHF 574 million, or 6.0%, primarily as a result of tariff increases across all major markets.

The Insurance segment measures underwriting performance based on the combined ratio, by comparing claims and annuities incurred, net, policy acquisition costs and administration costs as a percentage of net premiums earned. In 2003, the combined ratio improved by 2.4 percentage points to 101.0% compared to 2002. This improvement resulted mainly from the continued implementation of tariff increases across all major markets, a strict underwriting policy, reduced costs, as well as the continued streamlining of the business portfolio. In addition, a lower level of losses resulting from natural catastrophes was reported in 2003.

Net claims and annuities incurred decreased CHF 1,103 million, or 9.4%, in 2003, mainly due to continued selective underwriting and lower losses from natural catastrophes. Combined with tariff increases, this led to a claims ratio improvement of 1.7 percentage points to 73.1%. This development was mainly a result of the improved non-motor claims ratio, which decreased year-on-year by 8.0 percentage points to 62.5%.

The expense ratio (policy acquisition costs ratio plus administration costs ratio) improved to 27.9% in 2003, down 0.7 percentage points compared to 2002.

Policy acquisition costs (including the change in DAC/PVFP) decreased CHF 96 million, or 3.8%, in 2003, and administration costs decreased by CHF 326 million, or 16.6%, compared to 2002. Adjusted for divestitures, the administration costs improved by CHF 211 million, or 14.6%, reflecting the progress of ongoing efficiency measures across all market units.

Dividends to policyholders incurred, net, increased by CHF 605 million from income of CHF 106 million in 2002 to an expense of CHF 499 million in 2003. This increase was primarily due to higher investment results, and the impact of German tax law changes.

Net investment income increased CHF 1,250 million in 2003. This increase was mainly attributable to the significant decrease in impairments and lower realized losses.

Other income/(expenses), net, improved CHF 1,158 million from an expense of CHF 349 million in 2002, to income of CHF 809 million in 2003. This increase was primarily due to the profit arising from divestitures, partially offset by certain provisions related to the current and former international business portfolio, as well as restructuring expenses, reflecting the reorganization effort across all market units.

Investments for Life & Pensions and Insurance

Investment portfolios are managed within a defined process and set of guidelines in order to meet diversification, credit quality, yield and liquidity requirements of policy liabilities. Investments include debt instruments, such as government bonds, loans and mortgages, as well as real estate, equities and alternative assets. The weighting of asset classes within the investment portfolios is determined by the Investment Committee, which meets regularly.

Total investments increased by CHF 1.0 billion in 2003 compared to 2002. Excluding the impact of divestitures of CHF 12.0 billion, total investments increased by CHF 12.9 billion in 2003. During the year, equity exposure was reduced and the proportion of investments in debt securities increased. The strategy to reduce the equity exposure to protect against further declines in equity markets began in 2002 and continued in 2003. The proportion of investments held in equities decreased to 4.9% as of December 31, 2003 from 7.9% as of December 31, 2002.

Excluding the impact related to divestitures of CHF 9.9 billion, debt securities (in the general account) increased CHF 12.8 billion, or 19.1%, in 2003. Equity securities decreased by CHF 3.1 billion in 2003 excluding the impact related to divestitures of CHF 0.4 billion.

Net investment income from the general account increased by CHF 5.2 billion in 2003. This increase in net investment income was primarily due to the significant increase by CHF 4.9 billion in net realized gains and losses to CHF 1.7 billion.

Credit Suisse Financial Services business unit income statement [1)]

in CHF m		2003	2002
Operating income	2)	**13,892**	12,152
Personnel expenses		**5,434**	5,944
Other operating expenses		**3,067**	3,625
Operating expenses		**8,501**	9,569
Gross operating profit		**5,391**	2,583
Depreciation of non-current assets		**672**	739
Amortization of Present Value of Future Profits (PVFP)		**300**	267
		374	390

Valuation adjustments, provisions and losses		
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**4,045**	1,187
Extraordinary income/(expenses), net	**127**	48
Taxes [3]	**75**	(1,517)
Net operating profit/(loss) before exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and minority interests	**4,247**	(282)
Amortization of acquired intangible assets and goodwill	**(102)**	(139)
Exceptional items	**0**	(192)
Cumulative effect of change in accounting principle [4]	**1**	266
Tax impact	**2**	16
Business unit result before minority interests	**4,148**	(331)
Minority interests	**14**	151
Business unit result [5]	**4,162**	(180)
Increased/(decreased) credit-related valuation adjustments, net of tax [6]	**62**	91
Net profit/(loss)	**4,100**	(271)

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. The operating basis business unit results reflect the results of the separate segments comprising the business unit. Certain acquisition-related costs, including amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. Certain other items, including credit-related valuation adjustments resulting from the difference between the statistical and actual credit provisions and gains/losses from sales of investments within the insurance business, are presented in the operating basis business unit results based on the Group’s segment reporting principles. For a reconciliation and a discussion of the material reconciling items, please refer to “Reconciliation of operating results to Swiss GAAP”.

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 the insurance business. Gains or losses related to sales of investments within the insurance business are recorded as operating income at the business unit level and reclassified to extraordinary income/(expenses) in the consolidated financial statements in accordance with Swiss GAAP.

[3] Excluding tax impact on amortization of acquired intangible assets and goodwill as well as exceptional items.
[4] In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.
[5] Represents net profit/(loss) excluding credit-related valuation adjustments resulting from the difference between the statistical and actual credit provisions, net of tax.
[6] Increased/(decreased) credit-related valuation adjustments before tax of CHF 82 m and CHF 120 m for 2003 and 2002, respectively.

Reconciliation to net operating profit/(loss)

in CHF m	2003	2002
Business unit result	**4,162**	(180)
Amortization of acquired intangible assets and goodwill, net of tax	**100**	116[1]
Exceptional items, net of tax	**0**	179
Cumulative effect of change in accounting principle, net of tax	**(1)**	(266)
Net operating profit/(loss)	**4,261**	(151)

[1] Excluding a CHF 20 m write-off relating to a participation.

Credit Suisse Financial Services business unit key information [1]

	2003	2002
Cost/income ratio [2]	**73.9%**	87.2%
Cost/income ratio – operating [3] [4]	**66.0%**	84.8%
Cost/income ratio – operating, banking [3]	**62.4%**	66.5%
Return on average allocated capital [2]	**29.2%**	(3.4%)
Return on average allocated capital – operating [3]	**30.3%**	(2.4%)
Average allocated capital in CHF m	**13,999**	12,519
Growth in assets under management	**6.4%**	(9.5%)
of which net new assets	**2.4%**	2.5%
of which market movement and structural effects	**6.0%**	(11.8%)
of which acquisitions/(divestitures)	**(2.1%)**	(0.2%)
of which discretionary	**1.3%**	(2.0%)

	31.12.03	31.12.02
Assets under management in CHF bn	**720.8**	677.5
Number of employees (full-time equivalents)	**41,195**	54,378

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking.
[2] Based on the business unit results on a Swiss GAAP basis.
[3] Based on the operating basis business unit results, which exclude certain acquisition-related costs, exceptional items and cumulative effect of change in accounting principle not allocated to the segments and reflect certain reclassifications discussed in the “Reconciliation of operating results to Swiss GAAP”.

4) Excluding amortization of PVFP from the insurance business within Credit Suisse Financial Services.

Private Banking income statement 1)

in CHF m	2003	2002
Net interest income	**1,351**	1,374
Net commission and service fee income	**3,847**	4,121
Net trading income	**670**	515
Other ordinary income	**53**	61
Operating income	**5,921**	6,071
Personnel expenses	**2,193**	2,261
Other operating expenses	**1,130**	1,332
Operating expenses	**3,323**	3,593
Gross operating profit	**2,598**	2,478
Depreciation of non-current assets	**218**	240
Valuation adjustments, provisions and losses 2)	**69**	78
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**2,311**	2,160
Extraordinary income/(expenses), net	**125**	44
Taxes	**(522)**	(508)
Net operating profit before exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and minority interests (segment result)	**1,914**	1,696
Other data:		
Increased/(decreased) credit-related valuation adjustments 2)	**(37)**	1

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking. Certain acquisition-related costs, including amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results.

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

Private Banking balance sheet information 1)

in CHF m	31.12.03	31.12.02
Total assets	**178,533**	171,126

Due from customers	**32,779**	36,164
Mortgages	**26,318**	22,935

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

Private Banking key information [1)]

	2003	2002
Cost/income ratio [2)]	**59.8%**	63.1%
Average allocated capital in CHF m	**2,931**	2,507
Pre-tax margin [2)]	**41.1%**	36.3%
Fee income/operating income	**65.0%**	67.9%
Net new assets in CHF bn	**17.9**	19.1
Growth in assets under management	**9.9%**	(10.5%)
of which net new assets	**3.8%**	3.7%
of which market movement and structural effects	**6.0%**	(14.2%)
of which acquisitions/(divestitures)	**–**	0.1%
Gross margin [3)]	**121.3 bp**	121.5 bp
of which asset-driven	**78.7 bp**	81.8 bp
of which transaction-driven	**38.4 bp**	35.0 bp
of which other	**4.2 bp**	4.7 bp
Net margin [4)]	**39.2 bp**	34.0 bp

	31.12.03	31.12.02
Assets under management in CHF bn	**511.7**	465.7
Number of employees (full-time equivalents)	**11,850**	12,967

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[2)] Based on the segment results, which exclude certain acquisition-related costs, exceptional items and cumulative effect of change in accounting principle not allocated to the segment.
[3)] Operating income/average assets under management.
[4)] Segment result/average assets under management.

Corporate & Retail Banking income statement [1)]

in CHF m	2003	2002
Net interest income	**2,070**	2,142
Net commission and service fee income	**661**	693
Net trading income	**305**	273

Other ordinary income	**95**	39
Operating income	**3,131**	3,147
Personnel expenses	**1,242**	1,250
Other operating expenses	**755**	943
Operating expenses	**1,997**	2,193
Gross operating profit	**1,134**	954
Depreciation of non-current assets	**106**	108
Valuation adjustments, provisions and losses [2]	**305**	312
Net operating profit before extraordinary items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**723**	534
Extraordinary income/(expenses), net	**2**	4
Taxes	**(160)**	(124)
Net operating profit before acquisition-related costs, cumulative effect of change in accounting principle and minority interests (segment result)	**565**	414
Other data:		
Increased/(decreased) credit-related valuation adjustments [2]	**119**	119

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking. Certain acquisition-related costs, including amortization of acquired intangible assets and goodwill, and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results.
[2] Increased/(decreased) credit-related valuation adjustments taken at Group level resulting from the difference between the statistical and actual credit provisions.

Corporate & Retail Banking balance sheet information [1]

in CHF m	31.12.03	31.12.02
Total assets	**96,252**	94,757
Due from customers	**24,396**	28,048
Mortgages	**59,688**	57,165
Due to customers in savings and investment deposits	**28,590**	27,081
Due to customers, other	**28,034**	27,611

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

Corporate & Retail Banking key information [1)]

	2003	2002
Cost/income ratio [2)]	**67.2%**	73.1%
Return on average allocated capital [2)]	**11.6%**	8.2%
Average allocated capital in CHF m	**4,880**	5,036
Pre-tax margin [2)]	**23.2%**	17.1%
Personnel expenses/operating income	**39.7%**	39.7%
Net interest margin	**212 bp**	215 bp
Loan growth	**(1.3%)**	(1.0%)
Net new assets in CHF bn	**(1.4)**	(3.6)

	31.12.03	31.12.02
Deposit/loan ratio	**67.3%**	64.2%
Assets under management in CHF bn	**70.0**	70.3
Number of employees (full-time equivalents)	**8,479**	9,281
Number of branches	**214**	223

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services as well as the realignment of the private client business. The latter entailed moving certain client segments in Switzerland from Private Banking to Corporate & Retail Banking.
[2)] Based on the segment results, which exclude certain acquisition-related costs and cumulative effect of change in accounting principle not allocated to the segment.

Life & Pensions income statement [1)]

in CHF m	2003	2002
Gross premiums written	**17,273**	19,019
Reinsurance ceded	**(87)**	(40)
Net premiums written	**17,186**	18,979
Change in provision for unearned premiums	**(1)**	(4)
Net premiums earned	**17,185**	18,975
Death and other benefits incurred	**(16,243)**	(14,692)
Change in provision for future policyholder benefits (technical)	**(2,486)**	(5,750)
Change in provision for future policyholder benefits (separate account) [2)]	**(1,718)**	1,730
Dividends to policyholders incurred, net	**(1,661)**	1,758
Policy acquisition costs (including change in DAC/PVFP)	**(854)**	(716)

Administration costs	**(1,119)**	(1,463)
Investment income general account	**5,351**	1,438
Investment income separate account [2]	**1,718**	(1,730)
Interest received and paid	**(117)**	(92)
Interest on bonuses credited to policyholders	**(155)**	(146)
Other income/(expenses), net	**(142)**	74
Net operating profit/(loss) before cumulative effect of change in accounting principle and taxes	**(241)**	(614)
Taxes	**719**	(786)
Net operating profit/(loss) before cumulative effect of change in accounting principle and minority interests (segment result)	**478**	(1,400)

[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. Certain acquisition-related costs, including amortization of acquired intangible assets and goodwill, and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results.

[2] This represents the market impact for separate account (or unit-linked) business, where the investment risk is borne by the policyholder.

Life & Pensions key information

	2003	2002
Expense ratio [1]	**11.4%**	11.5%
Growth in gross premiums written	**(9.2%)**	9.2%
Return on invested assets (excluding separate account business)		
Current income	**4.1%**	3.9%
Realized gains/losses and other income/expenses	**1.1%**	(2.5%)
Total return on invested assets [2]	**5.2%**	1.4%
Net new assets in CHF bn [3]	**0.0**	3.4
Total sales in CHF m [4]	**20,454**	22,790

	31.12.03	31.12.02
Assets under management in CHF bn [5]	**113.3**	110.8
Technical provisions in CHF m	**107,929**	105,939
Number of employees (full-time equivalents)	**7,193**	7,815

[1] Operating expenses (i.e. policy acquisition costs and administration costs)/gross premiums written.

[2] Total return on invested assets includes depreciation on real estate and investment expenses as well as investment income and realized gains and losses.

3) Based on change in technical provisions for traditional business, adjusted for technical interests, net inflow of separate account business and change in off-balance sheet business such as funds.
4) Includes gross premiums written and off-balance sheet sales.
5) Based on savings-related provisions for policyholders plus off-balance sheet assets.

Breakdown of gross premiums written by market units

in CHF m	2003	2002 1)
Switzerland	**8,482**	9,719
Germany	**2,677**	2,861
United Kingdom	**2,355**	2,338
Rest of Europe and Overseas	**3,759**	4,101
Gross premiums written	**17,273**	19,019

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

Insurance income statement 1)

in CHF m	2003	2002
Gross premiums written	**16,212**	18,391
Reinsurance ceded	**(939)**	(1,150)
Net premiums written	**15,273**	17,241
Change in provision for unearned premiums and in provision for future policy benefits (health)	**(703)**	(1,538)
Net premiums earned	**14,570**	15,703
Claims and annuities incurred, net	**(10,646)**	(11,749)
Dividends to policyholders incurred, net	**(499)**	106
Policy acquisition costs (including change in DAC/PVFP)	**(2,433)**	(2,529)
Administration costs	**(1,633)**	(1,959)
Underwriting result, net	**(641)**	(428)
Net investment income	**1,240**	(10)
Interest received and paid	**(156)**	(106)
Other income/(expenses), net	**809**	(349)
Net operating profit/(loss) before cumulative effect of change in accounting principle and taxes	**1,252**	(893)
Taxes	**38**	(99)
Net operating profit/(loss) before cumulative effect of change in accounting principle and minority interests (segment result)	**1,290**	(992)

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. Certain acquisition-related costs, including amortization of acquired intangible assets and goodwill, and

cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results.

Insurance key information

	2003	2002
Combined ratio (excluding dividends to policyholders)	**101.0%**	103.4%
Claims ratio [1]	**73.1%**	74.8%
Expense ratio [2]	**27.9%**	28.6%
Return on invested assets (excluding separate account business)		
Current income	**3.9%**	4.2%
Realized gains/losses and other income/expenses	**(0.1%)**	(4.3%)
Total return on invested assets [3]	**3.8%**	(0.1%)

	31.12.03	31.12.02
Assets under management in CHF bn	**25.8**	30.7
Technical provisions in CHF m	**22,196**	28,745
Number of employees (full-time equivalents)	**13,673**	24,315

1) Claims and annuities incurred, net/net premiums earned.
2) Operating expenses (i.e. policy acquisition costs and administration costs)/net premiums earned.
3) Total return on invested assets includes depreciation on real estate and investment expenses as well as investment income and realized gains and losses.

Breakdown of gross premiums written by market units

in CHF m	2003	2002 [1]
Switzerland	**3,197**	2,925
Germany	**2,657**	2,523
United Kingdom	**3,416**	5,001
Rest of Europe and Overseas	**6,942**	7,942
Gross premiums written	**16,212**	18,391

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

Investment income

in CHF m	2003	2002
Investment income	**5,375**	5,096
Realized gains and losses	**1,730**	(3,183)
Depreciation on real estate	**(152)**	(153)
Investment expenses	**(362)**	(332)
Net investment income, general account	**6,591**	1,428
Investment income, separate account [1]	**1,718**	(1,730)
Net investment income	**8,309**	(302)
of which Life & Pensions	**7,069**	(292)

of which Insurance	**1,240**	(10)
Return on invested assets (exluding separate account business):		
Current income	**4.1%**	4.0%
Other than current income/(expenses), net	**0.8%**	(2.9%)
Total [2]	**4.9%**	1.1%

[1] Includes investment income/(loss) and realized gains and losses on separate account business.
[2] Total investment return includes depreciation on real estate and investment expenses as well as investment income and realized gains and losses.

Investment portfolio

in CHF bn	31.12.03	31.12.02
Debt securities	**79.9**	76.9
Equity securities	**5.6**	9.1
Mortgage loans	**11.1**	10.2
Loans	**4.4**	4.3
Real estate	**7.2**	7.4
Other investments	**5.0**	7.1
Investments, general account	**113.2**	115.0
Investments, separate account [1]	**14.4**	11.6
Investments	**127.6**	126.6
of which Life & Pensions	**104.8**	99.0
of which Insurance	**22.8**	27.6

[1] Amounts exclude separate account business of SLC Pooled Pensions Limited.

OPERATING AND FINANCIAL REVIEW | CREDIT SUISSE FIRST BOSTON

Credit Suisse First Boston serves global institutional, corporate, government and high-net-worth clients in its role as a financial intermediary. Credit Suisse First Boston's businesses include securities underwriting, sales and trading, financial advisory services, lending, investment research, private equity investments, brokerage services and asset management products and services. For the periods under discussion, Credit Suisse First Boston is comprised of the operations of the Institutional Securities segment and the CSFB Financial Services segment. For information relating to services provided by Credit Suisse First Boston and a reorganization of operations effective January 1, 2004, please refer to "Information on the Company – Credit Suisse First Boston."

The business unit results reflect the results of the separate segments comprising the business unit. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, as well as exceptional items and cumulative effect of changes in accounting principles, net of tax, not allocated to the segments, are included in the business unit results. The results of Credit Suisse First Boston and its segments are discussed on an operating basis. For a reconciliation of operating basis business unit results to Swiss GAAP and a discussion of the material reconciling items, the purpose of the operating basis results and the reasons why management believes they provide useful information for investors, please refer to "Reconciliation of operating results to Swiss GAAP". Although the amounts for Credit Suisse First Boston and its segments are presented in Swiss francs, the US dollar is Credit Suisse First Boston's functional currency. The depreciation in 2003 of the US dollar against the Swiss franc had a negative effect on Credit Suisse First Boston's 2003 results when translated into Swiss francs.

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

In 2003, Credit Suisse First Boston reported a net profit of CHF 1,174 million compared with a net loss of CHF 1,836 million in 2002, despite a 19.3% decline in operating income. Credit Suisse First Boston reported a net operating profit – which excludes the amortization of acquired intangible assets and goodwill and the cumulative effect of changes in accounting principles, and, for 2002, exceptional items, net of tax – of CHF 1,876 million compared with a net operating profit of CHF 245 million in 2002. The increase in net profit and net operating profit resulted from improved operating margins, significant cost reductions and a decline in valuation adjustments, provisions and losses, despite reduced volumes and activity in several core markets. Credit Suisse First Boston measures performance based on operating return on average allocated capital and operating pre-tax margin. Operating return on average allocated capital and operating pre-tax margin are based on the operating basis business unit results, which exclude certain acquisition-related costs, exceptional items and the cumulative effect of changes in accounting principles, net of tax, discussed in "Reconciliation of operating results to Swiss GAAP". In 2003, operating return on average allocated capital was 15.9%, an increase of 14.2 percentage points from the prior year. In 2003, operating pre-tax margin was 16.0%, an increase of 17.1 percentage points from the prior year. In 2003, return on average allocated capital and pre-tax margin including certain acquisition-related costs, exceptional items and the cumulative effect of a change in accounting principles, net of tax, were 10.6%, an increase of 22.9 percentage points, and 12.0%, and an increase of 27.3 percentage points from the prior year, respectively.

During 2003, Credit Suisse First Boston applied mandatory changes in Swiss GAAP – most significantly for the accounting for derivatives. The Swiss GAAP changes resulted in the discontinuation of hedge accounting treatment for certain credit default and interest rate swaps. As a result, changes in the fair value of these swaps were reflected in operating income, including gains on credit default swaps, which offset credit losses reflected in valuation adjustments, provisions and losses. The implementation of these changes for 2003 impacted results as follows: net profit was reduced by CHF 85 million, net operating profit was reduced by CHF 271 million and operating income was reduced by CHF 199 million; valuation adjustments, provisions and losses increased by CHF 197 million; and taxes were reduced by CHF 7 million. These changes in accounting principles also resulted in a cumulative positive effect related to prior periods of CHF 318 million, or CHF 186 million net of tax.

On May 1, 2003, Credit Suisse First Boston sold its clearing and execution platform, Pershing, to The Bank of New York Company, Inc. For 2003, Pershing's net result of CHF 20 million was reported as operating income in the CSFB Financial Services segment. Pershing's 2002 operating income and operating expense were CHF 1,332 million and CHF 1,031 million, respectively.

Operating income decreased CHF 3,476 million, or 19.3%, in 2003 compared with 2002. This decrease was primarily due to a CHF 1,930 million, or 12.9%, decline in the Institutional Securities segment in which all divisions declined except Other. The results of the business unit, which manages its operations in US dollars, were negatively impacted by weak market conditions, lower levels of mergers and acquisitions and equity new issuances and foreign exchange movements between the US dollar and the Swiss franc. A decline of CHF 1,546 million, or 49.8%, in the CSFB Financial Services segment was primarily the result of the sale of Pershing and weaker Credit Suisse Asset Management and Private Client Services operating income.

While the operating income in all regions declined, the decreases were most significant in the Americas. The portion of 2003 operating income derived from the Americas was 56%, 4% less than in 2002, as a result of difficult equity markets, including reduced equity new issuances and reduced merger and acquisition activity in the United States. In the Americas, operating income of the Fixed Income division, the Equity division and the Investment Banking division decreased 19%, 22% and 22%, respectively. The European operations improved their share of total revenue 3% to 33% primarily within the Fixed Income division, and Asian operations improved their share of total revenue 1% to 11%, primarily within the Equity division.

Operating expenses decreased CHF 3,153 million, or 22.3%, in 2003 compared with 2002. Personnel expenses decreased CHF 1,962 million, or 20.7%, to CHF 7,534 million, primarily as a result of the sale of Pershing, decreased headcount, the change in vesting for future share awards described below and the impact of the devalued US dollar. Excluding Pershing, headcount decreased 2.7%, or 510, as management continued to align the size of the business to market conditions.

In 2003, Credit Suisse First Boston introduced a three-year vesting period for future share awards in line with its long-term service and retention strategy and industry practice . As a result of the change, Credit Suisse First Boston increased the amount of compensation deferred in the form of share awards and replaced performance-based plans and share option awards with share awards. In 2003, Credit Suisse First Boston deferred USD 873 million of compensation in the form of share awards into future periods, compared to USD 869 million awarded in 2002 that was deferred or otherwise not expensed (in the case of share option awards).

Other operating expenses decreased CHF 1,191 million, or 25.8%, to CHF 3,434 million in 2003 compared to 2002, primarily due to reduced discretionary expenses, including professional fees, technology and occupancy costs, and the sale of Pershing.

Depreciation of non-current assets decreased CHF 200 million, or 26.6%, in 2003, compared with 2002 due primarily to reduced capital expenditures and leasehold improvements and the sale of Pershing.

Valuation adjustments, provisions and losses in 2003 decreased CHF 2,220 million, or 84.8%, mainly reflecting a significant improvement in credit conditions, the release of valuation allowances and lower provisions related to impaired and non-impaired loans and the legacy real estate portfolio. Impaired loans at December 31, 2003, decreased CHF 3,623 million, or 66.1%, compared to December 31, 2002. Non-performing loans at December 31, 2003 decreased CHF 2,326 million, or 65.2%, compared with December 31, 2002. The decreases were due in part to higher write-offs in 2003 and to real estate loans held for sale, previously presented on the basis of lower of cost or market net of related credit provisions, and now no longer reported within impaired loans. Real estate loans of CHF 752 million were included in impaired loans as of December 31, 2002.

Extraordinary income, net, decreased to CHF 168 million in 2003 from CHF 408 million in 2002. In 2003, Credit Suisse First Boston reported extraordinary income of CHF 134 million, or CHF 96 million net of tax, from the sale of a 50% interest in a Japanese online broker and CHF 34 million, or CHF 24 million net of tax, from the disposal of other assets. In 2002, the Group released a portion of its reserve for general banking risks and allocated CHF 382 million to Credit Suisse First Boston to offset the after-tax impact of a provision for the risk of loss inherent in the portfolio of non-impaired loans and commitments.

Acquisition interest decreased CHF 237 million, or 47.0%, to CHF 267 million. The decrease was primarily attributable to lower interest rates and a decrease in the amount of interest expense resulting from the acquisition of DLJ, which corresponded with the decline in goodwill following the sale of Pershing. Amortization of retention payments decreased CHF 431 million, or 66.9%, year-on-year to CHF 213 million, due to the substantial completion in June 2003 of the DLJ retention awards. Amortization of acquired intangible assets and goodwill decreased CHF

213 million, or 16.3%, to CHF 1,090 million primarily due to the sale of Pershing in 2003, offset in part by a CHF 270 million pre-tax, or CHF 176 million after-tax, impairment of acquired intangible assets with respect to CSFB Financial Services' high-net-worth asset management business in 2003.

No exceptional items were recorded in 2003. In 2002, exceptional items of CHF 1,389 million (CHF 1,269 million, net of tax) consisted of a pre-tax loss of CHF 134 million, or CHF 390 million after tax, related to the sale of Pershing, a pre-tax charge of CHF 234 million, or CHF 193 million after tax, related to the provision for the agreement in principle with various US regulators involving research analyst independence and the allocation of IPO shares to corporate executive officers, a pre-tax provision of CHF 702 million, or CHF 456 million after tax, for private litigation involving research analyst independence, certain IPO allocation practices and Enron and other related litigation, and a pre-tax charge of CHF 319 million, or CHF 230 million after tax, related to a cost reduction program initiated in the fourth quarter of 2002. Expenses associated with the cost reduction initiative included CHF 257 million of severance-related costs, CHF 33 million of excess facilities costs and CHF 28 million of costs associated with the sale of a 90% participation in Credit Suisse First Boston's non-core South African equity brokerage business in the first half of 2003. Had the 2002 pre-tax exceptional items been recorded through the operating results, approximately CHF 242 million would have been reflected as personnel expenses, approximately CHF 984 million as valuation adjustments, provisions and losses and approximately CHF 163 million as extraordinary expenses.

A cumulative effect of changes in accounting principles of CHF 254 million was reported in 2002 with respect to previous periods, relating to the recognition of deferred tax assets on net operating losses. The change led to the recognition of tax benefits of CHF 868 million during 2002. In 2003, changes in accounting principles related to mandatory changes in Swiss GAAP and resulted in a cumulative positive effect related to prior periods of CHF 318 million.

Credit Suisse First Boston's 2003 effective tax rate on operating results was 25.0%, which was lower than the 2002 effective tax rate of 30.0%, due to the positive effect of the geographic mix of taxable profits.

Institutional Securities

The Institutional Securities segment of Credit Suisse First Boston provides securities underwriting, financial advisory, lending and capital raising services and sales and trading for users and suppliers of capital globally and is operated and managed through three divisions:

- Fixed Income, which underwrites, trades and distributes fixed income financial instruments and offers derivatives and risk management products;

- Equity, which underwrites, trades and distributes equity and equity-related products, including listed and over-the-counter derivatives and risk management products, and engages in securities lending and borrowing; and

- Investment Banking, which serves a broad range of users and suppliers of capital, provides financial advisory and securities underwriting and placement services and, through the private equity group, makes privately negotiated equity investments and acts as an investment advisor for private equity funds.

Operating income for the Institutional Securities 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, commissions on customer transactions and gains and losses on private equity investments. The results of certain non-continuing legacy activities are recorded within Other.

For divisional reporting of operating income, equity capital market underwriting fees are shared between the Investment Banking and Equity divisions, and debt capital market underwriting fees are shared between the Investment Banking and Fixed Income divisions. Corporate derivatives income is shared among the Investment Banking, Fixed Income and Equity divisions based upon client relationships. Income from corporate lending is shared among the Investment Banking, Fixed Income and Equity divisions. Beginning in 2003, certain fund-linked product revenues are shared between the Fixed Income division of the Institutional Securities segment and the Credit Suisse Asset Management business of the CSFB Financial Services segment, and a portion of the Fixed Income division's fund-linked product revenue is attributed to the Equity division.

In 2003, certain legacy private equity investments, including investments in mature third-party leveraged buyout funds reported in the Investment Banking division, were transferred to Other. The operating income of the Investment Banking and Other divisions were reclassified for all periods presented. These assets were managed together with the pre-existing non-continuing portfolios held for disposition and reported in Other.

Institutional Securities reported a segment profit of CHF 1,917 million in 2003, compared with CHF 636 million in 2002, primarily due to lower operating expenses, principally personnel costs and a significant decline in credit provisions. Institutional Securities measures performance based on pre-tax margin. For 2003, pre-tax margin was 18.8%, an increase of 15.8 percentage points from 2002.

In 2003, operating income of Institutional Securities was CHF 12,997 million, a decrease of 12.9% from CHF 14,927 million in 2002. The decline was due primarily to weaker Equity and Investment Banking results, reflecting difficult market conditions, particularly during the early part of the year, continued low merger and acquisition volume, a CHF 981 million gain on the sale of a private equity investment in 2002, and the impact of a lower US dollar versus Swiss franc exchange rate on results managed in US dollars, partially offset by improved results in the legacy portfolio.

Operating income from Fixed Income decreased CHF 342 million, or 5.2%, in 2003, compared with 2002. The decrease was principally due to an unfavorable exchange rate impact offsetting a year-to-year increase in operating income based on US dollars as 2003 benefited from a low interest rate environment, which fueled demand for high yield and structured products. Additionally, in 2002, the division had particularly strong results in Brazil and a writedown of notes issued by National Century Financial Enterprises, Inc.

Operating income from Equity decreased CHF 863 million, or 19.7%, in 2003 compared with 2002. The decline was principally due to a decrease in the cash business, particularly in the United States, which was adversely impacted by declines in volume, general margin compression and a decrease in equity new issuance activity during the early part of 2003, partially offset by improvements in the convertibles business. The division, which manages its results in US dollars, was also negatively affected by foreign exchange movements. Operating income from Investment Banking decreased CHF 1,553 million, or 31.7%, in 2003 compared with 2002, primarily as a result of a CHF 981 million gain from the sale of the strategic investment in Swiss Re recorded in 2002 and decreased mergers and acquisition and equity new issuance fees in 2003, partially offset by an increase in lending results.

For divisional reporting of operating income, equity capital market underwriting fees were shared between the Investment Banking and Equity divisions and debt capital market underwriting fees were shared between the Investment Banking and Fixed Income divisions. The following table sets forth a breakdown of such fees for 2002 and 2003.

Other operating income increased CHF 828 million, from an operating loss of CHF 876 million in 2002 to an operating loss of CHF 48 million in 2003. Other operating income includes the results of investments and transactions that are not associated with any particular division in the Institutional Securities segment, including the legacy portfolio and unallocated interest income. The improvement was primarily due to a positive performance in the legacy portfolio in 2003 versus losses resulting from writedowns in 2002. The net exposure, including unfunded commitments, of the non-continuing legacy portfolio was CHF 2,706 million as of December 31, 2003, a decrease of CHF 1,508 million from December 31, 2002.

Operating expenses decreased CHF 1,963 million, or 16.8%, in 2003, compared with 2002 principally due to the impact of foreign exchange movements. On a US dollar basis, operating expenses decreased 3.9% due mainly to decreased headcount and other cost containment efforts. Personnel expenses decreased CHF 1,272 million, or 15.9%, to CHF 6,715 million, and other operating expenses decreased CHF 691 million, or 18.7%, to CHF 2,999 million.

Depreciation of non-current assets decreased CHF 95 million, or 15.6%, compared with 2002, primarily due to reduced capital expenditures and leasehold improvements and the impact of a lower US dollar/Swiss franc exchange rate.

Valuation adjustments, provisions and losses decreased CHF 2,232 million to CHF 363 million in 2003 primarily reflecting a significantly better credit environment than 2002, the release of credit provisions, and fewer reserves related to impaired and non-impaired loans.

CSFB Financial Services

The CSFB Financial Services segment provides international asset management services to institutional, mutual fund and private investors through its asset management business, which operates under the main brand name Credit Suisse Asset Management, 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 its investment advisory business.

In 2002, Credit Suisse First Boston recorded a pre-tax loss of CHF 134 million, or CHF 390 million after tax, related to the sale of Pershing. The 2002 operating income and operating expenses of Pershing, which was sold in May 2003, were CHF 1,332 million and CHF 1,031 million, respectively. The 2003 net result of Pershing was CHF 20 million. In November 2003, Credit Suisse First Boston sold its 50% interest in a Japanese online broker. As a result of the acquisitions and divestitures noted above, the results between periods may not be fully comparable.

CSFB Financial Services measures business performance based on assets under management, discretionary assets under management and net new assets. Assets under management fell CHF 28.1 billion, or 5.8%, while discretionary assets under management decreased CHF 1.3 billion, or 0.4%, and a net asset outflow of CHF 15.7 billion resulted during 2003.

Operating income was CHF 1,560 million in 2003, a decrease of 49.8% compared to 2002. Excluding Pershing, 2003 operating income decreased 13.2% compared with 2002 mainly as a result of lower revenues due to reduced sales staff and client balances at Private Client Services and the impact of a lower US dollar/Swiss franc exchange rate at Credit Suisse Asset Management. Net commission and service fee income decreased CHF 1,257 million, or 48.8%, and net interest income decreased CHF 263 million, or 83.0%, from 2002 primarily due to the Pershing sale. Segment profit was CHF 271 million, a decrease of CHF 84 million, or 23.7%, in 2003 resulting primarily from the sale of Pershing, offset in part by the extraordinary gain in 2003 on the sale of a 50% interest in a Japanese online broker.

Operating expenses decreased CHF 1,190 million, or 48.7%, with personnel expenses declining CHF 690 million, or 45.7%, and other operating expenses declining CHF 500 million, or 53.5%, in 2003 primarily as a result of the sale of Pershing and cost reduction measures. Excluding the effect of the Pershing sale, there was an 8.2% reduction in headcount and a decrease in operating expenses of 11.3% compared with 2002.

In 2003, Credit Suisse Asset Management's assets under management decreased CHF 19.9 billion, or 4.8%, to CHF 392.9 billion. Of the decline in assets under management, CHF 24.4 billion was attributable to changes in reporting, predominantly to conform to the Swiss Federal Banking Commission's new definitions. Excluding these changes, assets under management increased by CHF 4.5 billion, due to CHF 21.0 billion of market performance gains, mostly offset by CHF 14.8 billion net outflow of assets and CHF 1.7 billion of foreign exchange declines. In 2003, Credit Suisse Asset Management's discretionary assets under management decreased CHF 0.6 billion, or 0.2%, to CHF 278.1 million while discretionary mutual funds distributed increased CHF 3.5 billion, or 3.3%, to CHF 110.0 billion. Private Client Services' assets under management decreased CHF 6.3 billion, or 9.3%, to CHF 61.2 billion. Of the decline in assets under management, CHF 3.9 billion were attributable to a change in the definition of assets under management, CHF 7.8 billion to foreign exchange declines, and CHF 0.9 billion were due to a net outflow of assets, which was offset by CHF 5.3 billion of market performance gains and CHF 1.0 billion from the Volaris acquisition. Private Client Services' discretionary assets under management decreased by CHF 0.7 billion, or 3.8%, to CHF 17.6 billion.

Credit Suisse First Boston business unit income statement [1)]

in CHF m	2003	2002
Operating income	**14,557**	18,033
Personnel expenses	**7,534**	9,496
Other operating expenses	**3,434**	4,625
Operating expenses	**10,968**	14,121
Gross operating profit	**3,589**	3,912
Depreciation of non-current assets	**551**	751
Valuation adjustments, provisions and losses	**398**	2,618
Net operating profit/(loss) before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**2,640**	543
Extraordinary income/(expenses), net	**168**	408
Taxes [2)]	**(620)**	40
Net operating profit/(loss) before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle	**2,188**	991
Acquisition interest	**(267)**	(504)
Amortization of retention payments	**(213)**	(644)
Amortization of acquired intangible assets and goodwill	**(1,090)**	(1,303)
Exceptional items	**0**	(1,389)
Cumulative effect of change in accounting principle [3)]	**318**	254
Tax impact	**238**	759
Net profit/(loss)	**1,174**	(1,836)

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. The operating basis business unit results reflect the results of the separate segments comprising the business unit. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. Certain other items, including brokerage, execution and clearing expenses, contractor and recruitment costs and expenses related to certain redeemable preferred securities classified as minority interests are presented in the operating basis business unit results based on the Group's segment reporting principles. For a reconciliation and a discussion of the material reconciling items, please refer to "Reconciliation of operating results to Swiss GAAP".
[2] Excluding tax impact on acquisition-related costs, exceptional items and cumulative effect of change in accounting principle.
[3] In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Reconciliation to net operating profit

in CHF m	2003	2002
Net profit/(loss)	**1,174**	(1,836)
Amortization of acquired intangible assets and goodwill, net of tax	**888**	1,066
Exceptional items, net of tax	**0**	1,269
Cumulative effect of change in accounting principle, net of tax	**(186)**	(254)
Net operating profit	**1,876**	245

Credit Suisse First Boston business unit key information [1]

	2003	2002
Cost/income ratio [2]	**80.6%**	88.9%
Cost/income ratio – operating [3]	**79.1%**	82.5%
Return on average allocated capital [2]	**10.6%**	(12.3%)
Return on average allocated capital – operating [3]	**15.9%**	1.7%
Average allocated capital in CHF m	**11,829**	14,299
Pre-tax margin [2]	**12.0%**	(15.3%)
Pre-tax margin – operating [3]	**16.0%**	(1.1%)
Personnel expenses/operating income [2]	**58.5%**	64.2%
Personnel expenses/operating income – operating [3]	**51.8%**	52.7%

	31.12.03	31.12.02
Number of employees (full-time equivalents)	**18,341**	22,801

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private

Banking.
2) Based on the business unit results on a Swiss GAAP basis.
3) Based on the operating basis business unit results, which exclude certain acquisition-related costs, exceptional items and cumulative effect of change in accounting principle not allocated to the segments and reflect certain other reclassifications discussed in the "Reconciliation of operating results to Swiss GAAP".

Distribution of operating income

based on CHF	31.12.03	31.12.02
Americas	**56%**	60%
Europe	**33%**	30%
Asia/Pacific	**11%**	10%
Total	**100%**	100%

Institutional Securities income statement 1)

in CHF m	2003	2002
Fixed Income	**6,183**	6,525
Equity	**3,516**	4,379
Investment Banking	**3,346**	4,899
Other	**(48)**	(876)
Operating income	**12,997**	14,927
Personnel expenses	**6,715**	7,987
Other operating expenses	**2,999**	3,690
Operating expenses	**9,714**	11,677
Gross operating profit	**3,283**	3,250
Depreciation of non-current assets	**514**	609
Valuation adjustments, provisions and losses	**363**	2,595
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**2,406**	46
Extraordinary income/(expenses), net	**34**	408
Taxes	**(523)**	182
Net operating profit before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle (segment result)	**1,917**	636

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Institutional securities balance sheet information [1)]

in CHF m	31.12.03	31.12.02
Total assets	**588,783**	573,628
Total assets in USD m	**476,477**	412,623
Due from banks	**194,817**	193,944
of which securities lending and reverse repurchase agreements	**143,196**	152,221
Due from customers	**113,823**	114,191
of which securities lending and reverse repurchase agreements	**62,252**	56,851
Mortgages	**12,234**	14,825
Securities and precious metals trading portfolios	**186,130**	157,320
Due to banks	**292,550**	281,510
of which securities borrowing and repurchase agreements	**104,855**	112,733
Due to customers, other	**111,844**	109,980
of which securities borrowing and repurchase agreements	**71,843**	66,864

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services.

Institutional securities key information [1)]

based on CHF amounts	2003	2002
Cost/income ratio [2)]	**78.7%**	82.3%
Average allocated capital in CHF m	**11,410**	13,706
Pre-tax margin [2)]	**18.8%**	3.0%
Personnel expenses/operating income [2)]	**51.7%**	53.5%

	31.12.03	31.12.02
Number of employees (full-time equivalents)	**15,739**	16,018

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services.
2) Based on the segment results, which exclude certain acquisition-related costs, exceptional items and cumulative effect of change in accounting principle not allocated to the segment.

Active private equity investments

	2003	2002
Net gains (realized and unrealized gains/losses) in CHF m	**173**	4
Management and performance fees in CHF m	**228**	333

	31.12.03	31.12.02
Book value in CHF bn	**1.2**	1.3

Fair value in CHF bn	**1.3**	1.4

Capital market underwriting fees [1)]

in CHF m	2003	2002
Equity capital markets	**897**	1,260
Debt capital markets	**1,160**	1,023

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services.

CSFB Financial Services income statement [1)]

in CHF m	2003	2002
Net interest income	**54**	317
Net commission and service fee income	**1,318**	2,575
Net trading income	**140**	166
Other ordinary income	**48**	48
Operating income	**1,560**	3,106
Personnel expenses	**819**	1,509
Other operating expenses	**435**	935
Operating expenses	**1,254**	2,444
Gross operating profit	**306**	662
Depreciation of non-current assets	**37**	142
Valuation adjustments, provisions and losses	**35**	23
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**234**	497
Extraordinary income/(expenses), net	**134**	0
Taxes	**(97)**	(142)
Net operating profit before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle (segment result)	**271**	355

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

CSFB Financial Services key information [1)]

based on CHF amounts	2003	2002

Cost/income ratio [2]	**82.8%**	83.3%
Average allocated capital in CHF m	**529**	939
Pre-tax margin [2]	**23.6%**	16.0%
Personnel expenses/operating income [2]	**52.5%**	48.6%
Net new assets Credit Suisse Asset Management in CHF bn (discretionary) [3]	**(14.8)**	(31.3)
Net new assets Private Client Services in CHF bn	**(0.9)**	8.0
Growth in assets under management [3]	**(5.8%)**	(24.2%)
Growth in discretionary assets under management – Credit Suisse Asset Management [3]	**(0.2%)**	(23.5%)
of which net new assets [3]	**(5.3%)**	(8.6%)
of which market movement and structural effects	**5.1%**	(14.9%)
Growth in net new assets Private Client Services	**(1.3%)**	8.6%

	31.12.03	31.12.02
Assets under management in CHF bn [3]	**454.1**	482.2
of which Credit Suisse Asset Management [3]	**392.9**	412.8
of which Private Client Services	**61.2**	67.5
Discretionary assets under management in CHF bn [3]	**295.7**	297.0
of which Credit Suisse Asset Management [3]	**278.1**	278.7
of which mutual funds distributed	**110.0**	106.5
of which Private Client Services	**17.6**	18.3
Advisory assets under management in CHF bn [3]	**158.4**	185.2
Number of employees (full-time equivalents)	**2,602**	6,783

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking.
[2] Based on the segment results, which exclude certain acquisition-related costs, exceptional items and cumulative effect of change in accounting principle not allocated to the segment.
[3] Credit Suisse Asset Management figures for Assets under Management and Net New Assets include assets managed on behalf of other entities within Credit Suisse Group. This differs from the presentation in the overview of Credit Suisse Group, where such assets are eliminated.

OPERATING AND FINANCIAL REVIEW | SUPPLEMENTAL INFORMATION

The following tables provide the results of Credit Suisse First Boston and its segments on a US dollar basis.
Credit Suisse First Boston business unit income statement [1)]

in USD m	2003	2002
Operating income	**10,783**	11,559
Personnel expenses	**5,581**	6,088
Other operating expenses	**2,543**	2,964
Operating expenses	**8,124**	9,052
Gross operating profit	**2,659**	2,507
Depreciation of non-current assets	**408**	481
Valuation adjustments, provisions and losses	**295**	1,679
Net operating profit/(loss) before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**1,956**	347
Extraordinary income/(expenses), net	**124**	262
Taxes [2)]	**(459)**	25
Net operating profit/(loss) before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle	**1,621**	634
Acquisition interest	**(198)**	(323)
Amortization of retention payments	**(158)**	(413)
Amortization of acquired intangible assets and goodwill	**(807)**	(835)
Exceptional items	**0**	(890)
Cumulative effect of change in accounting principle [3)]	**236**	162
Tax impact	**176**	487
Net profit/(loss)	**870**	(1,178)

[1)] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. The operating basis business unit results reflect the results of the separate segments comprising the business unit. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. Certain other items, including brokerage, execution and clearing expenses, contractor and recruitment costs and expenses related to certain redeemable preferred securities classified as minority interests are presented in the operating basis business unit results based on the Group’s segment reporting principles. For a reconciliation and a discussion of the material reconciling items, please refer to "Reconciliation of operating results to Swiss GAAP".

[2] Excluding tax impact on acquisition-related costs, exceptional items and cumulative effect of change in accounting principle.

[3] In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Reconciliation to net operating profit

in USD m	2003	2002
Net profit/(loss)	**870**	(1,178)
Amortization of acquired intangible assets and goodwill, net of tax	**657**	683
Exceptional items, net of tax	**0**	813
Cumulative effect of change in accounting principle, net of tax	**(138)**	(162)
Net operating profit	**1,389**	156

Institutional Securities income statement [1]

in USD m	2003	2002
Fixed Income	**4,580**	4,183
Equity	**2,605**	2,807
Investment Banking	**2,478**	3,140
Other	**(35)**	(562)
Operating income	**9,628**	9,568
Personnel expenses	**4,975**	5,120
Other operating expenses	**2,221**	2,365
Operating expenses	**7,196**	7,485
Gross operating profit	**2,432**	2,083
Depreciation of non-current assets	**381**	390
Valuation adjustments, provisions and losses	**269**	1,664
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**1,782**	29
Extraordinary income/(expenses), net	**25**	262
Taxes	**(387)**	116
Net operating profit before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle (segment result)	**1,420**	407

[1] Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and

amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

CSFB Financial Services income statement [1)]

in USD m	2003	2002
Net interest income	**39**	203
Net commission and service fee income	**976**	1,650
Net trading income	**104**	107
Other ordinary income	**36**	31
Operating income	**1,155**	1,991
Personnel expenses	**606**	968
Other operating expenses	**322**	599
Operating expenses	**928**	1,567
Gross operating profit	**227**	424
Depreciation of non-current assets	**27**	91
Valuation adjustments, provisions and losses	**26**	15
Net operating profit before extraordinary and exceptional items, acquisition-related costs, cumulative effect of change in accounting principle and taxes	**174**	318
Extraordinary income/(expenses), net	**99**	0
Taxes	**(72)**	(91)
Net operating profit before exceptional items, acquisition-related costs and cumulative effect of change in accounting principle (segment result)	**201**	227

1) Comparative figures have been restated to reflect the transfer of the securities and treasury execution platform of Credit Suisse First Boston in Switzerland to Credit Suisse Financial Services and the transfer of Credit Suisse First Boston's Private Client Services UK business from CSFB Financial Services to Private Banking. Certain acquisition-related costs, including acquisition interest, amortization of retention payments and amortization of acquired intangible assets and goodwill, exceptional items and cumulative effect of change in accounting principle not allocated to the segments are included in the business unit results. In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Corporate Center income statement

in CHF m	2003	2002
Operating income	**(88)**	(966)
Personnel expenses	**237**	176
Other operating expenses	**(246)**	(423)
Operating expenses	**(9)**	(247)
Gross operating profit/(loss)	**(79)**	(719)
Depreciation of non-current assets	**364**	371
Amortization of acquired intangible assets and goodwill	**(5)**	(2)
Valuation adjustments, provisions and losses	**7**	318
Profit/(loss) before extraordinary items, cumulative effect of change in accounting principle and taxes	**(445)**	(1,406)
Extraordinary income/(expenses), net	**100**	182
Cumulative effect of change in accounting principle	**0**	0
Taxes	**131**	77
Net profit/(loss) before minority interests	**(214)**	(1,147)
Minority interests	**(61)**	(55)
Net profit/(loss)	**(275)**	(1,202)

Introduction

Credit Suisse Financial Services business unit

Credit Suisse First Boston business unit

The following table sets forth the reconciliation of operating to consolidated results for the year ended December 31, 2003:

	Credit Suisse Financial Services			Credit Suisse First Boston				
in CHF m	Operating basis	Re-classifi-cations	Swiss GAAP basis	Operating basis	Re-classifi-cations	Swiss GAAP basis	Corporate Center[1]	Credit Suisse Group
Operating income	13,892	(1,077)[2]	**12,815**	14,557	(962)[3,4,5]	**13,595**	(88)	**26,322**
Personnel expenses	5,434		**5,434**	7,534	425[3,4]	**7,959**	237	**13,630**

Other operating expenses	3,067		**3,067**	3,434	(984)[4]	**2,450**	(246)	**5,271**
Operating expenses	8,501		**8,501**	10,968		**10,409**	(9)	**18,901**
Gross operating profit	5,391		**4,314**	3,589		**3,186**	(79)	**7,421**
Depreciation of non-current assets	972		**972**	551		**551**	364	**1,887**
Amortization of acquired intangible assets and goodwill	–	102	**102**	–	1,090[3]	**1,090**	(5)	**1,187**
Valuation adjustments, provisions and losses	374	82[6]	**456**	398		**398**	7	**861**
Profit before extraordinary items, cumulative effect of change in accounting principle and taxes	4,045		**2,784**	2,640		**1,147**	(445)	**3,486**
Extraordinary income/(expenses), net	127	1,077[2]	**1,204**	168		**168**	100	**1,472**
Cumulative effect of change in accounting principle	–	1	**1**	–	318	**318**	0	**319**
Taxes	75	22	**97**	(620)	238	**(382)**	131	**(154)**
Net profit before minority interests	4,247		**4,086**	2,188		**1,251**	(214)	**5,123**
Minority interests	14		**14**	0	(77)[5]	**(77)**	(61)	**(124)**
Net profit	4,261		**4,100**	2,188		**1,174**	(275)	**4,999**

Reconciliation to business unit results					
Acquisition interest				(267)	267
Amortization of retention payments				(213)	213
Amortization of acquired intangible assets and goodwill	(102)	102		(1,090)	1,090
Cumulative effect of change in accounting principle	1	(1)		318	(318)
Tax impact	2	(2)		238	(238)
Business unit result	4,162			1,174	

1) Corporate Center includes the parent company operations, including Group financing initiatives, centrally managed, own-use real estate, consisting mainly of bank premises within Switzerland and consolidation adjustments.

2) Reflects net gains/(losses) from sales of investments and other reclassifications within the insurance business of CHF 1,077 m reclassified from operating income to extraordinary income/(expenses).

3) Reflects acquisition interest of CHF 267 m allocated to operating income, amortization of retention payments of CHF 213 m allocated to personnel expenses and amortization of acquired intangible assets and goodwill of CHF 1,090 m.

4) Reflects brokerage, execution and clearing expenses of CHF 772 m reclassified from other operating expenses to operating income and contractor costs of CHF 151 m and staff recruitment costs of CHF 61 m reclassified from other operating expenses to personnel expenses.

[5] Reflects expenses of CHF 77 m related to certain redeemable preferred securities reclassified from operating income to minority interests.
[6] Reflects an increase/(decrease) in credit-related valuation adjustments resulting from the difference between statistical and actual credit provisions of CHF 82 m.
The following table sets forth the reconciliation of operating to consolidated results for the year ended December 31, 2002:

	Credit Suisse Financial Services			Credit Suisse First Boston				
in CHF m	Operating basis	Re-classifi-cations	Swiss GAAP basis	Operating basis	Re-classifi-cations	Swiss GAAP basis	Corporate Center [1]	Credit Suisse Group
Operating income	12,152	132 [2]	12,284	18,033	(1,313) [3] [4] [5]	16,720	(966)	28,038
Personnel expenses	5,944	50 [6]	5,994	9,496	1,244 [3] [4] [7]	10,740	176	16,910
Other operating expenses	3,625	38 [6]	3,663	4,625	(1,246) [4]	3,379	(423)	6,619
Operating expenses	9,569		9,657	14,121		14,119	(247)	23,529
Gross operating profit	2,583		2,627	3,912		2,601	(719)	4,509
Depreciation of non-current assets	1,006	45 [6]	1,051	751		751	371	2,173
Amortization of acquired intangible assets and goodwill	–	198 [6]	198	–	1,303 [3]	1,303	(2)	1,499
Valuation adjustments, provisions and losses	390	120 [8]	510	2,618	984 [7]	3,602	318	4,430
Profit/(loss) before extraordinary items, cumulative effect of change in accounting principle and taxes	1,187		868	543		(3,055)	(1,406)	(3,593)
Extraordinary income/(expenses), net	48	(132) [2]	(84)	408	(163) [7]	245	182	343
Cumulative effect of change in accounting principle	–	266	266	–	254	254	0	520
Taxes	(1,517)	45	(1,472)	40	759	799	77	(596)
Net profit/(loss) before minority interests	(282)		(422)	991		(1,757)	(1,147)	(3,326)
Minority interests	151		151	0	(79) [5]	(79)	(55)	17
Net profit/(loss)	(131)		(271)	991		(1,836)	(1,202)	(3,309)
Reconciliation to business unit results								
Acquisition interest				(504)	504			
Amortization of retention payments				(644)	644			
Amortization of acquired intangible assets and goodwill	(139)	139		(1,303)	1,303			
Exceptional items	(192)	192		(1,389)	1,389			

Cumulative effect of change in accounting principle	266	(266)	254	(254)
Tax impact	16	(16)	759	(759)
Business unit result	(180)		(1,836)	

1) Corporate Center includes the parent company operations, including Group financing initiatives, centrally managed, own-use real estate, consisting mainly of bank premises within Switzerland and consolidation adjustments.

2) Reflects net gains/(losses) from sales of investments within the insurance business of CHF -132 m reclassified from operating income to extraordinary income/(expenses).
3) Reflects acquisition interest of CHF 504 m allocated to operating income, amortization of retention payments of CHF 644 m allocated to personnel expenses and amortization of acquired intangible assets and goodwill of CHF 1,303 m.
4) Reflects brokerage, execution and clearing expenses of CHF 888 m reclassified from other operating expenses to operating income and contractor costs of CHF 272 m and staff recruitment costs of CHF 86 m reclassified from other operating expenses to personnel expenses.
5) Reflects expenses of CHF 79 m related to certain redeemable preferred securities reclassified from operating income to minority interests.
6) Reflects exceptional items allocated to personnel expenses of CHF 50 m, to other operating expenses of CHF 38 m, to depreciation of non-current assets of CHF 45 m and to amortization of acquired intangible assets and goodwill of CHF 59 m.
7) Reflects exceptional items allocated to personnel expenses of CHF 242 m, to valuation adjustments, provisions and losses of CHF 984 m and to extraordinary expenses of CHF 163 m.
8) Reflects an increase/(decrease) in credit-related valuation adjustments resulting from the difference between statistical and actual credit provisions of CHF 120 m.

Overview

Risk management principles

- Protection of financial strength: Credit Suisse Group controls risk in order to limit the impact of potentially adverse events on the Group’s capital and income streams. The Group’s risk appetite is to be consistent with its financial resources.

- Protection of reputation: The value of the Credit Suisse Group franchise depends on the Group’s reputation. Protecting a strong reputation is fundamental and must be an overriding concern for all staff members.

- Risk transparency: Risk transparency is essential so that risks are well understood by senior management and can be balanced against business goals.

- Management accountability: The various segments are organized into business units that own the comprehensive risks assumed through their operations. Business unit management is responsible for the active management of the respective risk exposures and the return for the risks taken.

- Independent oversight: Risk management is a structured process to identify, measure, monitor and report risk. The risk management, controlling and legal and compliance functions operate independently of the front office units to ensure the integrity of the risk and control processes.

Risk management oversight

Risk management oversight at the Board level

- Group Board of Directors: Responsible to shareholders for the strategic direction, supervision and control of the Group and for defining the Group's overall tolerance for risk.

- Board of Directors of other Group legal entities: Responsible for the strategic direction, supervision and control of the respective legal entity and for defining the legal entity's tolerance for risk.

- Risk Committees: Established in May 2003 and responsible for assisting the Board of Directors of the Group and other Group legal entities in fulfilling their oversight responsibilities by providing guidance regarding the risk governance and the development of the risk profile, including the regular review of major risk exposures and the approval of risk limits.

- Audit Committees: Responsible for assisting the Boards of Directors of the Group and other Group legal entities in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting, risk management and legal and regulatory compliance. Additionally, the Audit Committees are responsible for monitoring the independence and the performance of the internal and external auditors.

- Internal and external auditors: Responsible for assisting the Boards of Directors, the Audit Committees and management in fulfilling their responsibilities by providing an objective and independent evaluation of the financial accounts and the effectiveness of control, risk management and governance processes.

Risk management oversight at the Group management level

- Group Executive Management (Group Co-CEOs and Group Executive Board): Responsible for implementing the Group's strategy, managing the Group's portfolio of businesses and managing the risk profile of the Group as a whole within the risk tolerance defined by the Group Board of Directors.

- Group Chief Risk Officer: Responsible for providing risk management oversight for the Group as a whole in order to ensure that the aggregate risk appetite is consistent with the Group's financial resources as well as the risk tolerance defined by the Group Board of Directors. Additionally, risk management identifies group-wide risk concentrations, reviews and ratifies high risk exposures and unusual or special transactions, ensures consistent and thorough risk management practices and processes throughout the Group and recommends corrective action if necessary.

- Group Risk Processes & Standards Committee (GRIPS): Responsible for establishing and approving standards regarding risk management and risk measurement.

- Credit Portfolio & Provisions Review Committee: Responsible for reviewing the quality of the credit portfolio, with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances.

Risk management oversight at the business unit, segment and division management level

- Business unit Executive Management (Chief Executive Officers, CSFS Executive Board and CSFB Operating Committee): Responsible for implementing the business unit's strategy and actively managing its portfolio of businesses and its risk profile to ensure that risk and return are balanced and appropriate for current market conditions.

- Strategic Risk Management: At both business units, Strategic Risk Management is an independent function headed by the business unit Chief Risk Officer with responsibility for assessing the overall risk profile of the business unit on a consolidated basis and for recommending corrective action if necessary.

- Credit Risk Management: At both business units, Credit Risk Management is an independent function headed by the business unit Chief Credit Officer with responsibility for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of the credit portfolio of the business unit.

- CSFS Risk Management Committee: Responsible for supervising and directing the Credit Suisse Financial Services risk profile on a consolidated basis, for approving risk management policies, recommending risk limits to the Credit Suisse and Winterthur Boards of Directors and their Risk Committees and establishing and allocating risk limits within Credit Suisse Financial Services.

- CSFB Capital Allocation and Risk Management Committee: Responsible for supervising and directing the Credit Suisse First Boston risk profile on a consolidated basis, approving risk management policies, recommending risk limits to the Credit Suisse First Boston Board of Directors and its Risk Committee and for establishing and allocating risk limits within Credit Suisse First Boston.

- CSFB Operational Risk Review Committee: Responsible for reviewing and addressing operational risk issues at Credit Suisse First Boston.

- Winterthur Risk Management Committee: Responsible for supervising and directing the Winterthur risk profile on a consolidated basis and approving risk management policies.

- Winterthur Investment Committee: Responsible for defining the Winterthur investment strategy in light of Winterthur's overall risk profile.

- CSFS Asset and Liability Management Committee: Responsible for supervising the development of the Credit Suisse Financial Services banking segments' balance sheets.

Risk categories

- Market risk – the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices and other relevant market rates and prices, such as commodity prices and volatilities;

- Credit risk – the risk of loss arising from adverse changes in the creditworthiness of counterparties;

- Insurance risk – the risk that product pricing and reserves do not appropriately cover claims expectations;

- Business risk – the risk that the businesses are not able to cover their ongoing expenses with ongoing income subsequent to a severe crisis, excluding expense and income items already captured by the other risk categories;

- Liquidity and funding risk – the risk that the Group or one of its businesses is unable to fund assets or meet obligations at a reasonable or, in case of extreme market disruptions, at any price;
- Operational risk – the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events;
- Strategy risk – the risk that the business activities are not responsive to changes in industry trends; and
- Reputation risk – the risk that the Group's market or service image declines.

Risk limits

Economic Risk Capital

Introduction

Concept

- Position risk ERC the level of unexpected loss in economic value on the Group's portfolio of positions over a one-year horizon that is exceeded with a given, small probability (1% for risk management purposes; 0.03% for capital management purposes).
- Operational risk ERC the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon that is exceeded with a small probability (0.03%);
- Business risk ERC the difference between expenses and revenues in a severe market event, exclusive of the elements captured by position risk ERC and operational risk ERC.

Applications

Key position risk trends 2003

- Interest rate, credit spread and foreign exchange ERC: +3%, due to higher credit spread risk at Credit Suisse First Boston and higher foreign exchange risk at the Winterthur entities;
- Equity investment ERC: –32%, due to a significant reduction in Winterthur's equity risk as well as lower positions in Swiss franc terms at Credit Suisse First Boston due the impact of the lower US dollar rate used to translate Credit Suisse First Boston's US dollar ERC into Swiss francs;

- Swiss and retail lending ERC: –13%, due to the reduction in impaired loans at Corporate & Retail Banking and lower mortgage exposures at the Winterthur entities;

- International lending ERC: –31%, due to substantial exposure reductions at Credit Suisse First Boston as well as due to the impact of the lower US dollar rate used to translate Credit Suisse First Boston’s US dollar ERC into Swiss francs, partially offset by an increase in the risk associated with Winterthur’s bond portfolio;

- Emerging markets ERC: –11%, mainly due to the impact of the lower US dollar rate used to translate Credit Suisse First Boston’s US dollar ERC into Swiss francs;

- Real estate & structured asset ERC: –20%, due to a reduction in Credit Suisse First Boston’s commercial real estate exposure as a result of securitizations and loan sales as well as lower real estate exposures at Winterthur, partially offset by an increase in Credit Suisse First Boston’s exposure to residential mortgages; and

- Insurance underwriting ERC: –31%, primarily due to divestitures of the Republic operations, Churchill and Winterthur Italy.

Market risk

Overview

- The Value-at-Risk (VaR) method estimates the potential economic loss arising from a given portfolio for a predetermined probability and holding period, using market movements determined from historical data. The VaR methodology is most useful for day-to-day risk monitoring in the context of “normal” markets.

- Scenario analysis estimates the potential economic loss after stressing market parameters. These changes are modeled on past extreme events and hypothetical scenarios. Scenario analysis is especially useful for assessing sensitivity to large price movements and for examining risk in cases where market conditions are disrupted.

- All market risk exposures are also reflected in the Group’s ERC calculations.

Trading portfolios

Risk measurement and management

Development of trading portfolio risks

VaR results and distribution of trading revenues

Non-trading portfolios
Risk measurement and management

Development of non-trading portfolio risks

Key position risk trends [1]

	Credit Suisse Financial Services			Credit Suisse First Boston [2]			Credit Suisse Group [3]		
in CHF m	31.12.03	31.12.02	31.12.01	31.12.03	31.12.02	31.12.01	31.12.03	31.12.02	31.12.01
Interest Rate, Credit Spread & FX ERC	**2,768**	2,829	4,218	**1,262**	1,156	2,384	**3,222**	3,125	4,082
Equity Investment ERC	**1,223**	1,640	6,265	**1,938**	2,132	3,301	**2,631**	3,882	10,998
Swiss & Retail Lending ERC	**1,831**	2,097	2,310	**0**	0	0	**1,831**	2,097	2,310
International Lending ERC	**468**	373	319	**2,194**	3,484	3,692	**2,662**	3,857	4,011
Emerging Markets ERC	**214**	229	254	**1,485**	1,672	2,341	**1,699**	1,900	2,595
Real Estate & Structured Asset ERC [4]	**2,005**	2,245	2,255	**1,499**	2,099	2,318	**3,445**	4,296	4,516
Insurance Underwriting ERC	**650**	944	753	**0**	0	0	**650**	944	753
Simple sum across risk categories	**9,159**	10,357	16,374	**8,378**	10,543	14,036	**16,140**	20,101	29,265
Diversification benefit	**(3,942)**	(4,757)	(7,883)	**(2,083)**	(2,492)	(3,632)	**(5,405)**	(7,086)	(11,519)
Total position risk ERC	**5,217**	5,600	8,491	**6,295**	8,051	10,404	**10,735**	13,015	17,746

[1] 1-year, 99% position risk ERC, excluding foreign exchange translation risk. For an assessment of the total risk profile, operational risk ERC and business risk ERC need to be considered as well. Note that prior periods data have been restated for methodology changes in order to maintain consistency over time.
[2] Note that CSFB is managed using the USD as its base currency. Reported numbers have been translated into CHF using the respective year-end currency translation rates. The 1-year, 99% position risk ERC numbers for CSFB expressed in USD are as follows: USD 5,957 m (31.12.01), USD 5,791 m (31.12.02), USD 5,094 m (31.12.03).

[3] Credit Suisse Group amounts include the Corporate Center, but are net of diversification benefits between CSFS, CSFB and the Corporate Center (numbers therefore do not add up).
[4] This category comprises the real estate investments of Winterthur, CSFB’s commerical and residential real estate exposures, CSFB’s asset-backed-securities exposures, CSFS' real estate acquired at auction and the CSFS, CSFB and Corporate Center real estate for own use in Switzerland.

Market risk in the Credit Suisse Group trading portfolios (1-day, 99% VaR) [1]

	2003				
in CHF m	Minimum	Maximum	Average	31.12.03	31.12.02
Credit Suisse Financial Services					

Interest rate	1.1	7.9	3.2	**4.7**	2.6
Foreign exchange rate	1.2	5.7	2.5	**2.0**	2.6
Equity	8.7	20.0	12.9	**12.7**	9.4
Commodity	0.1	1.5	0.3	**0.5**	0.1
Subtotal	11.1	35.1	18.9	**19.9**	14.7
Diversification benefit	2)	2)	(4.5)	**(6.4)**	(3.4)
Total	10.1	20.8	14.4	**13.5**	11.3
Credit Suisse First Boston 3)					
Interest rate	31.0	167.0	67.6	**58.2**	67.2
Foreign exchange rate	7.2	28.3	15.0	**15.9**	15.0
Equity	16.7	52.0	26.4	**23.6**	14.0
Commodity	0.3	3.5	0.9	**0.9**	1.4
Subtotal	55.2	250.8	109.9	**98.6**	97.6
Diversification benefit	2)	2)	(41.0)	**(40.3)**	(40.2)
Total	35.1	157.5	68.9	**58.3**	57.4
Credit Suisse Group 4)					
Interest rate	36.9	119.5	64.7	**58.9**	66.9
Foreign exchange rate	10.9	24.3	15.6	**16.8**	14.5
Equity	17.2	47.3	27.3	**24.9**	15.6
Commodity	0.6	1.7	1.0	**0.8**	1.4
Subtotal	65.6	192.8	108.6	**101.4**	98.4
Diversification benefit	2)	2)	(44.4)	**(45.3)**	(40.8)
Total	45.5	99.9	64.2	**56.1**	57.6

1) Represents 10-day VaR scaled to a 1-day holding period.
2) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
3) The CSFB VaR is calculated using the USD as the base currency. For the purpose of this disclosure, the CSFB VaR estimates are translated into CHF using the respective currency translation rates. Specifically, the average, maximum and minimum daily VaR estimates in CHF are calculated using the respective month-end currency translation rate; the year-end VaR is calculated using the year-end currency translation rate. The underlying data for 2003 consists of month-end values (until March 31, 2003) and daily values (from April 1, 2003). This means that any fluctuations during the first three months of 2003, however material, will not be included in the figures above.

4) Trading portfolios are managed at the business unit, segment and division level. The consolidated VaR estimates for Credit Suisse Group are performed on a monthly basis only and the VaR statistics for Credit Suisse Group therefore refer to monthly numbers. The consolidated VaR estimates for Credit Suisse Group are net of diversification benefits between Credit Suisse First Boston and Credit Suisse Financial Services (numbers therefore do not add up).

Market risk in the Credit Suisse Group non-trading portfolios (1-day, 99% VaR) 1)

	2003				
in CHF m	Minimum	Maximum	Average	31.12.03	31.12.02

Credit Suisse Financial Services					
Interest rate	123.8	223.0	167.4	**123.8**	188.2
Foreign exchange rate	85.8	189.3	123.9	**100.5**	59.5
Equity	121.5	218.0	170.0	**121.5**	218.6
Commodity	0.0	0.3	0.1	**0.0**	0.2
Subtotal	331.1	630.6	461.4	**345.8**	466.5
Diversification benefit	[2]	[2]	(156.1)	**(81.2)**	(212.1)
Total	264.6	405.1	305.3	**264.6**	254.4
Credit Suisse First Boston [3]					
Interest rate	22.4	54.7	30.2	**24.3**	25.0
Foreign exchange rate	3.5	7.0	5.3	**5.6**	4.5
Equity	74.9	117.8	100.9	**74.9**	126.5
Commodity	0.0	1.1	0.4	**0.7**	0.2
Subtotal	100.8	180.6	136.8	**105.5**	156.2
Diversification benefit	[2]	[2]	(32.3)	**(31.4)**	(33.0)
Total	74.1	118.0	104.5	**74.1**	123.2
Credit Suisse Group [4]					
Interest rate	124.7	218.2	173.9	**124.7**	187.6
Foreign exchange rate	92.7	206.8	138.0	**109.3**	72.8
Equity	210.1	341.0	287.4	**210.1**	369.6
Commodity	0.0	0.8	0.3	**0.7**	0.1
Subtotal	427.5	766.8	599.6	**444.8**	630.1
Diversification benefit	[2]	[2]	(179.0)	**(111.6)**	(222.4)
Total	333.2	560.8	420.6	**333.2**	407.7

[1] Represents 10-day VaR scaled to a 1-day holding period. The VaR statistics refer to monthly numbers.
[2] As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.
[3] The CSFB VaR is calculated using the USD as the base currency. For the purpose of this disclosure, the CSFB VaR estimates are translated into CHF using the respective currency translation rates. Specifically, the average, maximum and minimum VaR estimates in CHF are calculated using the respective month-end currency translation rate; the year-end VaR is calculated using the currency translation rate at year-end.
[4] The consolidated VaR estimates for Credit Suisse Group are inclusive of the Corporate Center (not shown separately), but net of diversification benefits between Credit Suisse First Boston, Credit Suisse Financial Services and the Corporate Center (numbers therefore do not add up).

Credit risk for the banking businesses

Definition of credit risk

Credit risk management approach

- an individual counterparty and country rating system;
- a transaction rating system;

- a counterparty credit limit system;
- country and regional concentration limits;
- a risk-based pricing methodology;
- active credit portfolio management; and
- a credit risk provisioning methodology.
-

Loans
Due from banks, due from customers and mortgages

Non-performing loans

Potential problem loans

Loan valuation allowances and provisions

- The financial standing of a customer, including a realistic assessment – based on financial and business information – of the likelihood of repayment of the loan within an acceptable period of time considering the net present value of future cash flows;
- The extent of the Group's other commitments to the same customer;
- The realizable fair value of any collateral for the loans;
- The recovery rate; and
- The costs associated with obtaining repayment and realization of any such collateral.

Loan valuation allowances and provisions for inherent credit losses

Summary of loan valuation allowance experience
Year ended December 31, 2003 compared to year ended December 31, 2002

Country risk

Total credit risk exposure [1]

in CHF m	Credit Suisse Financial Services 31.12.03	Credit Suisse Financial Services 31.12.02	Credit Suisse First Boston 31.12.03	Credit Suisse First Boston 31.12.02	Credit Suisse Group 31.12.03	Credit Suisse Group 31.12.02
Due from banks [2]	**39,287**	33,306	**53,588**	43,462	**47,185**	39,469
Due from customers and mortgages [2]	**139,425**	132,353	**50,171**	82,395	**188,259**	213,206
Total due from banks and customers, gross [2]	**178,712**	165,659	**103,759**	125,857	**235,444**	252,675
Contingent liabilities	**12,081**	12,349	**33,468**	27,862	**40,836**	39,104
Irrevocable commitments [3]	**3,900**	2,263	**68,552**	81,884	**72,759**	85,333
Total banking products	**194,693**	180,271	**205,779**	235,603	**349,039**	377,112
Loans held for sale [4]	**0**	–	**15,390**	–	**15,390**	–
Derivative instruments [5]	**4,571**	5,018	**52,140**	51,600	**55,826**	54,757
Securities lending – banks [6]	**1,652**	0	**58,154**	0	**58,390**	0
Securities lending – customers [6]	**5,772**	0	**25,105**	64	**30,878**	64
Reverse repurchase agreements – banks [6]	**3,336**	6,283	**85,041**	154,531	**87,269**	156,397
Reverse repurchase agreements – customers [6]	**1,596**	14,528	**37,147**	56,987	**38,676**	71,384
Forward reverse repurchase agreements	**0**	0	**12,537**	7,617	**12,537**	7,617
Total traded products	**16,927**	25,829	**270,124**	270,799	**283,576**	290,219
Total credit risk exposure, gross	**211,620**	206,100	**491,293**	506,402	**648,005**	667,331
Loan valuation allowances and provisions	**(3,159)**	(4,092)	**(1,494)**	(3,817)	**(4,655)**	(7,911)
Total credit risk exposure, net	**208,461**	202,008	**489,799**	502,585	**643,350**	659,420

[1] Credit Suisse Financial Services/Credit Suisse First Boston reflect business unit amounts. Total consolidated Credit Suisse Group amounts include adjustments and Corporate Center. Certain restatements have been made to conform to the current presentation.
[2] Excluding loans held for sale, securities lending and reverse repurchase transactions.
[3] Excluding forward reverse repurchase agreements.
[4] Effective 2003, loans held for sale are presented net of the related loan valuation allowances.
[5] Positive replacement values considering netting agreements.
[6] In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted.

Total loan portfolio exposure and allowances and provisions for credit risk [1]

in CHF m	Credit Suisse Financial Services 31.12.03	Credit Suisse Financial Services 31.12.02	Credit Suisse First Boston 31.12.03	Credit Suisse First Boston 31.12.02	Credit Suisse Group 31.12.03	Credit Suisse Group 31.12.02
Non-performing loans	**1,917**	3,004	**996**	3,351	**2,913**	6,355

Non-interest earning loans	**1,517**	2,108	**246**	217	**1,763**	2,325
Total non-performing loans	**3,434**	5,112	**1,242**	3,568	**4,676**	8,680
Restructured loans	**24**	52	**256**	229	**280**	281
Potential problem loans	**1,641**	1,723	**361**	1,685	**2,001**	3,408
Total other impaired loans	**1,665**	1,775	**617**	1,914	**2,281**	3,689
Total impaired loans	**5,099**	6,887	**1,859**	5,482	**6,957**	12,369
Due from banks and customers, gross	**178,712**	165,659	**103,759**	125,857	**235,444**	252,675
Valuation allowances	**3,123**	4,053	**1,391**	3,647	**4,516**	7,703
of which on principal	**2,556**	3,201	**1,184**	3,416	**3,742**	6,617
of which on interest	**567**	852	**207**	231	**774**	1,086
Due from banks and customers, net	**175,589**	161,606	**102,368**	122,210	**230,928**	244,972
Provisions for contingent liabilities and irrevocable commitments	**36**	39	**103**	170	**139**	208
Total valuation allowances and provisions	**3,159**	4,092	**1,494**	3,817	**4,655**	7,911
Ratios						
Valuation allowances as % of total non-performing loans	**90.9%**	79.3%	**112.0%**	102.2%	**96.6%**	88.7%
Valuation allowances as % of total impaired loans	**61.2%**	58.9%	**74.8%**	66.5%	**64.9%**	62.3%

1) Credit Suisse Financial Services/Credit Suisse First Boston reflect business unit amounts. Total consolidated Credit Suisse Group amounts include adjustments and Corporate Center.

Roll forward of loan valuation allowance 1)

	Credit Suisse Financial Services			Credit Suisse First Boston			Credit Suisse Group		
in CHF m	2003	2002	2001	2003	2002	2001	2003	2002	2001
At beginning of financial year	**4,053**	5,712	8,050	**3,647**	3,553	2,736	**7,703**	9,264	10,786
Additions	**914**	1,047	759	**829**	2,235	1,663	**1,753**	3,351	2,439
Releases	**(500)**	(406)	(472)	**(656)**	(329)	(355)	**(1,161)**	(735)	(826)
Net additions charged to income statement	**414**	641	287	**173**	1,906	1,308	**592**	2,616	1,613
Gross write-offs	**(1,408)**	(2,391)	(2,909)	**(2,025)**	(1,476)	(942)	**(3,433)**	(3,868)	(3,851)
Recoveries	**31**	30	22	**19**	35	23	**51**	65	46
Net write-offs	**(1,377)**	(2,361)	(2,887)	**(2,006)**	(1,441)	(919)	**(3,382)**	(3,803)	(3,805)
Reclassified to loans held-for-sale	**0**	–	–	**(355)**	–	–	**(355)**	–	–
Balances acquired/(sold)	**2**	0	1	**(5)**	0	(3)	**(3)**	0	(3)
Provisions for interest	**32**	108	205	**126**	79	196	**158**	187	400
Foreign currency translation impact and other	**(1)**	(47)	56	**(189)**	(450)	235	**(197)**	(561)	273
At end of financial year	**3,123**	4,053	5,712	**1,391**	3,647	3,553	**4,516**	7,703	9,264

[1] Credit Suisse Financial Services/Credit Suisse First Boston reflect business unit amounts. Total consolidated Credit Suisse Group amounts include adjustments and Corporate Center.

Net credit-related valuation allowances and provisions [1]

	Credit Suisse Financial Services			Credit Suisse First Boston			Credit Suisse Group		
in CHF m	2003	2002	2001	2003	2002	2001	2003	2002	2001
Net additions to loan valuation allowance	**414**	641	287	**173**	1,906	1,308	**592**	2,616	1,613
Net additions to provisions for contingent liabilities and irrevocable commitments	**(3)**	46	4	**(15)**	429	100	**(17)**	471	104
Total net credit-related valuation allowances and provisions charged to income statement	**411**	687	291	**158**	2,335	1,408	**575**	3,087	1,717

[1] Credit Suisse Financial Services/Credit Suisse First Boston reflect business unit amounts. Total consolidated Credit Suisse Group amounts include adjustments and Corporate Center.

Insurance risk

Introduction

- manage and limit insurance risk, e.g., by using reinsurance contracts;
- manage the financial market risks associated with the assets and liabilities (reserves); and
- manage and control the risks associated with their respective assets and reinsurance contracts.

Risk structure in the insurance business

Non-life

Life

Reinsurance

Business risk

Liquidity and funding risk

Operational risk

- Further enhancement of the governance structure for managing operational risk;
- Continued development of Key Risk Indicator (“KRI”) reporting at business unit level to serve as early-warning signals;
- Additional improvements to the business units’ self-assessment process and integration with the work underway to meet the requirements of the Sarbanes-Oxley Act. The self-assessment process seeks to ensure that each business unit understands the risks inherent in its departmental functions and processes, ensures that controls exist to address those risks, and is able to identify control gaps and prioritize corrective action;
- The ongoing collection of operational risk loss data and the continued development of the collection process; and
- Regular review of the state of operations and their inherent risks based on extensive audits and follow-up reviews, and the resulting use of information and analysis as early-warning indicators for potential issues.

How Credit Suisse Group measures market risk

Introduction

Value-at-Risk

Assumptions

Limitations

Scenario analysis

Assumptions

Limitations

Scenario	Risk	Brief Description
Flight to USD	Foreign Exchange	Strengthening of USD against all currencies coupled with a substantial increase in implied volatilities
Flight from USD	Foreign Exchange	Weakening of USD against all currencies coupled with a substantial increase in implied volatilities
Flight to CHF	Foreign Exchange	Strengthening of CHF against all currencies coupled with a substantial increase in implied volatilities
Global Interest Rate Tightening	Fixed Income	Substantial increase in global interest rates (severity based on 1994 bond market crisis), coupled with an increase in

		implied volatilities
Global Interest Rate Loosening	Fixed Income	50% reverse of the "Global Interest Rate Tightening" scenario
Equity Market Crash	Equity Markets	Blend of 1987 and 1998 emerging market equity market crisis, coupled with a sharp increase in implied volatilities
Equity Market Rally	Equity Markets	A significant price increase coupled with a decrease in implied volatilities
Credit Spread Widening	Traded Credit Risk	Credit spread widening similar to that observed during the 1998 Long Term Capital Management crisis
Spread Narrowing	Traded Credit Risk	75% reverse of the "Credit Spread Widening" scenario
Global Credit Downturn	Lending & Counterparty Exposures	Based on worst-case observed default rates and loss severity for the relevant market (e.g. the scenario loss for the Swiss corporate & retail portfolios are based on the recession and real estate crisis in the beginning of the 1990s)
Emerging Market Crisis	Emerging Markets	Based on Russia default of 1998 and 1980 Latin crisis with regional and global contagion
Real Estate Collapse	Real Estate	Based on worst-case observed market moves for the relevant markets

Consolidated income statement in CHF m	Notes	2003	2002	2001
Interest and discount income	8	**13,116**	17,630	28,687
Interest and dividend income from trading portfolios	8	**9,797**	9,957	13,078
Interest and dividend income from financial investments	8	**726**	733	514
Interest expenses	8	**(16,215)**	(20,284)	(35,528)
Net interest income		**7,424**	8,036	6,751
Commission income from lending activities		**911**	872	780
Commission income from securities and investment transactions		**10,898**	13,658	16,879
Commission income from other services		**1,004**	1,649	1,421
Commission expenses		**(873)**	(845)	(965)
Net commission and service fee income		**11,940**	15,334	18,115
Net trading income	9	**2,515**	2,254	8,913
Premiums earned, net		**31,891**	34,811	32,195
Claims incurred and actuarial provisions		**(33,411)**	(28,791)	(29,731)
Commission expenses, net		**(2,295)**	(2,276)	(2,040)
Investment income from the insurance business		**8,436**	(432)	5,876
Net income from the insurance business		**4,621**	3,312	6,300
Income from the sale of financial investments		**485**	1,385	1,146
Income from investments in associates		**64**	65	166
Income from other non-consolidated participations		**24**	27	24
Real estate income		**166**	194	171
Sundry ordinary income		**866**	816	1,091
Sundry ordinary expenses 1)		**(1,783)**	(3,385)	(3,523)
Other ordinary income/(expenses), net		**(178)**	(898)	(925)
Operating income		**26,322**	28,038	39,154
Personnel expenses		**13,630**	16,910	21,890
Other operating expenses		**5,271**	6,619	8,394
Operating expenses		**18,901**	23,529	30,284

Gross operating profit		**7,421**	4,509	8,870
Depreciation of non-current assets [2)]	10	**1,887**	2,173	2,186
Amortization of acquired intangible assets	10	**593**	693	793
Amortization of goodwill	10	**594**	806	770
Valuation adjustments, provisions and losses from the banking business [1)]	11	**861**	4,430	2,592
Depreciation, valuation adjustments and losses		**3,935**	8,102	6,341
Profit/(loss) before extraordinary items, cumulative effect of change in accounting principle, taxes and minority interests		**3,486**	(3,593)	2,529
Extraordinary income	12	**2,047**	746	52
Extraordinary expenses	13	**(575)**	(403)	(281)
Cumulative effect of change in accounting principle [3)]	2	**319**	520	0
Taxes	14	**(154)**	(596)	(486)[3)]
Net profit/(loss) before minority interests		**5,123**	(3,326)	1,814
Minority interests		**(124)**	17	(227)
Net profit/(loss)		**4,999**	(3,309)	1,587

1) Effective 2003, declines in value of debt securities and loans available for sale due to deterioration in creditworthiness are reported in “Sundry ordinary expenses”. In previous years they were recorded in “Valuation adjustments, provisions and losses from the banking business”.

2) Includes amortization of Present Value of Future Profits (PVFP) from the insurance business.

3) In 2003 Credit Suisse Group applied mandatory changes in Swiss Federal Banking Commission guidelines. Prior periods are not required to be adjusted. In 2002, Credit Suisse Group adopted a change in accounting principle relating to the recognition of deferred tax assets on net operating losses. The retroactive application of this change in accounting principle would have resulted in taxes of CHF -250 m in 2001.

Consolidated balance sheet in CHF m	Notes	31.12.03	31.12.02
Assets			
Cash and other liquid assets	36	**3,026**	2,551
Money market papers	18, 36	**16,355**	25,125
Due from banks	19, 36	**192,833**	195,778
Receivables from the insurance business	36	**9,725**	12,290
Due from customers	19, 36	**170,486**	182,143
Mortgages	19, 36	**98,214**	94,896
Securities and precious metals trading portfolios	20, 36	**200,057**	173,133
Financial investments from the banking business	21, 36	**42,141**	33,394
Investments from the insurance business	22	**129,395**	128,450

Non-consolidated participations	23	**1,406**	1,792
Tangible fixed assets	24	**6,922**	8,152
Intangible assets	26	**13,467**	18,359
Accrued income and prepaid expenses		**12,582**	13,882
Other assets	27	**65,555**	65,711
Total assets	38, 39	**962,164**	955,656
Subordinated assets		**7,561**	5,846 1)
Receivables due from non-consolidated participations		**604**	728
Liabilities and shareholders' equity			
Money market papers issued	36	**27,700**	22,178
Due to banks	36	**296,487**	287,884
Payables from the insurance business	36	**10,939**	10,218
Due to customers in savings and investment deposits	36	**43,747**	39,739
Due to customers, other	36	**252,555**	258,244
Medium-term notes (cash bonds)	29, 36	**1,803**	2,599
Bonds and mortgage-backed bonds	29, 36	**79,080**	81,839
Accrued expenses and deferred income		**17,018**	17,463
Other liabilities	30	**59,058**	56,070
Valuation adjustments and provisions	31	**7,243**	11,557
Technical provisions for the insurance business	32	**131,842**	136,471
Total liabilities		**927,472**	924,262
Reserve for general banking risks	33	**1,739**	1,739
Share capital	33	**1,195**	1,190
Capital reserve	33	**20,824**	20,710
Revaluation reserves for the insurance business	33	**885**	1,504
Reserve for own shares	33	**–**	1,950
Own shares, net	33	**(498)**	–
Retained earnings	33	**2,592**	4,732
Minority interests	33	**2,956**	2,878
Net profit/(loss)	33	**4,999**	(3,309)
Total shareholders' equity		**34,692**	31,394
Total liabilities and shareholders' equity	38, 39	**962,164**	955,656
Subordinated liabilities		**19,018**	21,070 1)
Liabilities due to non-consolidated participations		**1,186**	1,164

1) Adjusted.

Consolidated statement of cash flows

in CHF m	2003	2002	2001
Cash flows from operating activities			
Net profit/(loss)	**4,999**	(3,309)	1,587
Adjustments to reconcile net profit/(loss) to net cash from operating activities			
Depreciation and amortization	**3,074**	3,672	3,749
Provision for losses	**771**	2,799	2,014
Provision for deferred taxes	**(1,039)**	30	993
Other provisions	**(317)**	270	(398)
Change in reserve for general banking risks	**0**	(580)	0
Change in technical provisions for the insurance business	**3,099**	3,916	7,543
(Gain)/loss from investing activities, net	**(1,618)**	3,974	(880)
Equity in earnings of non-consolidated participations	**(76)**		