

CREDIT SUISSE AG
Form 20-F
March 26, 2010

As filed with the Securities and Exchange Commission on March 26, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
for the fiscal year ended December 31, 2009.

Commission file number: 001-15244
Credit Suisse Group AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

(Jurisdiction of incorporation or organization)

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

(Address of principal executive offices)

Renato Fassbind

Chief Financial Officer

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

renato.fassbind@credit-suisse.com

Telephone: +41 44 333 1700

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434
Credit Suisse AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

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(Jurisdiction of incorporation or organization)

Paradeplatz 8, CH 8070 Zurich, Switzerland

(Address of principal executive offices)

Renato Fassbind

Chief Financial Officer

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

renato.fassbind@credit-suisse.com

Telephone: +41 44 333 1700

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Title of each class of securities of Credit Suisse Group AG	Name of each exchange on which registered
American Depositary Shares each representing one Share Shares par value CHF 0.04*	New York Stock Exchange New York Stock Exchange*
Title of each class of securities of Credit Suisse AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
7.9% Tier 1 Capital Notes	New York Stock Exchange
Buffered Accelerated Return Equity Securities (BARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
Accelerated Return Equity Securities (ARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
ELEMENTS due April 10, 2023 Linked to the Credit Suisse Global Warming Index, Exchange Series	NYSE Arca
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Title of each class of securities of Credit Suisse (USA), Inc.	
6 1/8% Notes due 2011	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2009: 1,169,210,895 shares of Credit Suisse Group AG

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

Yes No

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

Yes No

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

Yes No

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

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Large accelerated filers Accelerated filers Non-accelerated filers

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

U.S. GAAP International Financial Reporting Standards Other
as issued by the
International Accounting Standards Board

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

Yes No

* Not for trading, but only in connection with the registration of the American Depositary

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Definitions

For the purposes of this Form 20-F and the attached Annual Report 2009, unless the context otherwise requires, the terms "Credit Suisse Group," "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries and the term "the Bank" means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

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

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

Sources

Throughout this Form 20-F and the attached Annual Report 2009, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor's, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody's Investors Service and Fitch Ratings.

Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on page 491 of the attached Annual Report 2009.

Part I

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

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

Item 2. Offer statistics and expected timetable.

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

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information – Group on page 446 of the attached Annual Report 2009. For the Bank, please see IX – Additional information – Statistical information – Bank on page 447 of the attached Annual Report 2009.

B – Capitalization and indebtedness.

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

C – Reasons for the offer and use of proceeds.

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

D – Risk factors.

For Credit Suisse and the Bank, please see IX – Additional information – Risk factors on pages 469 to 475 of the attached Annual Report 2009.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Credit Suisse at a glance on pages 12 to 13, – Global reach of Credit Suisse on pages 14 to 15 and – Review of the year's events on pages 16 to 17, and IV – Corporate governance – Overview – Company on page 143 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 222 of the attached Annual Report 2009 and, for the Bank, please see Note 3 – Business developments in VII – Consolidated financial statements – Credit Suisse (Bank) on page 361 of the attached Annual Report 2009.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 12 to 41 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 224 to 226 of the attached Annual Report 2009 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 362 to 363 of the attached Annual Report 2009.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 34 to 35 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on page 50 of the attached Annual Report 2009. For a list of Credit Suisse's significant subsidiaries, please see Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 311 to 313 of the attached Annual Report 2009 and, for a list of the Bank's significant subsidiaries, please see Note 35 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 424 to 426 of the attached Annual Report 2009.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on pages 480 to 481 of the attached Annual Report 2009.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 446 to 463 of the attached Annual Report 2009. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans – Impaired loans and – Provision for credit losses on pages 130 to 132 of the attached Annual Report 2009.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 44 to 98 of the attached Annual Report 2009. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Foreign exchange exposure and interest rate management on page 116 of the attached Annual Report 2009.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management on pages 100 to 116 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 240 to 241 and Note 34 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 308 of the attached Annual Report 2009 and, for the Bank, please see Note 22 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 378 and Note 33 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 423 of the attached Annual Report 2009.

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

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 137 to 140 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 29 – Derivatives and hedging activities, Note 30 – Guarantees and commitments and Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 266 to 291 of the attached Annual Report 2009 and, for the Bank, please see Note 28 – Derivatives and hedging activities, Note 29 – Guarantees and commitments and Note 30 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 398 to 412 of the attached Annual Report 2009.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 140 of the attached Annual Report 2009.

Item 6. Directors, senior management and employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors – Members of the Board and the Committees on pages 153 to 160, – Honorary Chairman of Credit Suisse Group on page 160, and – Executive Board on pages 161 to 166 of the attached Annual Report 2009.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation on pages 167 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 10 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 227, Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 256 to 266, and Note 3 – Compensation to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 333 to 342 of the attached Annual Report 2009 and, for the Bank, please see Note 10 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 365 and Note 27 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 389 to 398 of the attached Annual Report 2009.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors and – Executive Board on pages 149 to 166 of the attached Annual Report 2009.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Company – Employees on pages 143 to 144 and II – Operating and financial review – Results overview on pages 88 to 89 of the attached Annual Report 2009.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation – Overview, – Compensation design and structure – Variable compensation instruments on pages 170 to 174 and – Board and Executive Board compensation on pages 182 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 26, Employee share-based compensation and other compensation benefits in V – Consolidated financial statements – Credit Suisse Group on pages 248 to 254, and Note 3 – Compensation to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group on pages 333 to 342 of the attached Annual Report 2009. For the Bank, please see Note 25 – Employee share-based compensation and other compensation benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 384 to 387 of the attached Annual Report 2009.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate governance – Shareholders on pages 145 to 148 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 7 – Own shares held by the company and by group companies in VI – Parent company financial statements – Credit Suisse Group on page 343 of the attached Annual Report 2009. Credit Suisse's major shareholders do not have different voting rights. The Bank has 43,996,652 shares outstanding and is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate governance – Compensation – Board and Executive Board compensation on pages 182 to 191 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 27 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 255 to 256 of the attached Annual Report 2009 and, for the Bank, please see Note 26 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 387 to 389 of the attached Annual Report 2009.

C – Interests of experts and counsel.

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

Item 8. Financial information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's and the Bank's legal or arbitration proceedings, please see IX – Additional information – Legal proceedings on pages 464 to 468 of the attached Annual Report 2009. In addition, for Credit Suisse, please see Note 36 – Litigation in V – Consolidated financial statements – Credit Suisse Group on page 310 of the attached Annual Report 2009 and, for the Bank, please see Note 34 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 423 of the attached Annual Report 2009.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital Management – Dividends and dividend policy on pages 112 to 113 of the attached Annual Report 2009.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on pages 479 to 480 of the attached Annual Report 2009. Shares of the Bank are not listed.

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

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

Item 10. Additional information.

A – Share capital.

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

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate governance – Overview, – Shareholders and – Board of Directors on pages 145 to 160 and – Additional information – Changes of control and defense measures on page 192 and – Liquidation on page 194 of the attached Annual Report 2009. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 476 of the attached Annual Report 2009. Shares of the Bank are not listed.

C – Material contracts.

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

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 476 of the attached Annual Report 2009.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 476 to 479 of the attached Annual Report 2009. The Bank does not have any public shareholders.

F – Dividends and paying agents.

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

G – Statement by experts.

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

H – Documents on display.

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

The information Credit Suisse or the Bank files with the SEC may also be found on the Credit Suisse website at www.credit-suisse.com. In addition, our website also contains corporate governance policies and other documents of Credit Suisse and the Bank. Information contained on our website is not incorporated by reference into this Form 20-F.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 117 to 136 of the attached Annual Report 2009.

Item 12. Description of securities other than equity securities.

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

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

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate governance – Additional information – American Depositary Share fees on pages 193 to 194 of the attached Annual Report 2009. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

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

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 325 to 326 of the attached Annual Report 2009. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 427 to 428 of the attached Annual Report 2009.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate governance – Board of Directors – Board committees – Audit Committee on page 152 of the attached Annual Report 2009.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate governance – Overview – Corporate governance framework on pages 142 to 143 of the attached Annual Report 2009.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate governance – Additional Information – Internal and external auditors on pages 192 to 193 of the attached Annual Report 2009.

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

None.

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

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management – Share repurchase activities on pages 112 of the attached Annual Report 2009. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate governance–Overview–Complying with rules and regulations on page 142 of the attached Annual Report 2009. Shares of the Bank are not listed.

Part III

Item 17. Financial statements.

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 199 to 326 of the attached Annual Report 2009 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 351 to 428 of the attached Annual Report 2009 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 2, 2010.

1.2 Articles of association (Statuten) of Credit Suisse AG (Bank) as of November 9, 2009.

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG (OGR) as of April 23, 2009.

7.1 Computations of ratios of earnings to fixed charges of Credit Suisse Group and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to

fixed charges – Bank on page 463 of the attached Annual Report 2009 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 311 to 313, and significant subsidiaries of the Bank are set forth in Note 35 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 424 to 426 in the attached Annual Report 2009 and incorporated by reference herein.

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

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

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

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

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

101.1 Interactive Data Files (XBRL-Related Documents)

SIGNATURES

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

CREDIT SUISSE GROUP AG

(Registrant)

Date: March 26, 2010

/s/ Brady W. Dougan

/s/ Renato Fassbind

Name: Brady W. Dougan

Name: Renato Fassbind

Title: Chief Executive Officer

Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 26, 2010

/s/ Brady W. Dougan

/s/ Renato Fassbind

Name: Brady W. Dougan

Name: Renato Fassbind

Title: Chief Executive Officer

Title: Chief Financial Officer

Annual Report 2009

Financial highlights

			in / end of	% change	
	2009	2008	2007	09 / 08	08 / 07
Net income (CHF million)					

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Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	–	–
of which from continuing operations	6,555	(7,687)	7,754	–	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	5.14	(7.51)	7.06	–	–
Basic earnings/(loss) per share	5.28	(8.01)	7.07	–	–
Diluted earnings/(loss) per share from continuing operations	5.01	(7.51)	6.77	–	–
Diluted earnings/(loss) per share	5.14	(8.01)	6.78	–	–
Return on equity (%)					
Return on equity attributable to shareholders	18.3	(21.1)	18.0	–	–
Core Results (CHF million)					
Net revenues	33,617	11,862	34,539	183	(66)
Provision for credit losses	506	813	240	(38)	239
Total operating expenses	24,528	23,212	25,159	6	(8)
Income/(loss) from continuing operations before taxes	8,583	(12,163)	9,140	–	–
Core Results statement of operations metrics (%)					
Cost/income ratio	73.0	195.7	72.8	–	–
Pre-tax income margin	25.5	(102.5)	26.5	–	–
Effective tax rate	21.4	37.8	13.7	–	–
Net income margin ¹	20.0	(69.3)	22.5	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,229.0	1,106.1	1,462.8	11.1	(24.4)
Net new assets	44.2	(3.0)	43.2	–	–
Balance sheet statistics (CHF million)					
Total assets	1,031,427	1,170,350	1,360,680	(12)	(14)
Net loans	237,180	235,797	240,534	1	(2)
Total shareholders' equity	37,517	32,302	43,199	16	(25)
Tangible shareholders' equity ²	27,922	22,549	31,873	24	(29)
Book value per share outstanding (CHF)					
Total book value per share	32.09	27.75	42.33	16	(34)
Shares outstanding (million)					
Common shares issued	1,185.4	1,184.6	1,162.4	0	2
Treasury shares	(16.2)	(20.7)	(141.8)	(22)	(85)

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Shares outstanding	1,169.2	1,163.9	1,020.6	0	14
Market capitalization					
Market capitalization (CHF million)	60,691	33,762	76,024	80	(56)
Market capitalization (USD million)	58,273	33,478	67,093	74	(50)
BIS statistics					
Risk-weighted assets (CHF million)	221,609	257,467	323,640 ₃	(14)	(20)
Tier 1 ratio (%)	16.3	13.3	10.0 ₃	–	–
Total capital ratio (%)	20.6	17.9	12.9 ₃	–	–
Dividend per share (CHF)					
Dividend per share	2.00 ₄	0.10	2.50	–	–
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

1 Based on amounts attributable to shareholders. 2 Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. 3 Under Basel I we reported risk-weighted assets of CHF 312,068 million, a tier 1 ratio of 11.1% and a total capital ratio of 14.5% as of the end of 2007. 4 Proposal of the Board of Directors to the Annual General Meeting on April 30, 2010.

Credit Suisse supports entrepreneurship. As a strategic partner to corporations and institutions worldwide, we offer comprehensive services, individually tailored financial solutions and cross-border capabilities. The cover of this report shows eight successful Swiss entrepreneurs, who have come to appreciate Credit Suisse as a competent financing partner. Their individual portraits can be found in our Business Review 2009.

Dear shareholders, clients and colleagues

Credit Suisse delivered a strong performance in 2009 thanks to our client-focused, capital-efficient strategy and our business model that enables us to generate less volatile earnings. We reported net income of CHF 6.7 billion, a return on equity of 18.3% and net new assets of over CHF 44 billion for the year under review. At the same time, we gained significant market share in various businesses and maintained our industry-leading capital position with a tier 1 ratio of 16.3% as of the end of 2009. The Board of Directors will propose a cash dividend of CHF 2.00 per share for 2009 to the Annual General Meeting on April 30, 2010.

Execution of our strategy in 2009

Credit Suisse took further steps to address the new challenges and opportunities created by the changing market environment during 2009. In Private Banking, we continued to invest in the expansion of our international private banking platform, which provides us with the necessary geographic reach and resources to meet the increasing client demand for local access to global services. The fact that we generated CHF 41.6 billion of net new assets across all regions in 2009 confirms the merits of this strategy of continuing to invest internationally. In our Swiss home market, we realigned our client coverage with a special focus on affluent and high-net-worth clients, while further developing our offering for large Swiss corporates and SMEs. Our role as an important and committed lender is underscored by the fact that we maintained our volume of lending in Switzerland at CHF 136.7 billion in 2009.

In Investment Banking, we continued to reposition the business in line with the changed competitive environment. As part of our efforts to build a more client-focused and capital-efficient investment bank, we significantly reduced risk capital usage and volatility, while increasing our focus on client and flow-based businesses, ranging from cash equities, electronic trading and prime services to global rates and foreign exchange, high grade debt and our strategic advisory business. We were able to maintain or gain market share across most products and regions during the year.

In Asset Management, we concentrated our resources on alternative investment strategies, asset allocation and the traditional businesses in Switzerland. We made tangible progress in our efforts to streamline our business portfolio, including the completion of the sale of our non-core traditional investment strategies business in Europe (excluding Switzerland), the US and Asia Pacific. In line with our integrated business model, we are increasingly coordinating and leveraging our Asset Management activities with Private Banking and Investment Banking and are benefiting from the focus on client needs and targeted solutions.

2009 financial performance

Credit Suisse generated net income attributable to shareholders of CHF 6,724 million in 2009, compared to a net loss of CHF 8,218 million in 2008. Core net revenues were CHF 33,617 million, compared to CHF 11,862 million in 2008. Collaboration revenues from the integrated bank totaled CHF 5.2 billion in 2009, in line with the prior year.

Private Banking achieved a strong performance in 2009 in a market that is undergoing significant structural change. Pre-tax income totaled CHF 3,651 million, a decrease of 5% compared to 2008. Net revenues were CHF 11,662 million, a decline of 10% from the prior year. The Wealth Management Clients business reported pretax income of

CHF 2,898 million, up 16% compared to the previous year. Net revenues were down 8% to CHF 9,871 million compared to 2008, reflecting a 7.5% decline in average assets under management and a shift to lower margin investments, including within managed investment products, as well as continued cautious investor behavior. The Swiss Corporate & Institutional Clients posted pre-tax income of CHF 753 million, a decline of 44% compared to 2008, mainly driven by fair value losses of CHF 118 million on the Clock Finance transaction in 2009, compared to fair value gains of CHF 110 million in 2008.

In Investment Banking, we delivered record pre-tax income of CHF 6,845 million, compared to a pre-tax loss of CHF 13,792 million in 2008. Net revenues also reached a record level at CHF 20,537 million, as we made substantial progress in the repositioning of our business and succeeded in growing our market share across various businesses and geographies. Our pleasing results also reflect our ability to capitalize on the recovery in the global financial markets.

In Asset Management, pre-tax income improved significantly to CHF 35 million in 2009 compared to a pretax loss of CHF 1,185 million in 2008. Net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008, lower investment-related losses and higher revenues from equity participations and joint ventures.

Strategic priorities for 2010

The financial crisis precipitated fundamental changes in the financial services industry, which have profoundly affected the expectations and goals of clients, the type of financial institutions they trust and their choice of a longterm financial partner. We believe that Credit Suisse's capital position and the strength of our business, as well as our ability to deliver our entire expertise to clients through an integrated global service offering, are creating compelling opportunities in this new competitive landscape. Building on the momentum we have established in 2009, we will strive to focus even more on addressing the needs and aspirations of our clients. We know that a skilled workforce is key to maintaining high levels of client satisfaction, which is why we will systematically continue to attract, develop and retain talented people while remaining sensitive to the ongoing public debate about compensation. Our strong capital position has helped maintain the trust of clients. Consequently, we will continue to manage capital and liquidity conservatively and we will also strive for top-quartile efficiency levels, while being careful not to compromise standards or growth.

Participating in the effort to improve the strength of the financial system

As a globally active bank, one of our key objectives has been to help restore public trust in the financial sector and enhance the stability of the financial system. As part of our commitment to supporting this process, we helped our clients to invest in growth and to successfully manage difficult restructuring and liquidity situations throughout the year. We also engaged in an open and constructive dialog with politicians and regulators to promote a coordinated global approach to banking supervision in an effort to build the more robust financial system essential to economic growth.

Compensation was an issue that came under intense scrutiny in 2009. At Credit Suisse, we recognize the need for our industry to change the way people are rewarded and incentivized. We have been using deferred, share-based compensation instruments for many years and, in 2009, became the first financial institution to align our compensation model to G-20 best practice guidelines. The new compensation structure we implemented reaffirms our commitment to offering our people fair, balanced and performance-oriented compensation. In line with this approach, the members of the Executive Board at December 31, 2009, received no variable cash compensation for 2009 and all variable compensation they received for 2009 was in the form of deferred awards and subject to performance criteria, which may result in future negative adjustments. Of the total variable compensation awarded across Credit Suisse for 2009, 40% took the form of deferred awards and was subject to performance criteria, which may result in future

negative adjustments. Of the variable compensation awarded to managing directors for 2009, almost 60% was in the form of deferred awards and was subject to performance criteria, which may result in future negative adjustments. In Investment Banking, our compensation to revenue ratio for the full year was at the historically low level of 42%. Overall, we endeavored to strike the right balance between paying our employees competitively, doing what is right for our shareholders and responding appropriately to regulatory initiatives as well as political and public concerns. We will continue to take a responsible approach to compensation going forward.

Credit Suisse is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. In the fourth quarter of 2009, we reached a settlement with the US authorities relating to an investigation into US dollar payments and other practices involving parties that are subject to US economic sanctions. We take this issue extremely seriously. We have enhanced our procedures and are taking action internally to highlight the fact that such incidents will not be tolerated. We are confident that we have a sound control framework that will enable us to remain a trusted financial partner to our clients.

Our responsibilities towards society

In addition to our priority of operating profitably and successfully in even the most challenging market environments, we are also acutely aware of our responsibilities that go beyond banking, particularly our commitments to our employees, society and the environment. For example, as one of Switzerland's largest employers and providers of training, we believe that we have a duty to help strengthen the country's position as a center of knowledge and industry and to promote entrepreneurship. In 2009, we therefore announced a number of long-term initiatives, including the creation of a further 150 apprenticeships in Switzerland as well as the investment of CHF 30 million over the next five years in training programs that help young people to find an apprenticeship and enter the job market. In addition, in conjunction with the Swiss Venture Club, we will provide up to CHF 100 million of risk capital to small and medium-sized enterprises and young entrepreneurs, primarily to promote the creation of jobs in Switzerland. Together with the Swiss IT and Communication Technology umbrella association, Credit Suisse also plans to invest up to CHF 10 million to help fund professional training in the IT sector as part of a program to create over 1,000 new IT apprenticeships in Switzerland by 2015. We believe that these efforts will ultimately help to enhance economic and social stability in Switzerland and are thus in the interests of our shareholders.

Our commitment to acting as a good corporate citizen is also reflected by our activities in other countries around the globe. For example, we have helped to improve access to schooling for children and young people worldwide through our Education Initiative, while our Disaster Relief Fund continued to provide emergency relief to the victims of major catastrophes, including the recent earthquake in Haiti. In view of the scale of the humanitarian disaster, Credit Suisse immediately made a USD 1 million donation to help the people of Haiti, which was divided between the American and Swiss Red Cross societies. We also launched a global employee fundraising campaign and our staff collectively made a substantial donation of over USD 1.25 million. The Credit Suisse Foundation pledged to contribute twice the amount donated by employees – meaning that a total of USD 4.75 million has been committed to this vital cause. Together with our partners from the Red Cross, we are continuing to evaluate relief needs and to explore ways to provide further effective support to the people of Haiti.

Changes to Board of Directors and Executive Board

Tobias Guldimann, Chief Risk Officer of Credit Suisse Group and a member of the Executive Board, assumed sole responsibility for risk management on the Executive Board with effect from June 1, 2009. At that time, D. Wilson Ervin, Chief Risk Officer of Credit Suisse, stepped down from the Executive Board and assumed a role as a Senior Adviser, reporting to Brady W. Dougan.

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In June 2009, Karl Landert, Chief Information Officer of Credit Suisse, was appointed to the Executive Board.

In December 2009, Credit Suisse announced that Hans-Ulrich Doerig will remain Chairman of the Board of Directors until the Annual General Meeting in April 2011, when he will be succeeded by Vice-Chairman Urs Rohner.

In January 2010, Pamela Thomas-Graham joined Credit Suisse and was appointed to the newly created role of Chief Talent, Branding and Communications Officer. She is a member of the Executive Board and has global responsibility for the areas of Human Resources, Corporate Communications, Corporate Branding and Advertising.

The Board of Directors proposes the following members be re-elected to the Board: Noreen Doyle, Aziz D. Syriani, David Syz and Peter F. Weibel and proposes the following additions to the Board: Jassim Bin Hamad J.J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, President and CEO of American International Group (AIG), subject to their election by the shareholders. Changes in AIG's business have made it possible for Mr. Benmosche to rejoin the Board, having previously stepped down in August 2009. Ernst Tanner has decided to step down from the Board as of the date of the AGM, and we thank him for his valuable contribution.

Positioned for success in the new environment

Credit Suisse's strong performance in 2009 confirms the effectiveness of our distinctive, client-focused and capital-efficient business model, which is driving strong financial, client and employee momentum. Thanks to our forward-looking approach, we have come through the recent period of unprecedented industry change in a strong position and believe that we are well equipped to succeed in the new operating environment.

Yours sincerely

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

March 2010

Brady W. Dougan, Chief Executive Officer (left), Hans-Ulrich Doerig, Chairman of the Board of Directors. In the background is a portrait of Alfred Escher, who founded Credit Suisse in 1856.

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

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

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

For information on how the bank assumes its responsibilities when conducting its business activities, including its commitments toward the environment and various stakeholders within society, refer to the **Corporate Citizenship Report 2009**. For information about our business activities and a summary of our financial performance during the year, please refer to the **Business Review 2009**.

Information on the company

Credit Suisse at a glance: our vision

Strategy

Our businesses

Organizational and regional structure

Regulation and supervision

Credit Suisse at a glance: our vision

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

To present a single face to clients, we run a regional structure comprising four regions: Switzerland, Europe, Middle East and Africa, Americas and Asia Pacific. With our local presence we ensure responsiveness to client needs and market trends, while fostering cross-divisional collaboration.

During the recent market disruption, our integrated business model proved to be both resilient and flexible, enabling us to respond to market developments quickly. This flexibility allowed us to stay focused on the most attractive markets and client segments, providing a solid platform for profitable growth.

Building on the momentum we have established, we focus on the implementation of our client-focused and capital-efficient integrated bank strategy. We aim to gain further market share and to strengthen our geographic footprint, while leveraging our programs for operational excellence and efficiency.

Divisions

Private Banking

Private Banking offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking division comprises the Wealth Management Clients and Corporate & Institutional Clients businesses. In Wealth Management Clients we serve ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client-driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with the Private Banking and Asset Management divisions to provide clients with customized financial solutions.

Asset Management

Asset Management offers a wide range of investment products and solutions across asset classes, for all investment styles. The division manages global and regional portfolios, separate accounts, mutual funds and other investment vehicles for governments, institutions, corporations and individuals worldwide. Asset Management focuses on becoming a global leader in multi-asset class solutions as well as in alternative investments. To deliver the bank's best investment performance, Asset Management operates as a global integrated network in close collaboration with the Private Banking and Investment Banking divisions.

Shared Services

Shared Services provides centralized corporate services and business support for the bank's three divisions: Private Banking, Investment Banking and Asset Management. Its services cover areas as diverse as finance, legal and compliance, risk management, information technology, corporate communications, corporate development and human resources. Shared Services acts as an independent and centralized control function.

Regions

Switzerland

Our home market is Switzerland, where we are a leading bank for individual, corporate and institutional clients. Relationship managers at 36 branches look after small and medium-sized companies. We also have 266 branches for wealth management clients, and contact centers in the German, French and Italian-speaking areas.

Europe, Middle East and Africa

The Europe, Middle East and Africa region is a diverse mix of developed and emerging markets with 78 offices in 25 countries. In addition to our long-standing presence in Europe, including France, Germany, Italy, Spain and the UK, we also have a strong presence in key growth markets including Poland, Russia, Turkey and the Middle East. In 2009, we announced our plans to open an office in Sweden and further expanded our presence in Qatar, Saudi Arabia and South Africa.

Americas

The Americas region comprises our operations in the US, Canada, the Caribbean and Latin America. Our three divisions – Private Banking, Investment Banking and Asset Management – are strongly represented across the region. With offices in 51 cities spanning 15 countries, our clients have local access to our global expertise in their home markets. In 2009, we enhanced our Investment Banking and Private Banking platforms in Mexico. In Brazil, we strengthened our market-leading position to provide full cross-divisional services and leveraged our partnership with Hedging-Griffo.

Asia Pacific

The Asia Pacific region comprises 25 offices in 13 markets. Singapore is home to Credit Suisse's largest Private Banking operations outside Switzerland. The region is also our fastest-growing Private Banking market globally, employing 360 relationship managers. In Investment Banking, we have a strong presence in the region's largest markets, such as Australia and China, complemented by long-standing leadership in several Southeast Asian markets. In 2009, we opened a bank branch office in Taipei, began operations in our non-bank financial company in India and opened our fifth Center of Excellence in Mumbai. Credit Suisse Founder Securities, our Chinese domestic capital markets joint venture, also commenced operations.

Global reach of Credit Suisse

We are established in all financial centers. With operations in more than 50 countries we are able to deliver our integrated business model to our clients across all regions.

Private Banking offers all-in-one solutions to our onshore and offshore clients. To better serve them, we have established a globally consistent advisory process including comprehensive products and services. Investment

Banking has a global platform of services delivered through regional hubs, while Asset Management operates as a globally integrated network.

This worldwide reach enables us to generate a geographically balanced stream of revenues and net new assets. In addition, it allows us to capture growth opportunities wherever they are.

In 2009, we continued to strengthen our global footprint, with private banking operations launched in Tokyo, Warsaw and Mexico City. A new bank branch was opened in Taipei, and in Qatar we started to provide both investment banking and asset management services. To ensure a best-in-class global infrastructure, we have set up Centers of Excellence, which provide support services around the world. We opened a fifth Center of Excellence in Mumbai during the course of 2009.

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Review of the year's events

January

Well capitalized We entered the year as one of the world's best capitalized banks with a tier 1 ratio of 13.3%. This ratio strengthened to 16.3% as of the end of 2009.

Mergers and acquisitions We ranked first in Latin American mergers and acquisitions, with a market share of 27%.
IMF The International Monetary Fund (IMF) projected that the global economy would post its lowest growth rate since World War II, as the economies of the world's richest nations contracted.

Low rates Global benchmark interest rates were kept low throughout the year, with the Fed's target rate held near zero.

Chinese lending Chinese credit growth accelerated, buoyed by a stimulus package launched by its government at the end of 2008.

February

Risk positions cut As part of the accelerated implementation of our strategic plan, we continued to reduce our risk positions. By the end of the first quarter, our risk-weighted assets were down 33% compared with the first quarter of 2008.

US measures The US government approved a USD 787 billion fiscal stimulus package, including tax cuts and spending on infrastructure.

Troubled assets The US Treasury unveiled plans to use private and public funds to buy back troubled real estate-related assets from banks for up to USD 1 trillion.

Stress tests The US Treasury conducted stress tests on the country's largest banks, assuming further economic deterioration.

March

Taiwan We launched trading operations in Taiwan, expanding our existing brokerage services in the country.

Mexico We launched private banking operations in Mexico, adding to existing investment banking activities.

Award We were named Best Private Banking Services Overall in Singapore by Euromoney.

Stock markets The Dow Jones Industrial Average index and the Swiss Market Index reached a low for the year. The two indices then recovered and rose 19% and 18%, respectively, in 2009.

Assistance in tax matters The Swiss government agreed to an exchange of information in cases of justified suspicion of tax evasion or fraud, to comply with OECD standards.

US dollar began to depreciate against major currencies amid deficit concerns.

April

Chairman change Vice-Chairman Hans-Ulrich Doerig was appointed Chairman after Walter B. Kielholz stepped down. Chief Operating Officer and General Counsel, Urs Rohner, became Vice-Chairman.

G-20 Leaders called for increased fairness and transparency in the global tax systems. The group of central bank governors subsequently agreed on a set of comprehensive measures to strengthen banks.

Write-downs The IMF estimated that actual and potential global write-downs on assets held by financial institutions would reach USD 4 trillion over 2007–2010, out of which two thirds would affect banks. In October, this estimate was cut to USD 3.4 trillion.

May

Japan We launched private banking operations in Japan, allowing us to offer a full suite of our integrated financial services to our Japanese clients.

Award We were named Best Bank in Switzerland and Best Investment Bank by Euromoney.

Global unemployment The International Labour Organization forecast that global unemployment would affect 239 million people in 2009, corresponding to an unemployment rate of 7.4%.

Bank capital rules The EU adopted tougher bank capital rules in an attempt to restore confidence in the financial markets. Banks will be required to retain at least 5% of the total value of their securitized exposures as of the end of 2010.

June

Karl Landert Our Chief Information Officer was appointed to our Executive Board.

Middle East We rolled out investment banking and asset management services in Qatar, adding to our existing private banking services.

Algorithmic trading We launched our algorithmic trading platform Advanced Execution Services in India. Further launches followed in Dubai, Israel, Abu Dhabi and Indonesia.

World Bank The international body forecast that global growth would drop by a record 2.9% during the year.

Bank bailouts The Bank for International Settlements estimated that the amount of resources committed to bank bailouts in 11 industrialized countries between September 2008 and June 2009 reached EUR 5 trillion.

US problem banks The number of banks on the Federal Deposit Insurance Corporation's problem list rose to a 15-year high.

July

Asset Management We completed the sale of parts of our traditional asset management business to Aberdeen Asset Management in return for a 23.9% stake.

Credit default swaps Banks agreed to clear credit default swaps centrally within the EU to reinforce financial stability by reducing the inherent counterparty risks in this market.

Short selling The US Securities and Exchange Commission (SEC) announced measures addressing short selling abuses.

Chinese industry Chinese manufacturing indices continued to rise, spurred by domestic demand.

August

Affluent clients in Switzerland Building on the wide range of products and services available in Switzerland and our dense Swiss-wide branch network, we launched a program to improve the coverage of affluent private clients – those with assets ranging between CHF 250,000 and CHF 1 million. These clients will now be served from 180 locations throughout the country.

IPO activity Global initial public offerings (IPOs) rose to the highest level since the second quarter of 2008. Nearly two-thirds of the total IPO value was for Chinese companies.

September

India A fifth Center of Excellence (CoE) was opened in Mumbai to provide support to our front office in Investment Banking. Our five CoEs now deploy more than 8,000 positions, a figure set to reach 10,000 by 2011.

Private Banking investor day We reiterated our strategy for Private Banking, building on its leading business model and its scalable wealth management platform.

Economic pick-up Data confirmed that the US, EU and Switzerland emerged from a year-long recession.

Compensation The Financial Stability Board issued international standards for sound compensation practices.

October

Compensation structure We announced a new G-20 compliant compensation structure, reaffirming our commitment to a fair, balanced and performance-oriented compensation policy.

Poland We launched private banking operations in Warsaw, adding to existing asset management and investment banking operations.

US unemployment The US unemployment rate jumped to a 26-year high as jobs continued to be cut in the construction, manufacturing and retail sectors.

Oil prices rose steadily during the year, with the Brent crude oil futures reaching a year high at USD 82 per barrel.

Greece A credit agency cut Greece's debt rating following a sharp deterioration of the country's public finances. Other credit agencies followed suit in December.

November

New global ambassador We announced a long-term partnership agreement with Roger Federer, who will act as our global ambassador. We will make a significant annual contribution to his foundation that helps disadvantaged children, with a particular focus on Africa. Separately, we launched a new global advertising campaign, reflecting our integrated approach and commitment to help our clients thrive.

Dubai A state-owned conglomerate in Dubai asked to delay the repayments of its debts by at least 6 months. The potential default rattled the financial markets.

Low inflationary pressure US and euro zone inflation moved back into positive territory during the month, though well below historical averages.

Global mergers Global merger and acquisition activity reached a high for the year, reaching USD 305 billion, as confidence returned to the markets.

December

Training We announced 150 new apprenticeships, bringing the total number of training positions available in Switzerland to 1,200. We will also invest CHF 30 million in training programs.

Succession planning Reflecting our efforts to ensure continuity at the Board of Directors, we announced that Vice-Chairman Urs Rohner will become Chairman in April 2011 when Hans-Ulrich Doerig retires.

Gold The price of gold reached a record USD 1,227.5 per ounce amid the low interest rate environment and the weak dollar.

Japan The Japanese government unveiled a USD 81 billion stimulus package. The country's central bank will also inject more than USD 100 billion into the financial markets.

Stock markets Global stocks posted their best performance since 2003. The Dow Jones EURO STOXX Banks index rose 46%, while Credit Suisse's shares rallied 80%.

Performance of Credit Suisse's share price versus the Dow Jones EURO STOXX Banks index

Strategy

Industry trends and competition

While the banking industry is expected to continue to benefit from globalization, individual wealth creation and international capital flows, it is undergoing unprecedented regulatory change. After extraordinary emergency intervention by governments and central banks to rescue financial institutions and to stabilize markets during the financial crisis of 2008, regulators, governments and industry representatives focused in 2009 on ways to improve capital markets and financial services. Since November 2008, the leaders of the \gg G-20 countries met three times, laying the foundation for reforms. They established the Financial Stability Board (FSB) to develop and implement strong regulatory, supervisory and other policies for financial stability. During 2009, the FSB issued various reports and established principles for cross-border cooperation on crisis management and sound practices to align compensation with prudent risk taking and long-term, sustainable performance. After calls by the G-20 for increased fairness and transparency in the global tax system, OECD standards reached broader acceptance.

In July 2009, the Basel Committee on Banking Supervision (BCBS) issued measures to strengthen trading book capital and to enhance the \gg Basel II framework. In addition, in December 2009, the BCBS launched consultative proposals to strengthen the resilience of the banking sector. The proposals cover the following key areas: raising the quality, consistency and transparency of the capital base; strengthening the risk coverage of the capital framework; introducing a leverage ratio as a supplementary measure; introducing a series of measures to promote capital buffers; introducing a global minimum liquidity standard and addressing systemic risk. The BCBS will conduct an impact

assessment to agree final rules by the end of 2010. Phase-in measures and grandfathering arrangements are expected to ensure a transition that does not impede the recovery of the real economy.

New regulation and the end of government and central bank emergency support are expected to shape bank industry trends over the foreseeable future. While detailed rules and implementation standards in most jurisdictions remain open, we expect regulatory compliance costs, including costs of additional capital and liquidity, to increase. In this period of uncertainty, we believe well-capitalized financial institutions with strong earnings power are better positioned to adjust to a changing industry landscape and increasing competitive pressure. As regulated banks generally move towards less risky business models with more liquid and transparent products, they are expected to face pressure to reach critical size, become more efficient and focus their activities. We expect clients to remain selective and risk conscious when choosing counterparties, and market demand might be increasingly bifurcated, with increased demand for more standardized products and for more customized, innovative solutions for sophisticated clients.

Group priorities

Our aspiration is to become one of the world's most admired banks. We believe our ability to serve clients globally with an integrated service offering is a strong competitive advantage. Early in the financial crisis we took decisive action to reduce our risk exposures and to become more capital-efficient. As a result, we reduced risk-weighted assets by 32% since the end of 2007 and exited most proprietary trading businesses. By continuing to strengthen our capital and liquidity position we ensured the trust of our clients. With our client-focused and capital-efficient integrated bank strategy we delivered sound net income attributable to shareholders of CHF 6,724 million for 2009 and an industry-leading return on equity of 18.3%. As our strategy is consistent with both emerging client needs and regulatory trends, we feel well positioned to succeed in a changing operating environment. Building on the momentum we have established, we aim for further gains in market share while strengthening our geographic footprint and collaboration within the integrated business model. We expect to leverage our programs for operational excellence and efficiency. To achieve our goals, we are focused on the following priorities.

Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as >>>ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering them superior solutions, we empower them to make better financial decisions. Against the backdrop of significant changes within our industry, we implemented plans across the organization to ensure that we consistently help our clients realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. On the back of a strong capital position and high levels of client satisfaction and brand recognition, we achieved significant gains in market share. Our strong client momentum is well recognized. We were awarded "Best Private Banking Services Overall" by Euromoney, "Bank of the Year" by International Financing Review and "Top 3 Megabank" by Fortune magazine's "Most Admired Companies" survey.

Employees

We continue to undertake efforts to attract, develop and retain top talent in order to deliver an outstanding integrated value proposition to our clients. Our candidates go through a rigorous interview process, where we not only look for technical and intellectual proficiency, but for people who can thrive in and contribute to our culture. Credit Suisse is above the external benchmark for employee engagement in the financial services industry. We systematically review our talent and identify the right developmental opportunities based on individual and organizational needs. We

increasingly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse's workplace culture. We have expanded our organizational understanding beyond traditional diversity and inclusion to leverage our differences to fully engage the workforce. Through our own business school, we train our leaders, specialists and client advisors in a wide range of subjects to ensure that knowledge and competence of our employees supports the needs of our clients and our strategy. We take a prudent and constructive approach to compensation, designed to reflect the performance of individuals and the firm and closely align the interests of employees with those of shareholders.

Collaboration

We help our clients thrive by delivering the best of our products and services seamlessly across our organization and regardless of divisional boundaries. In order to drive, measure and manage collaboration between our divisions, we have established a dedicated governance structure within the office of the CEO. In 2009, we recorded collaboration revenues of CHF 5.2 billion, with a target of CHF 10 billion annually by 2012. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for wealthy private clients by Investment Banking, a new suite of managed investment products developed by Asset Management for Private Banking and strengthened client management coordination by our new alternative investments distribution team in Asset Management with the securities distribution team in Investment Banking. Benefiting from our programs for cross-divisional management development and lateral recruiting, we believe collaboration revenues including cross-selling and client referrals to be a resilient generator of both revenues and assets.

Capital and risk management

While the prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank, we maintain a conservative framework to manage liquidity and capital. Throughout the financial crisis we were a supplier of overnight funding to central banks, and we did not receive any emergency support provided by governments and central banks. As a result of the successful implementation of our client-focused and capital-efficient strategy, we further reduced our risk-weighted assets by 14% during 2009 to CHF 221.6 billion, contributing to the improvement of our Tier 1 ratio of 300 basis points to 16.3%. With further balance sheet reductions we achieved a leverage ratio of 4.2%, already complying with the Swiss minimum requirements to be implemented by 2013. We continue to deploy capital in a disciplined manner based on our economic capital framework, assessing our aggregated risk taking in relation to our client needs and our financial resources.

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. For our core activities we target a cost/income ratio of 65%. Efficiency measures implemented with strong involvement of senior management have generated cost savings while helping to build an efficiency culture. During 2009 we opened a fifth Center of Excellence (CoE) in Mumbai, with an initial focus on supporting Investment Banking. The new CoE will complement our four existing CoEs in Pune, Raleigh Durham, Singapore and Wroclaw. Since the CoE initiative was established in 2006, more than 8,000 roles have been deployed, improving productivity. We continue to focus on our Operational Excellence program, which has strengthened our culture of continuous improvement and client focus.

To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and risk and capital to be achieved across market cycles. For a more detailed description of our businesses and our performance in 2009 against the defined targets, refer to II Operating and financial review Key performance indicators.

Corporate citizenship and Code of Conduct

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

Our Code of Conduct, which sets out globally binding principles for our business operations, strengthens the responsibility of all employees and creates a framework where every individual is familiar with our corporate responsibilities. The core values include integrity, confidentiality and respect, as well as a commitment to sustainability.

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

Our businesses

Private Banking

Business profile

In Private Banking we offer comprehensive advice to private, corporate and institutional clients and a broad range of financial solutions. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses, with total assets under management of CHF 914.9 billion. In Wealth Management Clients, we serve over two million clients, including >>>ultra-high-net-worth and >>>high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of over 100,000 corporations and institutions, mainly in Switzerland.

Within Wealth Management Clients, we operate one of the largest wealth management businesses globally. We offer clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services. We deliver innovative and integrated solutions in close collaboration with Investment Banking and Asset Management. As of the end of 2009, we had CHF 802.8 billion of assets under management. Our global network comprises more than 380 locations in 47 countries. Wealth Management Clients has more than 4,000 relationship managers and 25 >>>booking centers, reflecting our multi-shore strategy.

Within Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, trade finance, cash management, corporate finance, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations, banks, Swiss pension funds and insurance companies. As of the end of 2009, the business volume of our Corporate & Institutional Clients business totaled CHF 220.3 billion, with CHF 170.0 billion of client assets and CHF 50.3 billion of net loans. While

large corporations are covered out of four locations, we serve small and medium-sized enterprises through relationship managers based in 36 branches throughout Switzerland.

Key data - Private Banking

			in / end of
	2009	2008	2007
Key data			
Net revenues (CHF million)	11,662	12,907	13,522
Income before taxes (CHF million)	3,651	3,850	5,486
Assets under management (CHF billion)	914.9	788.9	995.4
Number of employees	24,300	24,400	23,200

Strategy

Trends and competition

Despite the impact of the financial crisis, the long-term growth prospects of the wealth management sector remain intact. Yearly industry growth rates measured by assets under management are projected at around 8% over the next three years. We expect more mature markets to experience lower growth rates, but starting from a larger asset base, with more than two thirds of global wealth located in the US, Japan and Western Europe. In these markets we see opportunities arising from the generational transfers of wealth and from further wealth accumulation, particularly by entrepreneurs, who increasingly seek solutions not only to manage their personal wealth but to develop their business over market cycles. We expect emerging markets, particularly in Asia, to continue to experience relatively strong growth driven by entrepreneurial wealth creation and relatively strong economic development.

While operating in an attractive growth market, wealth managers were impacted by the market disruption and the recession in many markets in the last two years. A large number of wealthy clients reconsidered their banking relationships and transferred assets to stable, reliable institutions with a strong capital position. Longer term, we expect clients to look increasingly for a broad and deep service offering, with smaller wealth managers facing challenges with regard to necessary size and scope. In addition, we expect increasing regulatory requirements relating to investment advice, client information and documentation to increase the cost and complexity of business processes and compliance frameworks. Increasing scrutiny by authorities on cross-border banking activities and legal compliance is expected to impact client behavior and operating models over time. We expect offshore banking in certain markets to have lower net new assets and increasing compliance costs, but that offshore banking will remain attractive in many markets, reflecting client focus on political stability, superior products and services and jurisdictional diversification. As a result of both the short-term impacts from the financial crisis and the longer-term industry trends, we expect consolidation of the wealth management industry to continue.

The Swiss market for Corporate & Institutional Clients continues to offer growth prospects in line with general economic development. Swiss corporates have faced the challenges from the economic downturn relatively well due to solid business models and conservative financing. A growing number of Swiss corporates have to deal with succession planning, a trend which increasingly creates business opportunities in this market, particularly for banks that can offer a tailored combination of private and investment banking services. In the Swiss institutional clients business, we expect further business growth, including advising on portfolio restructuring.

Key initiatives

Our aspiration is to become one of the most admired banks for Wealth Management Clients globally and for Corporate & Institutional Clients in Switzerland. We want to be an industry leader in terms of client satisfaction, employee engagement, profitability and growth. With our consistent strategy and our strong capital position, we are well positioned to succeed in a changing market environment.

We continue to invest in international growth by hiring and developing experienced relationship managers, upgrading our platforms and establishing a domestic presence in select markets. Depending on their needs, we offer clients onshore and offshore services in compliance with laws, rules and regulations. Our continued investment in our compliance framework positions us well to respond to evolving regulation in the markets in which we operate.

In Switzerland, our home market, we aim to gain market share in the Wealth Management Clients business: in the private client business, by increasing client focus and proximity as well as by continuously optimizing our branch network; and in the Swiss >>high-net-worth individuals business, by offering value propositions that leverage the full spectrum of our cross-divisional capabilities. The targeted growth segments in the Swiss corporate and institutional business include large corporates, institutional investors, financial institutions with transaction banking needs and small and medium-sized enterprises (SME) with an international focus. Regular surveys confirm a high degree of client satisfaction, reflected in significant net new asset inflows.

To further improve client centricity, we focus on our advisory approach and on segment-specific client solutions, for example, for >>ultra-high-net-worth clients or entrepreneurs. We invested nearly CHF 400 million in our award-winning advisory process in the last ten years, and enhanced our segment-specific client solutions.

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

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

We drive efficiency and productivity, building on our programs for operational excellence, efficiency management and CoE.

Achievements

Key achievements and measures of our progress in 2009 include:

- **International growth:** In 2009, we generated CHF 41.6 billion of net new assets across regions, with CHF 11.8 billion in Switzerland, CHF 10.3 billion from Europe, Middle East and Africa (EMEA), CHF 8.0 billion from the Americas and CHF 11.5 billion from Asia Pacific. As part of our international growth strategy, we launched domestic wealth management businesses in Japan, Mexico and Poland.
- **Market share gains in Switzerland:** Building on the infrastructure and wide range of products and services available in Switzerland, we realigned our coverage with a special focus on >>affluent and high-net-worth clients. Going forward, affluent clients will be served in our entire branch network, more than doubling the locations for this key segment. In the Swiss corporate business, we played a key role for large Swiss corporates and SMEs, successfully leading complex refinancing and restructuring transactions through customized corporate finance services.
- **Client centricity:** We developed and implemented a specific value proposition and focused coverage model for ultra-high-net-worth clients, with dedicated client organizations in all regions. As part of our continued efforts to improve the advisory process and to better serve clients, we launched a series of sophisticated advisory tools,

including the Stock Navigator, the Bond Navigator and the Credit Suisse Risk Analyzer.

– **Integrating the banking businesses:** In 2009, we generated revenues from 394 integrated solutions transactions in cooperation with Investment Banking and Asset Management. Together with Asset Management, we launched a new suite of discretionary mandates to better address client needs and respond to the market environment.

– **Best people:** International hiring and appointments reflect our continued investment in international growth. In 2009, we hired 370 relationship managers and increased the share of senior hires among them to 62%. The net decrease of 100 relationship managers compared to the end of 2008 reflected a talent upgrade of our relationship managers, mainly in EMEA and Asia Pacific, while the number of relationship managers was stable in Switzerland and slightly higher in the Americas.

– **Productivity and financial performance:** We maintained a gross margin in Wealth Management Clients of 131 basis points on our average assets under management, fully leveraging the integrated business model with positive contributions from client centric product innovation and increasing wallet share. Through targeted cost management programs, we achieved cost reductions of over CHF 300 million and a cost/income ratio of 67.1% in 2009.

Awards

We received numerous industry awards, including:

- “Best Private Banking Services Overall” for Global, Western Europe, Switzerland, Guernsey, Indonesia, Russia and Singapore by *Euromoney* in its Private Banking Survey 2010;
- “Best Wealth Management House” for 2009 by *Euromoney* in its “Awards for Excellence”;
- “Best Bank in Switzerland in 2009” by *Global Finance* in its World’s Best Developed Market Bank Awards;
- “Summa cum laude” in Germany and Switzerland by *Handelsblatt’s* Elite Report;
- “Best Private Bank in Asia and Singapore” by *The Asset* magazine in its annual “Triple A Awards for Investors and Wealth Managers”;
- “Outstanding Private Bank for UHNW Clients” at the 19th Private Banker International Wealth Summit in Singapore;
- “Best Private Bank in the Middle East” by *emeafinance*; and
- Ranked first on Fuchsbriefer’s “all-time best” list of wealth management companies in German speaking countries.

Products and services

Wealth Management Clients

In Wealth Management Clients, our service offering is based on the global Structured Advisory Process, client segment specific value propositions and comprehensive investment services:

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

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

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

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

Corporate & Institutional Clients

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

Investment Banking

Business profile

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

Key data - Investment Banking

	in / end of		
	2009	2008	2007
Key data			
Net revenues (CHF million)	20,537	(1,971)	18,584
Income/(loss) before taxes (CHF million)	6,845	(13,792)	3,496
Number of employees	19,400	19,600	20,500

Strategy

Trends and competition

The global financial crisis has fundamentally changed the competitive landscape in the investment banking industry with substantial opportunities for firms with strong capital positions and manageable risk exposures. Credit Suisse was well positioned to take advantage of this environment in 2009 and to gain market share in many key businesses. We also benefited from improved pricing and margins resulting from the decline in competition. While bid-offer spreads became more normalized in the second half of the year compared to very high levels in the first half of 2009, we believe that given the structural changes in the industry, margins will remain above pre-crisis levels in the medium term. We continued to invest in expanding our platforms in flow-based products to maintain or increase market share, and we benefited from our reputation as a stable counterparty throughout the financial crisis and from our clients' preference for less complex, more liquid financial products. In addition to our strong trading businesses, Credit Suisse benefited from market share gains in our capital markets and advisory businesses as well as higher industry issuance volumes compared with the extremely low levels in 2008. We expect that our market share gains, combined with an increase in trading, underwriting and advisory volumes, will contribute to a sustainable revenue base and potential for growth, even as the regulatory environment will provide challenges.

The systemic weaknesses exposed by the global financial crisis and the proposed regulatory changes will have a strong impact on investment banks. Proposed changes to the Basel II framework may lead to additional anti-cyclical provisioning and incremental capital charges to capture default risk on trading book assets. In addition, legislation being considered in the US and Europe will likely promote centralized clearing of standardized derivatives, lead to increased migration of over-the-counter (OTC) derivatives to exchanges and improve post-trade transparency for OTC derivatives. While both the parameters of the various regulatory proposals and their overall impact are uncertain, we expect increased capital requirements and regulation of derivatives to result in lower risk taking and increased transparency, potentially adversely impacting spreads. However, we view the proposed regulations as largely strengthening Credit Suisse's competitive position, given our industry-leading capital ratios, our limited market share in OTC and complex derivatives and our emphasis on flow-based products. We believe that we will continue to be strongly differentiated from our peers by the stability of our platform, the momentum of our integrated franchise and our flexibility.

Key initiatives

In 2009, we executed our strategy to become a more client-focused and capital-efficient investment bank. We:

- reduced risk capital usage;
- reduced volatility and improved capital efficiency;

- increased emphasis on client and flow-based businesses, such as cash equities, electronic trading, prime services, global rates and foreign exchange, high grade debt, US residential mortgage-backed securities (RMBS) secondary trading and our strategic advisory business;
- repositioned certain other businesses by reducing risk and volatility, including quantitative and liquid equity trading strategies, secondary convertible trading, emerging markets, US leveraged finance and corporate lending; and
- reduced risk limits for complex and structured products, including substantially reducing or exiting certain businesses such as highly structured derivatives, illiquid principal trading, residential and commercial mortgage origination, collateralized debt obligations, leveraged finance trading, RMBS outside the US and power and emissions trading.

Key measures of our progress include:

- Risk-weighted assets declined 14% since the end of 2008, to USD 140 billion. We continued to reallocate capital from exit businesses to support growth in the client-focused businesses. As of the end of 2009, risk-weighted assets in ongoing businesses were USD 123 billion and in exit businesses were USD 17 million compared to risk-weighted assets of USD 128 billion in ongoing business and USD 35 billion in exit businesses as of the end of 2008.
- Average one-day 99% value-at-risk declined 33% during 2009 to CHF 118 million.
- In 2009, we reduced our exposure to dislocated assets to minimal levels.
- Headcount was reduced by 200 from the end of 2008, although headcount increased in the second half of 2009, primarily due to an increase in IT professionals, reflecting our investment in infrastructure in client-focused businesses.

We believe that we have a significant opportunity to extend market share gains across our businesses as we build our distribution platform and enhance our electronic capabilities for clients. We are also further developing our emerging markets position and refining our strategy in the advisory and underwriting businesses in order to capitalize on market opportunities. Key initiatives to drive the franchise forward include:

- significant IT investment to support capital-efficient businesses, including foreign exchange, Advanced Execution Services (AES®), prime services and flow and derivatives trading;
- consolidate and extend market share gains in our cash equities business by improving primary rankings and capitalizing on new issue activity;
- pursue targeted growth plans in our prime services business, including in listed derivatives, fund administration, prime brokerage and a variety of financing products such as exchange-traded funds (ETF), index/sector/single stock swaps and custom baskets;
- focus on growing client flows and expanding distribution coverage across our fixed income businesses, including a significant expansion of our sales force;
- broaden client footprint in our global foreign exchange business by building our electronic platform in foreign exchange (eFX) and infrastructure;
- continue to pursue a capital-efficient approach to leveraged finance and investment grade capital market transactions;
- capitalize on high-growth potential in targeted regions by building on our leading franchises in Brazil, Russia, Indonesia and the Middle East, our strong position in China and our growing business in India. We intend to expand

flow sales business across credit, rates and foreign exchange and drive client connectivity across regions and in collaboration with Private Banking; and

– capitalize on a global rebound in mergers and acquisitions (M&A) activity, continued recovery in initial public offering (IPO) issuance volumes and sizeable high yield refinancing opportunity.

Significant transactions and achievements

We expanded our ability to serve certain geographic and product markets:

– We commenced investment banking operations in Qatar to complement our private banking services. The expansion of our business in Qatar further strengthens our strong local presence in the Middle East, with offices in Abu Dhabi, Beirut, Cairo, Doha, Dubai, Manama and Riyadh.

– We launched AES[®] in India. Our clients can now employ a comprehensive range of algorithmic trading strategies for Indian equities, enabling them to trade more efficiently and achieve best execution.

We executed a number of significant transactions in 2009, reflecting the breadth and diversity of our investment banking franchise:

– **Debt capital markets:** We arranged key financings for a diverse set of clients, including Rabobank Group (Dutch financial services provider), Weather Investments SpA (Italian telecommunications company), Reynolds Packaging Group (US consumer products manufacturer) and Liberty Global, Inc. (US cable operator).

– **Equity capital markets:** We executed IPOs for China Resources Cement Holding Ltd. (Chinese cement and concrete producer), Maxis Berhad (Malaysian mobile communications provider) and Banco Santander Brasil (Brazilian bank), a rights issue for Rio Tinto Group (Anglo-Australian mining and exploration company) and a block trade of Barclays Plc (UK bank) stock for The International Petroleum Investment Company of Abu Dhabi.

– **Mergers and acquisitions:** We advised on a number of key transactions that were announced during the year, including the acquisition by BlackRock Inc. (US investment management company) of Barclays Global Investors from Barclays Plc (UK bank), the sale by Merck & Co., Inc. (US pharmaceutical company) of its 50% interest in Merial Ltd. (UK animal health company) to Sanofi-Aventis SA (French pharmaceutical company), the acquisition by Sinopec International Petroleum Exploration and Production Company (Chinese oil and gas producer) of Addax Petroleum Corp. (Canadian oil and gas company) and the acquisition of Sun Microsystems, Inc. (US computer processing hardware company) by Oracle Corp. (US software company).

Market share momentum:

– Moved up to number two overall in prime brokerage in Europe and number one for new hedge fund launches in the latest benchmark prime brokerage survey by *EuroHedge*. Based on the survey data, Credit Suisse Prime Services has a 15% market share in the region as measured by assets.

– Ranked number one pan-European brokerage firm for equity trading based on commissions paid in the recently released *Thomson Reuters Extel Survey*.

– AES[®] was again ranked number one in algorithmic trading by *Greenwich Associates*, continuing to maintain its industry-leading position. AES[®] gained further ground in the past year, increasing its lead in 2009 over the second best firm.

– Overall foreign exchange trading market share ranking moved up five places to enter the top ten and overall market share doubled in *Euromoney*'s "FX Poll 2009". Credit Suisse's foreign exchange e-trading market share moved up to

number six from number nineteen, reflecting the success of our suite of e-commerce tools. Other notable rankings included number one in “Most Improved” in Asia, “Serving accounts of USD 10 billion to USD 25 billion” and “Serving Real Money accounts.”

- Ranked number one by *Tradeweb* in RMBS pass-through trading, with 19% market share for 2009.
- Ranked number two in the “Top 3 Dealer” category with all credit investors for leveraged loans and number two in high yield credit and distressed debt, in a recent survey of credit investors in the US conducted by *Greenwich Associates*.
- Ranked number two by *Dealogic* in investment banking revenues for Europe and Asia Pacific (excluding Japan) for 2009.
- Ranked number one in terms of market share in US cash products in a recent survey conducted by a leading market share analysis provider.
- Ranked number one in *Greenwich Associates*’ annual European Convertibles survey for the fifth consecutive year.

Awards

We received numerous industry awards in 2009:

- “Best Investment Bank for 2009” by *Euromoney*. We were also recognized globally as the “Best Emerging Markets M&A House” and received a number of regional awards in Latin America, EMEA and Asia Pacific, which underscore the depth of our global footprint. *Euromoney* cited our early and aggressive risk reduction and our accelerated strategy to focus on key client businesses as important differentiators;
- “Emerging Market Bond House” and “Swiss Franc Bond House” by *International Financing Review*, as well as “Best Investment-Grade Corporate Bond” and “Best US Dollar Bond” for our work on an IBM offering, “Emerging EMEA Bond” for our work on a KazMunayGaz offering and “Emerging Asia Bond” for our work on a Republic of Indonesia offering;
- “Best Overall Trading Group”, “Best Par Desk” and “Best Distressed Desk” by *Credit Investment News* in its 12th annual buy side survey. We were also awarded “Best Sales Force” and ranked number one in all four subcategories in both par and distressed loans, the first time in the survey’s 12-year history that a firm swept the number one rankings for both desks;
- “Best Innovation of the Year” for our partner asset facility compensation model by *The Banker*. We were also awarded “Best Investment Bank from Western Europe”, “Most Innovative in Bonds” and “Most Innovative in Asset and Liability Management”;
- “2009 US Structurer of the Year”, “Equity Derivatives House of the Year” and “Hedge Fund House of the Year” by *Structured Products*;
- “Best Algorithms” and “Best Smart Order Routing” by *AsianInvestor* in its 2009 Service Provider Awards for trading and execution. These awards highlight our AES® product, which provides a suite of fully automated trading strategies, tools and analytics that help our institutional and hedge fund clients worldwide reduce market impact, improve performance and add consistency to their trading process.
- Prime Services ranked number one in *Global Custodian*’s benchmark annual Prime Brokerage survey. We earned a record 102 of 160 “Best in Class” awards, sweeping all service areas in North America, Europe and Non-Japan Asia.

Products and services

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

Investment banking

Equity and debt underwriting

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

Advisory services

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

Global securities

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

Fixed income

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

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

– Structured products trades, securitizes, syndicates, underwrites and provides research for all forms of securities that are based on underlying pools of assets, including RMBS and asset-backed securities (ABS). The underwriting business handles securitizations for clients in most industry sectors.

- Emerging markets offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.
- Commodities focuses on oil, petroleum and metals trading through an alliance with Glencore International AG, one of the world's largest suppliers of a wide range of commodities and raw materials to industrial consumers.
- Life finance provides >>high-net-worth individuals and small to medium-sized businesses with financing and risk management solutions associated with purchasing and retaining a life insurance policy.
- Global structuring develops and delivers sophisticated financing products and provides financial advisory services for corporate and institutional clients, and develops sophisticated products for investor clients. In addition to identifying opportunities across asset classes, it provides a robust platform for the creation of sophisticated asset-side solutions.

Equity

- Equity sales uses research, offerings and other products and services to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions.
- Sales trading links sales and position trading teams. Sales traders are responsible for managing the order flow between our client and the marketplace and provide clients with research, trading ideas and capital commitments and identify trends in the marketplace in order to obtain the best and most effective execution.
- Trading executes client and proprietary orders and makes markets in listed and OTC cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management.
- Equity derivatives provides a full range of equity-related products, investment options and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities to financial institutions, hedge funds, asset managers and corporations.
- Convertibles trading involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research.
- Prime services provides a wide range of services to hedge funds and institutional clients, including prime brokerage, start-up services, capital introductions, securities lending, synthetics and innovative financing solutions.
- AES[®] is a sophisticated suite of algorithmic trading strategies, tools and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES[®] helps institutions and hedge funds reduce market impact. AES[®] is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

Arbitrage trading

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

Other

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

Research and HOLT

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

Equity research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 2,500 companies worldwide and provides macroeconomic insights into this constantly changing environment.

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

Asset Management

Business profile

Asset Management offers investment solutions and services globally to a wide range of clients, including institutions, governments, foundations and endowments, corporations and individuals. We provide access to a wide range of investment classes across alternative investment, asset allocation and traditional investment strategies. Our investment professionals focus on delivering best-in-class products and holistic client solutions with strong investment performance. We had CHF 416.0 billion of assets under management as of the end of 2009.

In alternative investment strategies, we are an industry leading manager, with CHF 157.9 billion of assets under management as of the end of 2009. Alternative investment strategies include private equity, real estate, credit strategies and liquid strategies.

Traditional investment strategies, with assets under management of CHF 240.8 billion, include multi-asset class solutions and other traditional investment strategies, primarily in Switzerland and Brazil, where we have industry leading franchises, and through strategic collaborations. In multi-asset class solutions, we provide tailored asset allocation solutions to clients around the world and have CHF 170.2 billion of assets under management. In other traditional investment strategies, with assets under management as of the end of 2009 of CHF 70.6 billion, we provide access to fixed income, equity and institutional pension advisory investments, directly and through our strategic collaborations.

As part of the client-focused integrated business model, we are increasingly coordinating and leveraging our activities with Private Banking and Investment Banking. We benefit from their focus on client needs and targeted solutions. Through collaboration with both internal and external partners, we aspire to deliver best-in-class solutions to our clients. Discretionary mandates are managed with an open architecture approach, allowing us to tap into the investment capabilities of the best asset managers globally. We pursue partnerships with leading investment managers globally, and our strategic alliances and joint ventures provide us with access to key products, markets and distribution channels.

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

Key data - Asset Management

	in / end of		
	2009	2008	2007
Key data			

Net revenues (CHF million)	1,842	632	2,390
Income/(loss) before taxes (CHF million)	35	(1,185)	350
Assets under management (CHF billion)	416.0	411.5	599.4
Number of employees	3,100	3,100	3,700

Strategy

Trends and competition

The effects of the global financial crisis continued to affect the asset management industry in 2009. Investors began to reposition their portfolios, seeking more liquid transparent products and more robust risk management. Fundraising varied considerably across asset classes, as investors coped with the impact of the market downturn and asset allocation distortion. In alternative investments, illiquid fundraising was generally challenging, particularly in private equity. The opportunity in real estate varied significantly by country, with developed market opportunities more focused on distressed strategies. Investor demand for credit exposure was steady in 2009. The hedge fund industry experienced significant redemptions in the first half of the year, but stabilized in the second half. Within the traditional products sector, investor risk appetite began to return in the second half of the year, with outflows in cash and money market funds, primarily into fixed income products. Emerging markets products gathered significant momentum over the year, and demand for passive vehicles like ETFs and index products increased in 2009.

Transparency and risk management emerged as major themes after the events of 2008. Investors became more aware of counterparty risk and moved towards simpler, more regulated structures. Institutional investors increasingly demanded more transparency and a greater understanding of underlying risk. Reinforcing this trend were increased regulatory scrutiny, with proposed changes to regulatory and compliance requirements for investment advisers, managers, placement agents and private funds, and proposed changes to the tax treatment of carried interest. In addition, industry margins compressed as assets under management declined and performance fees remained depressed. The industry experienced significant consolidation throughout the year, particularly in hedge funds, and some integrated financial institutions divested non-core asset management businesses.

Key initiatives

In 2009, we continued to implement our strategy focused on alternative investment strategies, asset allocation and the traditional businesses in Switzerland. We focused on:

- delivering world class investment capabilities to our clients through our internal investment capabilities or selectively in partnership with leading external investment managers;
- deepening our institutional and high-net-worth client relationships;
- providing holistic solutions to our clients through our broad product platform, asset allocation capabilities and risk management expertise;
- collaborating with Private Banking and Investment Banking;
- increasing the proportion of third-party capital in our alternative investments funds; and
- reducing risk and driving efficiency.

Key examples of our progress include:

- completing the sale of part of our traditional investment strategies business in Europe (excluding Switzerland), the US and Asia Pacific to Aberdeen for a 23.9% stake;
- continuing to leverage our partnership with Hedging-Griffo, a leading hedge fund manager in Brazil;
- investing in our global distribution capabilities, including building our investment strategies solutions team;
- redesigning our suite of asset allocation mandates in partnership with Private Banking to better address client needs and respond to the evolving market environment;
- in partnership with Investment Banking, launching ETFs focusing on our Swiss and European clients;
- driving efficiency and productivity by consolidating locations;
- winding down our exposures to securities purchased from our money market funds; and
- returning to profitability and positive net new assets.

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

- providing clients with customized advice and solutions;
- building our liquid product range in hedge funds and hedge funds of funds;
- expanding our real estate product offering as opportunities emerge;
- launching new private equity funds, particularly in secondary and funds of funds;
- expanding our traditional fixed income and equities capabilities in Switzerland;
- seeking to strengthen our relationship with Private Banking through further collaboration and the distribution of Asset Management products and services to Private Banking; and
- continuing to improve operating efficiency by streamlining our business support operations.

Mandates

- In liquid strategies, our quantitative strategies group won new mandates in 2009, raising CHF 4.4 billion mainly from German and Italian clients, expanding the traditional index business outside of Switzerland.
- In liquid strategies, commodities business attracted CHF 2.3 billion of net new assets. We manage the second largest indexed commodities mutual fund in the US.
- We launched CS Global Macro Replication Index, the second in a planned suite of alternative index replication strategies, which joins the existing Long/Short Equity Replication Index in offering exposure to two of the largest and most popular sectors in the hedge fund industry.
- We announced the expansion of our existing Swiss ETF range, known as Credit Suisse Xmtch, with the launch of 17 new funds on a variety of global equity and bond indices. We have assets under management of nearly CHF 10

billion.

- We won a CHF 500 million private equity fund of funds mandate from a large Asian pension plan and two credit strategies mandates totaling CHF 300 million from US pension funds.
- We had net new assets of CHF 3.8 billion in connection with the acquisition of Jelmoli AG by Swiss Prime Site AG, a Swiss real estate company for which we are the investment adviser and administrator.
- ICBC Credit Suisse Asset Management Ltd, our joint venture in China, successfully launched its first ETF in China, which tracks the Shanghai Stock Exchange central state-owned enterprises 50 Index, raising CHF 0.7 billion from domestic investors despite the challenging market conditions.
- We obtained approval from China’s State Administration of Foreign Exchange for an investment quota of USD 200 million under the country’s Qualified Foreign Institutional Investor program. This approval, together with the qualified financial intermediary accreditation granted by the China Securities Regulatory Commission in October 2008, enabled us to launch asset management products investing in Renminbi-denominated securities.
- Global Infrastructure Partners (GIP), our asset management joint venture with General Electric, and El Paso Corporation (El Paso) entered into a joint venture to construct, own and operate a natural gas pipeline that will transport gas from the Rocky Mountain supply region to US west coast markets. Upon expected completion of construction in 2011, each of GIP and El Paso will own 50% of the equity.
- Asset Management Finance LLC, in which we own a majority stake, made investments in the fourth quarter totaling CHF 200 million in four firms that specialize in wealth management and alternative asset management.

Products and services

Asset Management offers institutional and individual clients a range of products, such as alternative and traditional products, through our and third-party distribution channels. We also offer investment strategies through joint ventures with external managers across various regions and asset classes to enhance results for shareholders, while bringing credibility, strong track records and knowledge to Credit Suisse in new or strategic areas. Credit Suisse offers a range of Brazil-focused strategies through joint ventures in emerging markets with significant growth potential through a range of products including fixed income, equities and hedge fund solutions.

Alternative investment strategies

We are a market leader in alternative investments, with a range of products including private equity, real estate, credit strategies and liquid strategies including single-manager hedge fund strategies, multi-manager hedge funds and index strategies.

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

In real estate, we provide an array of investment offerings depending on the liquidity, risk and return preferences of our clients. Our real estate core business aims to provide investors with stable and attractive cash flows, applying active portfolio management to reduce volatility.

Our credit strategies business focuses on the volatility of credit risk premiums of various debt instruments, capitalizing on economic fluctuations that impact premiums. Our performing credit strategies group specializes in the management of leveraged financial assets such as loans, high yield bonds and structured products. Our two event-driven distressed funds seek to generate absolute returns through coordinated long and short investments across the capital structure.

In liquid strategies, we offer access to key investment strategies via single-manager hedge funds, fund of hedge funds, alternative beta products, ETFs and other indexed products. Our single-manager hedge fund platform provides access to leading in-house hedge fund managers and through partnerships with best-in-class partners. We also provide actively managed hedge funds of funds across several strategies, including event-driven, emerging markets, convertible arbitrage, fixed income arbitrage, global macro, managed futures, volatility arbitrage and long/short investing. In addition, we offer highly liquid, systematic market exposure to equity, fixed income, real estate, commodity, volatility and hedge fund markets. Liquid strategies also includes one of Europe's leading ETF brands as well as the Credit Suisse Hedge Fund Index, one of the world's leading hedge fund indices.

Traditional investment strategies

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

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

Organizational and regional structure

Organizational structure

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

– The CFO area includes Financial Accounting, Group Controlling, Product Control, Tax, Treasury, Group Insurance, New Business, Investor Relations, Strategic Process Change, Corporate Real Estate & Services, Supply Management, Operational Excellence, Centers of Excellence (CoE), Bank Efficiency Management, Shared Services Non-IT Efficiency Management and Security Services.

– The General Counsel area provides legal and compliance support to the business and other areas of Shared Services to protect the reputation of Credit Suisse by providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.

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

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

Other functions providing corporate services include Corporate Communications, Human Resources, One Bank Collaboration, Corporate Development and Public Policy. Corporate Communications provides support in media relations, crisis management, executive communications, branding and corporate sponsorship. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment. One Bank Collaboration measures and controls collaboration revenues. Corporate Development analyzes merger and acquisition opportunities and proposes strategic planning initiatives, while Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The CEOs of the divisions and regions report directly to the Group CEO, and, together with the CFO, CIO, CRO, and General Counsel, they formed the Executive Board of Credit Suisse in 2009. In January 2010, we created the new role of Chief Talent, Branding and Communications Officer at the Executive Board level, responsible for human resources, corporate communications, corporate branding and advertising.

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

Market regions

Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ more than 20,900 people in Switzerland. In Wealth Management Clients, we offer expert advice and a comprehensive range of financial products and services tailored to different client groups, including \geq ultra-high-net-worth and private clients. We strive for accelerated organic growth with regard to our private clients segment. Focus areas include client acquisition and retention, supported by marketing efforts to communicate our increased client focus and the continued optimization of our branch network. We leverage the full spectrum of our cross-divisional capabilities with the aim to offer unique value propositions such as tailored and comprehensive servicing of entrepreneurs, who increasingly seek solutions not only for their private wealth, but also for their business matters. With regard to Swiss corporate and institutional clients, we aim to continue our growth track by building superior targeted value propositions, covering the full range of client needs through intensive collaboration throughout the integrated Group. Targeted growth segments include international small and medium-sized enterprises, institutional investors and financial institutions with transaction banking needs.

EMEA

The EMEA region encompasses 8,800 employees in 78 offices in 25 countries. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses European

countries, including France, Germany, Italy, Spain and the UK to key growth markets, including Poland, Russia, Turkey and the Middle East. We implement our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. To leverage our cross-divisional capabilities, we foster collaboration among employees across divisions to deliver innovative and tailored solutions to our clients. We continue to strengthen our footprint across the region by expanding our geographic coverage.

Americas

Americas comprises our operations in the US, Canada, the Caribbean and Latin America with approximately 11,500 employees. In the US, our emphasis is on our core client-focused and \gg flow-based businesses in Investment Banking, and on building on the market share gains we have achieved in a capital-efficient manner. In Private Banking, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. Active growth of alternative investment products will help to bolster our Asset Management business. In Canada, we continue to expand our fast-growing securities businesses and leverage our banking advisory strength. In Latin America, we are focused on using our leading market position in Brazil to provide clients with a full range of cross-divisional services.

Asia Pacific

Credit Suisse is present in 13 Asia Pacific markets, giving it one of the broadest footprints among international banks in the region. With 6,400 employees we aim to substantially increase our presence in major markets, including Australia, China, India and Japan, broaden the scope of our offerings in countries where we have built a competitive advantage and invest in emerging franchises. Private Banking has its principal centers in Singapore and Hong Kong, opening recently in key onshore wealth markets such as Australia, Indonesia, Japan and China, leveraging our Investment Banking and Asset Management activities to deliver integrated solutions to clients. The Investment Banking division continues to expand in major markets, and we are one of the dominant players in Southeast Asia. We expanded our onshore presence in China with the launch of a securities joint venture, we established a bank branch in Taiwan, and in India we acquired a non-bank financial company. Asset Management in Asia Pacific operates as an integrated business in close collaboration with the Private Banking and Investment Banking division to deliver the best investment performance with a focus on alternative investments and multi-asset class solutions.

Regulation and supervision

Overview

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

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

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

Proposed regulations

Governments and regulatory authorities around the world have responded to the financial crisis by proposing numerous possible reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed by supranational organizations and in Switzerland, the US, the EU and the UK that could potentially have a material effect on our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to increase, we cannot predict the likely impact of proposed regulations on our businesses or results.

In December 2009, the BCBS published consultative proposals, aimed at strengthening capital, liquidity and the resilience of the banking sector, which are expected to be finalized by the end of 2010.

A major focus of the current proposals is the limitation of systemic risk in the financial sector, including addressing the issue of institutions that are considered “too big to fail.” In Switzerland, a working group, including the Swiss National Bank (SNB), Swiss Financial Market Supervisory Authority (FINMA) and industry experts, has been charged with proposing regulation to address this issue. The US administration recently proposed that bank holding companies be prohibited from owning, investing or sponsoring hedge funds or private equity funds and from engaging in proprietary trading unrelated to a customer or intermediation function. The administration has also proposed a 0.15% tax on covered liabilities (other than deposits and tier 1 capital) of financial institutions with over USD 50 billion in assets in order to recoup funds paid out under the troubled asset relief program. Other significant reform proposals in this area include efforts before the US Congress to limit activities deemed to pose a systemic risk or to force systemically significant institutions to shrink, to change agency authority over banks and other systemically significant institutions and to impose bright line debt-to-equity ratio limits; and by the European Commission to amend bank capital requirements and to create frameworks for additional cross-border supervision of the financial sector and crisis management. Efforts at creating a new insolvency regime for systemically significant institutions are also underway in both the US and EU.

Regulators have continued to focus on compensation in the financial services industry. In Switzerland, FINMA has promulgated standards for the design and implementation of compensation plans and related disclosure effective January 1, 2010. Many other jurisdictions are also considering regulations that could potentially impact our compensation policies and practices. In the UK, reforms are anticipated as a result of the Financial Services Bill currently before Parliament, which proposes to give the UK Financial Services Authority (FSA) broader powers to reform executive compensation in regulated entities, and the Walker Review, an independent set of detailed recommendations commissioned in the UK proposing further reforms for executive pay and compensation in banks and financial institutions. In the EU, the European Commission is currently consulting on proposals to amend the Capital Requirements Directive with respect to executive compensation. There are also proposals before the US Congress to mandate more stringent regulations for certain financial institutions with compensation practices deemed to pose systemic risk.

Other current reform efforts that could potentially have a material effect on our businesses include proposals: in Switzerland to impose on large banks, including the Group, additional liquidity requirements in 2010 and to implement further measures for deposit protection; before the US Congress and regulators to more expansively regulate >>>derivatives activities, hedge funds and major swap participants, to impose a fiduciary duty on broker-dealers, to expand the extra-territorial reach of the US securities laws and to impose additional short selling

restrictions; by the European Commission to increase transparency and reduce risk in the derivatives market and to increase regulation for non-retail fund managers; and by Parliament in the UK through the Financial Services Bill (which includes certain recommendations made in the Walker Review) to provide the FSA with a statutory basis upon which to restrict short selling and to change certain corporate governance structures for regulated and listed entities.

Switzerland

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

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

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

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

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

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

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

Off-balance sheet – Capital management.

Banks are required to maintain a specified liquidity ratio under Swiss law. According to FINMA, the Group is required to maintain adequate levels of liquidity on a consolidated basis and is not required to comply with the detailed calculations for banks.

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

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

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

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

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

US

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

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

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

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

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Board of Governors of the Federal Reserve Bank (FRB) in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the FRB. The New York Branch is subject to Fed requirements on deposits and restrictions on the payment of interest on demand deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the US Federal Deposit Insurance Corporation.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the FRB has determined that such activity is consistent with sound banking practice. US federal banking laws also subject a state branch or agency to single borrower lending limits based on the capital of the entire foreign bank.

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

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

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

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

futures activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association.

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

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

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

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

EU

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country.

The Capital Requirements Directive, implemented in various EU countries including the UK, applies the Basel II capital framework for banking groups operating in the EU.

On November 1, 2007, the national implementing legislation for the Markets in Financial Instruments Directive (MiFID) became effective in various EU countries. MiFID establishes high-level organizational and business conduct standards that apply to all investment firms. These include new standards for managing conflicts of interest, best execution, customer classification and suitability requirements for customers. MiFID sets standards for regulated markets (i.e., exchanges) and multilateral trading facilities and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other investment services and activities, MiFID provides a "passport" for investment firms, enabling them to conduct cross-border activities and establish branches throughout Europe on the basis of authorization from their home state regulator.

UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). The FSA regulates banking, insurance, investment business and the activities of mortgage intermediaries. The FSA generally adopts a risk-based approach, supervising all aspects of a firm's business, including capital resources, systems and controls and management structures, the conduct of its business, anti-money laundering and staff training. The FSA has wide investigatory and enforcement powers, including the power to require information and documents from financial services businesses, appoint investigators, apply to the court for injunctions or restitution orders, prosecute criminal offenses, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted.

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

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

On November 1, 2007, MiFID became effective in the UK and applies to our authorized entities in the UK. The London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the FSA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of "self-sufficiency", that a UK branch of European Economic Area (EEA) and non-EEA financial institutions would no longer be permitted to rely on capital held by other members of its group. The FSA, from December 1, 2009, has required UK branches of EEA and non-EEA financial institutions to maintain adequate liquidity resources, both as to quantity and quality of capital reserves. The London Branch is required to ensure that its liquidity resources are under the day-to-day supervision of the London Branch senior management, held in a custodian account in the name of the London Branch, unencumbered and attributed to the London Branch balance sheet. In addition, the FSA requires Credit Suisse International and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the Capital Requirements Directive.

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

On January 1, 2010, the FSA's code of practice on remuneration policies became effective, requiring large banks, building societies and broker-dealers to have in place remuneration policies that are consistent with effective risk management. It also includes eight principles covering areas of governance, performance measurement and

composition of remuneration, to help firms understand how the FSA will assess compliance.

Operating and financial review

Operating environment

Credit Suisse

Core Results

Key performance indicators

Private Banking

Investment Banking

Asset Management

Corporate Center

Results overview

Assets under management

Critical accounting estimates

Operating environment

In the first half of 2009, the global recession deepened. With interest rates at historic lows and additional support measures by central banks and governments, global economic indicators improved in the second half of the year. The banking sector benefited from the stabilization of markets, however uncertainty relating to economic development in 2010 and the future regulation of banks remained.

Economic environment

At the beginning of 2009, global industrial production and trade contracted at a rapid pace. Central banks across the globe cut interest rates sharply, some close to zero. The European Central Bank (ECB) joined the Bank of England (BoE) and the US Federal Reserve (Fed) in introducing programs to purchase securities to support prices and financial institutions. Global economic key indicators improved significantly in the second half of the year. While improvement was initially seen only in some emerging markets, especially China, developed economies began to show a meaningful recovery from depressed levels.

Inflation fell sharply until the middle of the year and became negative in some developed countries, reflecting the sharp drop in energy prices compared to the middle of 2008, but rebounded toward year end. Divergence in economic performance was increasingly reflected in differing monetary policy responses. Central banks in commodity-driven economies, such as Norway and Australia, that had only experienced rather mild recessions, began to raise interest

rates. Central banks in some emerging markets, which had to maintain high interest rates or even raise them during the crisis in order to prevent a sharp depreciation of their currencies, continued to lower benchmark rates. The Fed left interest rates unchanged in 2009, while the BOE and ECB lowered interest rates in the first half of the year.

Government bond yields, which had fallen to multi-decade lows at the beginning of the year, rose sharply for longer tenors until mid-year when markets began to reflect higher interest rate and inflation expectations, which had fallen to extreme lows. Concerns about high government debt levels increased. Various governments' credit ratings were downgraded, and the yield differential between German and other euro area government bonds widened sharply, reaching a peak in the first quarter. These concerns reappeared towards the end of the year when a government-owned investment company in Dubai asked creditors for a standstill agreement to extend the maturities of all debt repayments until May 2010, and the Greek sovereign rating was downgraded twice within a two month period.

The US dollar continued to appreciate from 2008 into early 2009 as deleveraging in financial markets continued. Volatility peaked in the first quarter of 2009, and financial market conditions began to normalize during the second quarter. Amid signs that expansionary monetary and fiscal policy could support future growth, risk appetite in currency markets increased. The US dollar depreciated, reflecting the very low level of US interest rates, while Asian currencies linked to global growth prospects and commodity currencies like the Australian dollar started to appreciate. The euro strengthened toward the end of 2009 from the lows reached in March, reflecting the weak US dollar and central bank purchases for diversification purposes. In December, the US dollar began to strengthen due to better than expected macroeconomic data and the scaling back of short US dollar positions as the year end approached.

2009 was characterized by a significant outperformance of emerging market stocks (refer to the charts "Equity markets"). Equity markets were very weak in the first quarter of 2009, and at the beginning of March developed markets showed losses of more than 20% and emerging market stocks had declined about 10% compared to the beginning of the year. March marked the low for the year, and it was the starting point of a very strong recovery. The year closed with a positive return of more than 20% for developed markets and about 60% for emerging market stocks.

Until the beginning of March, commodity prices continued their downward trend, as most commodity markets suffered from oversupply and rising inventories. However, towards mid-2009 the first signs of stabilization in commodity demand emerged, and prices began to rebound. The stabilization in global leading indicators, Chinese strategic buying and the general increase in risk appetite led to a quick upward movement in commodity prices. In particular, base metal prices benefited from a strategic stockpiling program that the Chinese government pursued, with some metals recording price gains of more than 100% during 2009. Moreover, commodity prices reflected buying activity in the >>>derivatives markets as market participants started to cover short positions. Oil prices, for example, surged from a low of USD 34 per barrel to over USD 70 per barrel during the second quarter of 2009. The improvement in global oil demand, particularly from non-Organization for Economic Co-operation and Development (OECD) countries, supported prices well above USD 60 per barrel for the rest of the year. Precious metals prices benefited from the depreciation in the US dollar, falling real interest rates that spurred strong investment demand and central bank purchases. Agricultural prices traded mostly higher during the year, as global demand for soft commodities remained robust. Overall, major commodity price indices recorded solid gains.

Sector environment

Banking sector stocks experienced weakness in the first quarter, with its trough at the beginning of March. From the March lows, bank stocks outperformed the world index and ended the year with a return of more than 20% (refer to the charts “Equity markets”). The rally in the banking sector was driven by a steeper yield curve and clear signs of improvement in credit markets.

Driven by activity in investment-grade debt capital markets, investment banks around the globe experienced a stronger than expected start in the first quarter as companies sought to secure financing. Ongoing elevated volatility helped the rates and foreign exchange businesses. However, the reduced activity of hedge funds and mutual funds continued to impact trading volumes across the globe.

The global investment banking fee pool was unchanged compared to 2008. Equity capital markets led the global fee pool in 2009, with a share of 40%, followed by debt capital markets with 31%, mergers and acquisitions (M&A) with 22% and loan activity with 8%. Equity market volumes were considerably lower compared to 2008 in most European stock markets and some US markets. Global bond market volumes decreased 10% compared to 2008, with the most significant drop in corporate debt volumes.

Equity underwriting activity was very weak in the first quarter, which recorded the lowest volumes since 2003. However, there was a resurgence in activity later in the year, with record follow-on issuances and rebounding initial public offerings (IPOs), resulting in a 66% increase in global equity underwriting fees from 2008. Global debt underwriting fees were up 36% compared to 2008. European debt underwriting fees were up 40% compared to 2008. M&A activity was sluggish during 2009, as companies remained cautious, affected by continued uncertainty regarding the economy, and difficulty obtaining financing. Announced global M&A volumes were down 27% compared to 2008. In Europe, announced M&A volumes were down 45% compared to 2008. Completed global M&A volumes were down 37% compared to 2008. In Europe, completed M&A volumes decreased 42% compared to 2008. Global investment grade syndicated lending recorded the lowest annual volume since 2002, with volumes down 36% compared to 2008.

At the beginning of the year, the US Treasury administered stress tests and injected capital into a number of banks in the US. In addition, the US Treasury announced a Public-Private Investment Program to induce private investors to purchase troubled assets from banks and increased the Term Asset-Backed Securities Loan Facility in order to help stimulate both new issuances and the removal of assets from bank balance sheets. Regulatory capital ratios improved in the second quarter as a result of earnings and capital raising activities. However, the credit cycle continued its negative trend, with rising non-performing loans in retail banking and slightly higher corporate credit defaults. In the second half of the year, several large banks in the US repaid Troubled Asset Relief Program money received from the government, regaining greater flexibility.

For the financial services industry, regulatory focus on compensation practices, the level and quality of capital, liquidity, increased transparency, leverage and systemic risk dominated the agenda throughout the year. Ahead of the G-20 Summit in April 2009, Austria, Liechtenstein, Luxembourg, Singapore, and Switzerland, among others, announced their intention to adopt OECD standards on administrative assistance in taxation matters. Under the OECD protocols, sufficient evidence and reasonable suspicion of a tax offense can result in an exchange of banking

information between governments. Several countries introduced tax amnesties, and the issue of tax compliance continued to weigh on the wealth management industry. Toward the end of the year, the sector was impacted by intensifying discussions by governments regarding taxation of variable compensation. For more information, refer to Core Results – Regulatory proposals.

Market volumes (growth in % year on year)

2009	Global	Europe
Equity trading volume ¹	(23)	(34)
Fixed income trading volume ²	(10)	3
Announced mergers and acquisitions ³	(27)	(45)
Completed mergers and acquisitions ³	(37)	(42)
Equity underwriting ³	66	68
Debt underwriting ³	36	40
Syndicated lending - investment-grade ³	(36)	–

¹ London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ ² Deutsche Börse and Federal Reserve Bank of New York ³ Dealogic

Credit Suisse

In 2009, we recorded net income attributable to shareholders of CHF 6,724 million. Diluted earnings per share were CHF 5.14. Return on equity attributable to shareholders was 18.3%. We continued to reduce risk and further strengthened our capital position with a BIS tier 1 ratio of 16.3%.

Results

	in			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net interest income	6,891	8,536	8,442	(19)	1
Commissions and fees	13,750	14,812	18,929	(7)	(22)
Trading revenues	12,151	(9,880)	6,146	–	–
Other revenues	502	(4,200)	5,804	–	–
Net revenues	33,294	9,268	39,321	259	(76)
Provision for credit losses	506	813	240	(38)	239
Compensation and benefits	15,013	13,254	16,098	13	(18)
General and administrative expenses	7,701	7,809	6,833	(1)	14
Commission expenses	1,997	2,294	2,410	(13)	(5)

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Total other operating expenses	9,698	10,103	9,243	(4)	9
Total operating expenses	24,711	23,357	25,341	6	(8)
Income/(loss) from continuing operations before taxes	8,077	(14,902)	13,740	—	—
Income tax expense/(benefit)	1,835	(4,596)	1,248	—	—
Income/(loss) from continuing operations	6,242	(10,306)	12,492	—	—
Income/(loss) from discontinued operations	169	(531)	6	—	—
Net income/(loss)	6,411	(10,837)	12,498	—	—
Less net income/(loss) attributable to noncontrolling interests	(313)	(2,619)	4,738	(88)	—
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	—	—
of which from continuing operations	6,555	(7,687)	7,754	—	—
of which from discontinued operations	169	(531)	6	—	—
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	5.14	(7.51)	7.06	—	—
Basic earnings/(loss) per share	5.28	(8.01)	7.07	—	—
Diluted earnings/(loss) per share from continuing operations	5.01	(7.51)	6.77	—	—
Diluted earnings/(loss) per share	5.14	(8.01)	6.78	—	—
Return on equity (%)					
Return on equity attributable to shareholders	18.3	(21.1)	18.0	—	—
Return on tangible equity attributable to shareholders ¹	25.1	(29.3)	24.5	—	—
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

¹ Based on tangible shareholders' equity attributable to shareholders, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

		Core Results			Noncontrolling interests without SEI			Credit Suisse	
in	2009	2008	2007	2009	2008	2007	2009	2008	2007

Statements of operations (CHF million)

Net revenues	33,617	11,862	34,539	(323)	(2,594)	4,782	33,294	9,268	39,321
Provision for credit losses	506	813	240	0	0	0	506	813	240
Compensation and benefits	14,927	13,179	15,982	86	75	116	15,013	13,254	16,098
General and administrative expenses	7,604	7,739	6,767	97	70	66	7,701	7,809	6,833
Commission expenses	1,997	2,294	2,410	0	0	0	1,997	2,294	2,410
Total other operating expenses	9,601	10,033	9,177	97	70	66	9,698	10,103	9,243
Total operating expenses	24,528	23,212	25,159	183	145	182	24,711	23,357	25,341
Income/(loss) from continuing operations before taxes	8,583	(12,163)	9,140	(506)	(2,739)	4,600	8,077	(14,902)	13,740
Income tax expense/(benefit)	1,835	(4,596)	1,248	0	0	0	1,835	(4,596)	1,248
Income/(loss) from continuing operations	6,748	(7,567)	7,892	(506)	(2,739)	4,600	6,242	(10,306)	12,492
Income/(loss) from discontinued operations	169	(531)	6	0	0	0	169	(531)	6
Net income/(loss)	6,917	(8,098)	7,898	(506)	(2,739)	4,600	6,411	(10,837)	12,498
Less net income/(loss) attributable to noncontrolling interests	193	120	138	(506)	(2,739)	4,600	(313)	(2,619)	4,738
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	0	0	0	6,724	(8,218)	7,760
Statement of operations metrics (%)									
Cost/income ratio	73.0	195.7	72.8	–	–	–	74.2	252.0	64.4
Pre-tax income margin	25.5	(102.5)	26.5	–	–	–	24.3	(160.8)	34.9
Effective tax rate	21.4	37.8	13.7	–	–	–	22.7	30.8	9.1
Net income margin ¹	20.0	(69.3)	22.5	–	–	–	20.2	(88.7)	19.7

¹ Based on amounts attributable to shareholders.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking, Investment Banking and Asset Management segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the three segments, however, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. In 2009, these related principally to the activities of Clariden Leu, Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking, and hedging activities relating to share-based compensation awards. Core Results also includes certain Group corporate center activities that are not applicable to the Bank.

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These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group. For further information on the Bank refer to Note 38 – Supplementary subsidiary guarantee information in V – Consolidated financial statements – Credit Suisse Group and VII – Consolidated financial statements – Credit Suisse (Bank).

Differences between Group and Bank businesses

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

Comparison of consolidated statements of operations

	Group			Bank		
in	2009	2008	2007	2009	2008	2007
Statements of operations (CHF million)						
Net revenues	33,294	9,268	39,321	31,993	7,305	36,890
Total operating expenses	24,711	23,357	25,341	24,176	22,347	24,498
Income/(loss) from continuing operations before taxes	8,077	(14,902)	13,740	7,357	(15,839)	12,165
Income tax expense/(benefit)	1,835	(4,596)	1,248	1,794	(4,922)	844
Income/(loss) from continuing operations	6,242	(10,306)	12,492	5,563	(10,917)	11,321
Income/(loss) from discontinued operations	169	(531)	6	169	(531)	6
Net income/(loss)	6,411	(10,837)	12,498	5,732	(11,448)	11,327
Less net income/(loss) attributable to noncontrolling interests	(313)	(2,619)	4,738	(697)	(3,379)	5,013
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	6,429	(8,069)	6,314

Comparison of consolidated balance sheets

	Group		Bank	
end of	2009	2008	2009	2008
Balance sheet statistics (CHF million)				
Total assets	1,031,427	1,170,350	1,010,482	1,151,669
Total liabilities	983,099	1,123,129	964,731	1,105,520

Capitalization

Group	Bank
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end of	2009	2008	2009	2008
Capitalization (CHF million)				
Due to banks	36,214	58,183	50,081	74,948
Customer deposits	286,694	296,986	258,697	267,010
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	191,687	243,370	191,587	243,970
Long-term debt	159,365	150,714	156,676	148,550
Other liabilities	309,139	373,876	307,690	371,042
Total liabilities	983,099	1,123,129	964,731	1,105,520
Total equity	48,328	47,221	45,751	46,149
Total capitalization	1,031,427	1,170,350	1,010,482	1,151,669

Capital adequacy

		Group		Bank
end of	2009	2008	2009	2008
Capital (CHF million)				
Tier 1 capital	36,207	34,208	34,695	34,192
of which hybrid instruments	12,198	12,140	11,617	11,897
Total eligible capital	45,728	46,090	46,320	47,839
Capital ratios (%)				
Tier 1 ratio	16.3	13.3	16.5	13.9
Total capital ratio	20.6	17.9	22.0	19.5

Dividends of the Bank to the Group

end of	2009	2008
Per share issued (CHF)		
Dividend ¹	68.19	0.23
Net income/(loss)	8.58	(50.90)

Registered shares of CHF 100.00 nominal value each. As of December 31, 2009 and 2008, total share capital consisted of 43,996,652 registered shares.

¹ In 2007, 2006 and 2005, dividends per share issued were CHF 59.10, CHF 0.23 and CHF 56.14, respectively.

Core Results

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For 2009, net income attributable to shareholders was CHF 6,724 million. Private Banking attracted CHF 41.6 billion of net new assets, with strong inflows in both the international and Swiss businesses, despite the challenging operating environment. Investment Banking had record income before taxes and record net revenues, reflecting the successful implementation of our client-focused, capital-efficient strategy and an increase in our market share across various businesses and geographies. Asset Management had improved operating performance and benefited from gains on securities purchased from our money market funds and the sale of part of our traditional investment strategies business to Aberdeen Asset Management, but results were impacted by investment-related losses.

Results

	in			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net interest income	6,763	8,409	8,303	(20)	1
Commissions and fees	13,702	14,755	18,960	(7)	(22)
Trading revenues	12,127	(9,853)	6,146	–	–
Other revenues	1,025	(1,449)	1,130	–	–
Net revenues	33,617	11,862	34,539	183	(66)
Provision for credit losses	506	813	240	(38)	239
Compensation and benefits	14,927	13,179	15,982	13	(18)
General and administrative expenses	7,604	7,739	6,767	(2)	14
Commission expenses	1,997	2,294	2,410	(13)	(5)
Total other operating expenses	9,601	10,033	9,177	(4)	9
Total operating expenses	24,528	23,212	25,159	6	(8)
Income/(loss) from continuing operations before taxes	8,583	(12,163)	9,140	–	–
Income tax expense/(benefit)	1,835	(4,596)	1,248	–	–
Income/(loss) from continuing operations	6,748	(7,567)	7,892	–	–
Income/(loss) from discontinued operations	169	(531)	6	–	–
Net income/(loss)	6,917	(8,098)	7,898	–	–
Less net income/(loss) attributable to noncontrolling interests	193	120	138	61	(13)
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760	–	–
of which from continuing operations	6,555	(7,687)	7,754	–	–
of which from discontinued operations	169	(531)	6	–	–
Statement of operations metrics (%)					
Cost/income ratio	73.0	195.7	72.8	–	–

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Pre-tax income margin	25.5	(102.5)	26.5	–	–
Effective tax rate	21.4	37.8	13.7	–	–
Net income margin ¹	20.0	(69.3)	22.5	–	–
Number of employees (full-time equivalents)					
Number of employees	47,600	47,800	48,100	0	(1)

¹ Based on amounts attributable to shareholders.

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

Our Core Results are impacted by changes in credit spreads for Credit Suisse debt carried at fair value. In the second quarter of 2009, we entered into a transaction designed to reduce the volatility of these changes. In the transaction (the ≥FVOD transaction) we made loans, which we carry at fair value, to Alpine Securitization Corp. (Alpine), a multi-seller ≥commercial paper (CP) conduit administered by Credit Suisse. The Group does not have any ownership interest in Alpine. The FVOD transaction was designed to offset a significant portion of the volatility in credit spread movements on Credit Suisse vanilla debt. Following the FVOD transaction, the aggregate gains on this Credit Suisse debt as of the end of the first quarter 2009 will be reversed and charged to the segments on a straight-line amortization basis, and the difference between this amortization and the net impact on valuation adjustments on this Credit Suisse debt from changes in credit spreads will be included in the Corporate Center. For information on the impact of accounting changes on the FVOD transaction effective first quarter of 2010, refer to – Accounting changes adopted in first quarter 2010.

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

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

Results overview

2009 versus 2008

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

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

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

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

In **Asset Management**, net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008 and lower investment-related losses. Net revenues before securities purchased from our money market funds and investment-related gains/(losses) were CHF 2,098 million, primarily due to the higher revenues from equity participations and joint ventures, partially offset by lower asset management and placement fees. Asset management fees were down, primarily reflecting significantly lower fees in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Asset management fees in alternative investment strategies were stable. Placement fees were down significantly, reflecting the difficult fundraising environment in 2009. Performance fees and carried interest were up, mainly in liquid strategies relating to management of the partner asset facility (PAF), partially offset by lower

performance fees and carried interest primarily in private equity. Equity participations and joint venture revenues were up, primarily reflecting aggregate gains of CHF 286 million from the sale of part of our traditional investment strategies business to Aberdeen and the sale of two joint ventures.

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

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

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

The **Core Results effective tax rate** was 21.4% in 2009, compared to 37.8% in 2008. The effective tax rate primarily reflected foreign exchange translation gains of CHF 460 million relating to deferred tax assets on tax loss carry forwards recorded in UK entities, net release of CHF 156 million of tax contingency accruals following the favorable resolution of certain tax matters, together with the geographical mix of results. The foreign exchange movements arose due to tax loss carry-forwards denominated in British pounds, which differs from the functional currency of the reporting entities. UK tax law was enacted during 2009 which had the effect of removing these foreign exchange movements going forward. Net deferred tax assets decreased CHF 951 million, or 9.7%, to CHF 8,819 million as of the end of 2009, including foreign exchange translation impacts. For further information, refer to Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

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

2008 versus 2007

In 2008, we recorded a net loss of CHF 8,218 million, compared to net income attributable to shareholders of CHF 7,760 million in 2007. The net loss included a loss from discontinued operations of CHF 531 million relating to our agreement to sell part of our traditional investment strategies business in Asset Management. Net revenues were CHF 11,862 million in 2008, down 66%, compared to 2007.

Private Banking delivered good net new assets and solid net revenues. The Private Banking results were impacted by net non-credit-related provisions of CHF 766 million relating to ARS and a CHF 190 million charge relating to the

close-out of a client's account.

In Investment Banking, net revenues were negative, reflecting the intensified market disruption. The results were also negatively impacted by a severe widening of credit spreads resulting in sharp declines in fair value levels of credit instruments across most markets and an increase in the divergence between the cash and synthetic markets. The results also reflected higher credit-related exposures to certain trading counterparties. Our combined leveraged finance and structured products businesses had net valuation reductions of CHF 10,923 million in 2008 compared to CHF 3,187 million in 2007. Other areas adversely impacted by the extreme market disruption included structured fixed income derivatives, leveraged finance trading, emerging markets trading, long/short and event and risk arbitrage equity trading strategies, equity derivatives and convertibles, all of which recorded significant losses. However, Investment Banking reported good results in client-driven businesses, including flow-based rate and US and European high grade products, cash equities and prime services.

Asset Management results reflected investment-related losses of CHF 656 million compared to gains of CHF 621 million in 2007. The results also include losses on securities purchased from our money market funds of CHF 687 million, compared to losses of CHF 920 million in 2007.

Our results benefited from fair value gains of CHF 4,988 million from widening credit spreads on Credit Suisse debt. We continued to manage down our exposures to assets most significantly impacted by the dislocation in the mortgage and credit markets and to securities purchased from our money market funds. Provision for credit losses increased from CHF 240 million to CHF 813 million.

Total operating expenses decreased compared to 2007, with significantly higher general and administrative expenses, more than offset by lower performance-related compensation. The increase in general and administrative expenses primarily reflected costs of CHF 833 million related to the accelerated implementation of our strategic plan, recorded in the Corporate Center, the net provisions relating to ARS and the charge relating to the close-out of a client's account in Wealth Management Clients.

In 2008, we recorded an income tax benefit due to the impact of the geographical mix of results in 2008 and the recognition of a tax benefit for the current period losses.

Core Results reporting by division

	2009	2008	in 2007	% change	
				09 / 08	08 / 07
Net revenues (CHF million)					
Wealth Management Clients	9,871	10,697	11,640	(8)	(8)
Corporate & Institutional Clients	1,791	2,210	1,882	(19)	17
Private Banking	11,662	12,907	13,522	(10)	(5)
Investment Banking	20,537	(1,971)	18,584	–	–
Asset Management	1,842	632	2,390	191	(74)
Corporate Center	(424)	294	43	–	–
Net revenues	33,617	11,862	34,539	183	(66)
Provision for credit losses (CHF million)					
Wealth Management Clients	33	141	20	(77)	–
Corporate & Institutional Clients	147	(8)	(79)	–	(90)
Private Banking	180	133	(59)	35	–

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Investment Banking	326	679	301	(52)	126
Corporate Center	0	1	(2)	(100)	–
Provision for credit losses	506	813	240	(38)	239
Total operating expenses (CHF million)					
Wealth Management Clients	6,940	8,047	7,219	(14)	11
Corporate & Institutional Clients	891	877	876	2	0
Private Banking	7,831	8,924	8,095	(12)	10
Investment Banking	13,366	11,142	14,787	20	(25)
Asset Management	1,807	1,817	2,040	(1)	(11)
Corporate Center	1,524	1,329	237	15	461
Total operating expenses	24,528	23,212	25,159	6	(8)
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	2,898	2,509	4,401	16	(43)
Corporate & Institutional Clients	753	1,341	1,085	(44)	24
Private Banking	3,651	3,850	5,486	(5)	(30)
Investment Banking	6,845	(13,792)	3,496	–	–
Asset Management	35	(1,185)	350	–	–
Corporate Center	(1,948)	(1,036)	(192)	88	440
Income/(loss) from continuing operations before taxes	8,583	(12,163)	9,140	–	–

Core Results reporting by region

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenues (CHF million)					
Switzerland	8,800	10,096	10,396	(13)	(3)
EMEA	9,009	138	10,822	–	(99)
Americas	12,794	660	9,408	–	(93)
Asia Pacific	3,438	674	3,870	410	(83)
Corporate Center	(424)	294	43	–	–
Net revenues	33,617	11,862	34,539	183	(66)
Income before taxes (CHF million)					
Switzerland	3,295	4,426	4,746	(26)	(7)
EMEA	2,146	(6,642)	3,092	–	–
Americas	4,262	(6,923)	127	–	–
Asia Pacific	828	(1,988)	1,367	–	–
Corporate Center	(1,948)	(1,036)	(192)	88	440
	8,583	(12,163)	9,140	–	–

Income/(loss) from continuing operations before taxes

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

Capital trends

Our consolidated Bank for International Settlements (BIS) tier 1 ratio under Basel II was strong at 16.3% as of the end of 2009, compared to 13.3% as of the end of 2008. The increase reflected decreased risk-weighted assets and increased tier 1 capital.

Our Board of Directors will propose a cash dividend of CHF 2.00 per share for 2009 at the Annual General Meeting (AGM) on April 30, 2010. The proposal is subject to approval by shareholders at the AGM.

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

Risk trends

In 2009, our overall \geq position risk, measured on the basis of our economic capital model, decreased 5% compared to 2008. Excluding the US dollar translation impact, position risk decreased 3%, primarily due to lower emerging markets exposures and reduced real estate & structured assets exposures, primarily in the CMBS exit businesses, mostly offset by increased position risks in fixed income trading and private banking corporate & retail lending. The average value-at-risk (VaR) decreased 33% to CHF 120 million in 2009, compared to CHF 178 million in 2008, reflecting our continued risk reduction, partially offset by additional market volatility included in the historical data set and a change in VaR methodology. For further information on risk trends, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management.

Management and Board of Directors changes

Tobias Guldemann, Chief Risk Officer of Credit Suisse Group and a member of the Executive Board, assumed sole responsibility for risk management on the Executive Board with effect from June 1, 2009. At that time, D. Wilson Ervin, Chief Risk Officer of Credit Suisse, stepped down from the Executive Board and assumed a role as a Senior Adviser, reporting to Brady W. Dougan.

In June 2009, Karl Landert, Chief Information Officer of Credit Suisse, was appointed to the Executive Board.

In December 2009, we announced that Hans-Ulrich Doerig will remain Chairman of the Board of Directors until the AGM in April 2011 when he will be succeeded by Vice-Chairman Urs Rohner.

In January 2010, we announced that Pamela Thomas-Graham joined Credit Suisse in the newly created role of Chief

Talent, Branding and Communications Officer. She is a member of the Executive Board and has global responsibility for human resources, corporate communications, corporate branding and advertising.

As of the AGM on April 24, 2009, Thomas W. Bechtler stepped down as member of the Board of Directors. Andreas Koopmann, former CEO of Bobst Group S.A., Urs Rohner, former COO and General Counsel of Credit Suisse Group, and John Tiner, CEO of the UK firm Resolution Group and former CEO of the UK Financial Services Authority (FSA), were elected as new members of the Board of Directors. On August 10, 2009, we announced that Robert H. Benmosche stepped down as a member of the Board of Directors with immediate effect, as a result of his appointment as President and CEO of American International Group (AIG). The Board of Directors proposes the following members be re-elected to the Board of Directors: Noreen Doyle, Aziz D. Syriani, David Syz and Peter F. Weibel and proposes the following additions to the Board of Directors: Jassim Bin Hamad J.J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, subject to their election by the shareholders. Changes in AIG's business have made it possible for Mr. Benmosche to rejoin the Board of Directors. Ernst Tanner has decided to step down from the Board of Directors as of the date of the AGM.

Regulatory proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. G-20 leaders pledged to increase regulation and improve coordination of oversight of banks and financial institutions. In December 2009, the Basel Committee on Banking Supervision published consultative proposals, aimed at strengthening capital, liquidity and the resilience of the banking sector, which are expected to be finalized at the end of 2010 and implemented over time. The US Congress and regulators continued working to restructure the regulatory framework for financial services in the US. The US administration and other governments proposed the imposition of taxes and other levies on financial institutions, including on certain compensation and liabilities. The US administration also proposed prohibiting certain activities, including investing in private equity and hedge funds and proprietary trading unrelated to serving clients, and limiting the size, of certain depository financial institutions. Any final regulations or legislation could result in additional costs or limit or restrict the way we conduct our business, although uncertainty remains about the impact of regulatory reform. We believe the regulatory response must be closely coordinated on an international basis to provide a level playing field and must be carefully balanced to ensure a strong financial sector and global economy. We believe we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity. We made changes to the structure of compensation for 2009 consistent with the G-20 guidelines for best compensation practices and took steps to address the proposed levy on variable compensation in the UK.

For more information, see I – Information on the company – Regulation and supervision.

Compensation and benefits

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

Changes to our compensation structure

Our 2009 compensation reflected changes to the structure of compensation for managing directors and directors. The new structure is already substantially compliant with G-20 and the Swiss Financial Market Supervisory Authority (FINMA) guidelines for best compensation practices. The changes are designed to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the longterm success of the Group. The changes also link the delivery of compensation with the Group's future financial performance, both on the basis of share price and return on equity (ROE), and ensure a continued focus on a strong control culture.

The new features of our compensation design for managing directors and directors are:

- increased fixed compensation (salary) beginning in 2010 to ensure a more appropriate balance between fixed and variable compensation;
- an increase in the proportion of variable compensation that is deferred; and
- the introduction of two new instruments for deferred variable compensation, the Adjustable Performance Plan (APP) award and the Scaled Incentive Share Unit (SISU). The APP is a cash-based plan with three-year vesting and positive and negative adjustments linked to future business area profit or loss and the Group ROE (in the case of employees in revenue generating divisions) and the Group ROE (in the case of Shared Services and certain other employees). SISUs are share-based instruments with four-year vesting and are linked to the long-term development of the Group's share price and average ROE. Deferred variable compensation for 2009 for managing directors and directors was awarded 50% in APP awards and 50% in SISUs.

These new award structures will also be used for senior management, including all members of the Executive Board. We have introduced additional requirements for Group share ownership for members of the Executive Board and divisional and regional management committees.

Determination of the overall amount of variable compensation awarded for 2009 was made on the basis of our operating results after considering risk and the cost of capital, the assessment of performance by senior management and the overall economic and competitive environment. All variable compensation awarded for 2009 was approved by the Board of Directors. All variable compensation awarded for 2009 to members of the Executive Board at December 31, 2009 was deferred. In response to the UK levy on variable compensation exceeding GBP 25,000, we reduced the aggregate amount of variable compensation for 2009 by 5%, and significantly reduced the amount of variable compensation for 2009 of managing directors in the UK. These measures will absorb the majority of the levy's expected cost. Expenses in 2009 do not include an accrual related to this UK levy on variable compensation as it is not yet enacted law, a requirement under accounting principles generally accepted in the US (US GAAP) for recognition.

Sale of part of traditional investment strategies business in Asset Management

In 2009 the Group sold part of its traditional investment strategies business in Asset Management to Aberdeen Asset Management for 240 million shares in Aberdeen, a 23.9% interest. The gain on disposal of CHF 261 million in 2009 represents gains from the deconsolidation of subsidiaries and primarily includes valuation gains of CHF 228 million on the Aberdeen shares received and the effect of a decrease in net assets transferred to Aberdeen.

Allocations and funding

Revenue sharing and cost allocation

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

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

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

Funding

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

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

Accounting changes adopted in first quarter 2010

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

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

We expect a majority of these additional assets and liabilities in our opening first quarter 2010 consolidated balance sheet to be level 3 assets and liabilities, however we do not have additional economic risk in these increased assets and liabilities as any future reductions in assets would be offset by corresponding reductions in liabilities.

These changes do not affect our 2009 financial statements.

Fair valuations

Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs. For further information, refer to Note 1 – Summary of significant accounting policies and Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

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

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

As of the end of 2009, 57% and 42% of our total assets and total liabilities attributable to shareholders, respectively, were measured at fair value. As of the end of 2009, 5% of total assets attributable to shareholders were classified as level 3 assets attributable to shareholders compared to 7% as of the end of 2008. As of the end of 2009, 9% of total assets attributable to shareholders measured at fair value were recorded as level 3 assets attributable to shareholders compared to 14% as of the end of 2008.

As of the end of 2009, our net level 3 assets attributable to shareholders were CHF 52.7 billion and those attributable to noncontrolling interests arising from private equity activities were CHF 7.0 billion.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Asset Management, specifically certain private equity investments. Total assets recorded as level 3 declined during 2009, primarily in private equity, reflecting the deconsolidation of certain entities under US GAAP, in loans and credit products, equity derivatives, equity-linked securities and non-agency RMBS exposures, reflecting transfers to level 2, and in loans and credit products and CDO and CMBS exit positions, reflecting asset disposals. Transfers to level 2 continued during 2009 as observability in credit markets increased.

Models were used to value many level 2 and level 3 products. Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products, which were volatile during 2009. Consideration of these indices has become more significant in our valuation techniques during periods of lower market activity.

For a description of our valuation techniques, refer to Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

For all transfers to level 3 or out of level 3, we determine and disclose as level 3 events any gains or losses through the last day of the reporting period, even if the transfer occurred prior to the last day of the reporting period. We believe this provides greater transparency over the financial impact of our level 3 assets and liabilities. We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition.

Personnel

Headcount at the end of 2009 was 47,600, down 200 from the end of 2008, and down 500 from the end of 2007. For additional information on personnel, refer to IV – Corporate governance.

Key performance indicators

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

Growth

We target integrated bank collaboration revenues in excess of CHF 10 billion annually by 2012. For 2009, integrated bank collaboration revenues were CHF 5.2 billion.

For net new assets, we target a growth rate above 6%. In 2009, we recorded a net new asset growth rate of 4.0%.

Efficiency and performance

For total shareholder return, we target superior share price appreciation plus dividends compared to our peer group. For 2009, total shareholder return was 80.1%. The 2009 average total shareholder return of our peer group was 35.2%.

For return on equity attributable to shareholders, we target an annual rate of return of above 18%. The return on equity attributable to shareholders was 18.3% in 2009.

We target a Core Results cost/income ratio of 65%. Our Core Results cost/income ratio was 73.0% for 2009.

Risk and capital

For the BIS tier 1 ratio, we target a minimum ratio of 12.5%. The BIS tier 1 ratio was 16.3% as of the end of 2009.

in / end of	2009	2008	2007
Growth			
Collaboration revenues (CHF billion)	5.2	5.2	5.9
Net new asset growth (%)	4.0	(0.2)	3.1

Efficiency and performance (%)

Total shareholder return ¹	80.1	(56.1)	(17.8)
Return on equity attributable to shareholders	18.3	(21.1)	18.0
Core Results cost/income ratio	73.0	195.7	73.1
Risk and capital (%)			
BIS tier 1 ratio	16.3	13.3	10.0 ₂

¹ The total return of an investor is measured by the capital gain/(loss) plus dividends received. ² Under Basel I we reported a tier 1 ratio of 11.1% as of the end of 2007.

Private Banking

In 2009, we reported sound net revenues of CHF 11,662 million, income before taxes of CHF 3,651 million and a strong and stable gross margin of 131 basis points in Wealth Management Clients despite the challenging operating environment. We attracted net new assets of CHF 41.6 billion, with strong inflows in both the international and Swiss businesses.

Results

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	11,662	12,907	13,522	(10)	(5)
Provision for credit losses	180	133	(59)	35	–
Compensation and benefits	4,651	4,260	4,529	9	(6)
General and administrative expenses	2,580 ₁	3,919 ₂	2,670	(34)	47
Commission expenses	600	745	896	(19)	(17)
Total other operating expenses	3,180	4,664	3,566	(32)	31
Total operating expenses	7,831	8,924	8,095	(12)	10
Income before taxes	3,651	3,850	5,486	(5)	(30)
of which Wealth Management Clients	2,898	2,509	4,401	16	(43)
of which Corporate & Institutional Clients	753	1,341	1,085	(44)	24
Statement of operations metrics (%)					
Cost/income ratio	67.1	69.1	59.9	–	–
Pre-tax income margin	31.3	29.8	40.6	–	–
Utilized economic capital and return					

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Average utilized economic capital (CHF million)	6,906	6,778	6,494	2	4
Pre-tax return on average utilized economic capital (%) ³	53.3	57.3	85.1	–	–
Number of employees (full-time equivalents)					
Number of employees	24,300	24,400	23,200	0	5

1 Includes CHF 100 million of captive insurance settlement proceeds in Wealth Management Clients. 2 Includes net provisions relating to ARS of CHF 766 million and a charge of CHF 190 million relating to the close-out of a client's account in Wealth Management Clients. 3 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in / end of	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenues (CHF million)					
Net interest income	5,000	5,157	4,788	(3)	8
Total non-interest income	6,662	7,750	8,734	(14)	(11)
Net revenues	11,662	12,907	13,522	(10)	(5)
Net revenue detail (CHF million)					
Recurring	8,980	10,041	10,051	(11)	0
Transaction-based	2,682	2,866	3,471	(6)	(17)
Net revenues	11,662	12,907	13,522	(10)	(5)
Provision for credit losses (CHF million)					
New provisions	419	288	175	45	65
Releases of provisions	(239)	(155)	(234)	54	(34)
Provision for credit losses	180	133	(59)	35	–
Balance sheet statistics (CHF million)					
Net loans	175,245	174,880	175,506	0	0
of which Wealth Management Clients ¹	124,907	123,772	128,153	1	(3)
of which Corporate & Institutional Clients	50,338	51,108	47,353	(2)	8
Deposits	257,650	246,787	242,052	4	2
of which Wealth Management Clients ¹	210,718	203,675	197,314	3	3
of which Corporate & Institutional Clients	46,932	43,112	44,738	9	(4)
Number of relationship managers					
Switzerland	1,980	1,980	1,940	0	2
EMEA	1,190	1,250	1,140	(5)	10

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Americas	550	540	440	2	23
Asia Pacific	360	410	340	(12)	21
Wealth Management Clients	4,080	4,180	3,860	(2)	8
Corporate & Institutional Clients (Switzerland)	490	490	460	0	7
Number of relationship managers	4,570	4,670	4,320	(2)	8

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

Business environment

The contraction of the global economy which started at the end of 2008 extended into 2009, with key economic data indicating a global recession. The declines in gross domestic product (GDP) reflected diminishing investments and private expenditure, only partially mitigated by increased government expenditures. Unemployment rates increased, in particular in the US. In response, stimulus measures were implemented by central banks in order to stabilize the global economy and reduce uncertainty. The Fed, the BoE, the ECB and the Swiss National Bank (SNB) eased monetary conditions, including interest rate cuts, purchases of securities and expansion of asset purchase facilities, in order to fight recession and stimulate the economy. Switzerland was also affected by the global economic downturn, reflected in increasing unemployment rates and corporate insolvencies. Towards the end of 2009, a recovery of the global economy began, driven by economic stimulus, companies rebuilding inventories and increased public and private spending.

As of the end of the year, the euro was stable and the US dollar had weakened against the Swiss franc.

Financial markets improved after the first quarter of 2009. The risk appetite among investors increased slightly from the very low levels at the end of 2008 and the beginning of 2009. Equity markets had strong gains, while volatility significantly decreased. However, clients remained cautious during 2009 with regard to more sophisticated investment products and generally remained risk averse.

The private banking industry continued to be faced with challenging trends during 2009 and new wealth creation was limited. Competition for client deposits intensified, especially from government guaranteed banks. In addition, net new asset generation was impacted by tax amnesties, particularly in Italy, measures designed to encourage the repatriation of investments held abroad. Regulatory uncertainty in connection with tax matters, including enforcement action in the US, and banking secrecy in the conduct of cross-border wealth management continued to weigh on the industry.

In the beginning of 2009, the Swiss government, among others including Austria, Liechtenstein, Luxembourg and Singapore, decided to adopt Art. 26 of the OECD standards on administrative assistance in tax matters.

For further information, refer to – Operating environment.

Results overview

During 2009, we realigned our client coverage into Wealth Management Clients and Corporate & Institutional Clients. Swiss private client coverage is now part of Wealth Management Clients, which covers all individual clients, including affluent, high-net-worth and ultra-high-net-worth clients. Corporate & Institutional Clients provides banking services to corporates and institutions in Switzerland. In 2009, we changed the allocation of the term spread credit on

stable deposit funding and the term spread charge on loans. Reclassifications have been made to prior periods to conform to the current presentation.

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

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

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

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

For 2008, we reported income before taxes of CHF 3,850 million, down 30% compared to 2007. In spite of the market conditions, we achieved solid net revenues of CHF 12,907 million, down 5%. Transaction-based revenues declined 17%, mainly driven by lower commissions and fees, affected by a substantial decrease in client activity. Recurring revenues were stable, as the decrease in asset-based commissions and fees was offset by higher net interest income. Lower asset-based commissions and fees mainly reflected a 7.3% decrease in average assets under management and the shift into lower margin investments. Net interest income increased 8%, driven by higher revenues on loans and deposits.

Provision for credit losses resulted in net provisions of CHF 133 million, primarily on loans collateralized by securities in Wealth Management Clients, compared to net releases of CHF 59 million in 2007.

Total operating expenses were CHF 8,924 million, up 10%, compared to 2007, mainly driven by CHF 766 million of net provisions relating to ARS in the second half of 2008 and a charge of CHF 190 million relating to the close-out of a client's account. This impact was partially offset by a 6% decrease in compensation and benefits and a 17% decrease in commission expenses.

Assets under management - Private Banking

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Assets under management by region (CHF billion)					
Switzerland	328.2	301.3	392.2	8.9	(23.2)
EMEA	277.3	243.2	312.4	14.0	(22.2)
Americas	129.6	103.2	123.7	25.6	(16.6)
Asia Pacific	67.7	46.5	65.5	45.6	(29.0)
Wealth Management Clients	802.8	694.2	893.8	15.6	(22.3)
Corporate & Institutional Clients (Switzerland)	112.1	94.7	101.6	18.4	(6.8)
Assets under management	914.9	788.9	995.4	16.0	(20.7)
Assets under management by currency (CHF billion)					
USD	298.2	264.8	343.5	12.6	(22.9)
EUR	248.4	212.1	257.6	17.1	(17.7)
CHF	269.9	229.7	269.9	17.5	(14.9)
Other	98.4	82.3	124.4	19.6	(33.8)
Assets under management	914.9	788.9	995.4	16.0	(20.7)
Net new assets by region (CHF billion)					
Switzerland	5.5	2.5	9.3	120.0	(73.1)
EMEA	10.3	16.4	26.8	(37.2)	(38.8)
Americas	8.0	16.8	7.3	(52.4)	130.1
Asia Pacific	11.5	8.2	9.3	40.2	(11.8)
Wealth Management Clients	35.3	43.9	52.7	(19.6)	(16.7)
Corporate & Institutional Clients (Switzerland)	6.3	7.0	0.8	(10.0)	–
Net new assets	41.6	50.9	53.5	(18.3)	(4.9)
Growth in assets under management (CHF billion)					
Net new assets	35.3	43.9	52.7	–	–
Other effects	73.3	(243.5)	1.5	–	–
of which market movements	83.3	(183.8)	–	–	–
of which currency	(4.1)	(54.5)	–	–	–
of which other	(5.9)	(5.2)	–	–	–
Wealth Management Clients	108.6	(199.6)	54.2	–	–
Corporate & Institutional Clients (Switzerland)	17.4	(6.9)	0.9	–	–
Growth in assets under management	126.0	(206.5)	55.1	–	–

Growth in assets under management (%)

Net new assets	5.3	5.1	5.7	–	–
of which Wealth Management Clients	5.1	4.9	6.3	–	–
of which Corporate & Institutional Clients (Switzerland)	6.7	6.9	0.8	–	–
Other effects	10.7	(25.9)	0.2	–	–
Growth in assets under management	16.0	(20.8)	5.9	–	–

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. In 2009, the pre-tax income margin was 31.3% compared to 29.8% in 2008 and 40.6% in 2007.

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

Our target over market cycles is a growth rate over 6%. In 2009, which included net client outflows of CHF 5.6 billion related to a tax amnesty in Italy, our net new asset growth rate was 5.1%. In 2008, which was affected by significant deleveraging in the fourth quarter, net new asset growth was 4.9%.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 versus 2007.

Net revenues

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

2009 vs 2008: Down 10% from CHF 12,907 million to CHF 11,662 million

The decrease reflected an 11% decline in recurring revenues and a 6% decrease in transaction-based revenues. Lower recurring revenues were mainly driven by a 19% decline in recurring commissions and fees. Lower recurring commissions and fees primarily reflected a 6.4% decline in average assets under management and a shift into lower margin investments, also within managed investment products, resulting from cautious investor behavior, offset in part by strong performance fees from Hedging-Griffo. Net interest income declined 3% due to lower margins on slightly lower average loan volumes, mostly offset by higher margins on higher average deposit volumes.

Transaction-based revenues were down 6%, primarily reflecting fair value losses from the Clock Finance transaction of CHF 118 million in 2009 compared to fair value gains of CHF 110 million in 2008. Excluding the impact of the Clock Finance transaction, transaction based revenues increased 2%, as significantly higher integrated solutions revenues and gains on ARS positions and the sale of real estate were mostly offset by lower product issuing fees, foreign exchange income from client transactions and, to a lesser extent, brokerage fees.

2008 vs 2007: Down 5% from CHF 13,522 million to CHF 12,907 million

The decrease was driven by 17% lower transaction-based revenues, mainly brokerage and product issuing fees, affected by a substantial decrease in client activity. This was partially offset by fair value gains of CHF 110 million in 2008 on the Clock Finance portfolio compared to fair value losses of CHF 18 million in 2007. Recurring revenues were stable, as the 8% increase in net interest income, driven by higher margins on slightly higher average loan and deposit volumes, was offset by lower recurring commissions and fees. The decline in recurring commissions and fees was primarily from managed investment products and a 7.3% decrease in average assets under management.

Provision for credit losses

2009 vs 2008: Up 35% from CHF 133 million to CHF 180 million

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

2008 vs 2007: Up from CHF (59) million to CHF 133 million

Provision for credit losses reflected net provisions of CHF 141 million in Wealth Management Clients and net releases of CHF 8 million in Corporate & Institutional Clients. A substantial part of the new provisions of CHF 288 million were on Wealth Management Clients loans collateralized by securities relating to the forced deleveraging of client positions in highly volatile equity markets in the fourth quarter. A majority of the releases of CHF 155 million were related to the Corporate & Institutional Clients loan portfolio.

Operating expenses

Compensation and benefits

2009 vs 2008: Up 9% from CHF 4,260 million to CHF 4,651 million

The increase was due to lower performance-related compensation in 2008, due to the deferral of compensation under the CRA program in 2008 and the impact of the amortization of deferred compensation from the CRA program and other prior-year awards in 2009.

2008 vs 2007: Down 6% from CHF 4,529 million to CHF 4,260 million

The decrease was due to lower performance-related compensation, reflecting the lower results and the deferral of compensation under the CRA program, offset in part by higher salaries and related benefits due to the growth in

headcount, including relationship managers.

General and administrative expenses

2009 vs 2008: Down 34% from CHF 3,919 million to CHF 2,580 million

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

2008 vs 2007: Up 47% from CHF 2,670 million to CHF 3,919 million

The increase was driven by the net provisions relating to ARS, the charge relating to the close-out of a client's account and other non-credit-related provisions. Other general and administrative expenses reflected higher infrastructure costs related to our international expansion.

Personnel

Headcount at the end of 2009 was 24,300, compared to 24,400 at the end of 2008 and 23,200 at the end of 2007. The net decrease of 100 relationship managers in Wealth Management Clients in 2009 reflected a talent upgrade of our relationship managers, mainly in EMEA and Asia Pacific, while the number of relationship managers was stable in Switzerland and slightly higher in the Americas. The increase of 320 relationship managers in Wealth Management Clients from 2007 to 2008 reflected the strengthening of our front-office teams, primarily in EMEA, the Americas and Asia Pacific.

Wealth Management Clients

Net revenues

Recurring

2009 vs 2008: Down 11% from CHF 8,234 million to CHF 7,310 million

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

2008 vs 2007: Down 3% from CHF 8,447 million to CHF 8,234 million

The decrease was driven by lower commissions and fees, mainly from managed investment products, as average assets under management declined 8.0%. The decline in commissions and fees was partly offset by higher net interest income, driven by higher margins on slightly higher average loan volumes and higher margins on slightly higher average deposit volumes.

Transaction-based

2009 vs 2008: Up 4% from CHF 2,463 million to CHF 2,561 million

The increase was mainly driven by higher integrated solutions revenues from transactions originated and jointly executed with Investment Banking and gains on ARS positions and the sale of real estate, partially offset by lower product issuing fees, foreign exchange income from client transactions and, to a lesser extent, brokerage fees.

2008 vs 2007: Down 23% from CHF 3,193 million to CHF 2,463 million

The decrease was mainly driven by lower brokerage and product issuing fees and foreign exchange income from client transactions, reflecting low client activity.

Gross Margin

Our gross margin was strong at 131 basis points in 2009, stable compared to 2008 and 2007. Compared to 2008, the recurring margin decreased four basis points in 2009, as recurring revenues declined 11% while average assets under management decreased 7.5%. The transaction-based margin increased four basis points, as transaction-based revenues increased 4%, mainly from higher integrated solutions revenues.

Results - Wealth Management Clients

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	9,871	10,697	11,640	(8)	(8)
Provision for credit losses	33	141	20	(77)	–
Total operating expenses	6,940	8,047	7,219	(14)	11
Income before taxes	2,898	2,509	4,401	16	(43)
Statement of operations metrics (%)					
Cost/income ratio	70.3	75.2	62.0	–	–
Pre-tax income margin	29.4	23.5	37.8	–	–
Net revenue detail (CHF million)					
Net interest income	3,706	3,754	3,593	(1)	4
Total non-interest income	6,165	6,943	8,047	(11)	(14)
Net revenues	9,871	10,697	11,640	(8)	(8)
Net revenue detail (CHF million)					
Recurring	7,310	8,234	8,447	(11)	(3)
Transaction-based	2,561	2,463	3,193	4	(23)
Net revenues	9,871	10,697	11,640	(8)	(8)
Gross margin on assets under management (bp)					
Recurring	97	101	95	–	–
Transaction-based	34	30	36	–	–
Gross margin	131	131	131	–	–

Corporate & Institutional Clients

Net revenues

Net interest income

2009 vs 2008: Down 8% from CHF 1,403 million to CHF 1,294 million

The decrease was primarily due to lower margins on higher average loan volumes. Net interest income on deposits was stable, reflecting lower margins on slightly lower average volumes.

2008 vs 2007: Up 17% from CHF 1,195 million to CHF 1,403 million

The increase was mainly driven by significantly higher margins on slightly higher average loan and deposit volumes.

Total non-interest income

2009 vs 2008: Down 38% from CHF 807 million to CHF 497 million

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

2008 vs 2007: Up 17% from CHF 687 million to CHF 807 million

The increase was mainly driven by fair value gains of CHF 110 million on the Clock Finance transaction in 2008, compared to fair value losses of CHF 18 million in 2007. Excluding the fair value gains and losses on the Clock Finance transaction, non-interest income was stable, reflecting stable transaction-based revenues and asset-based commissions and fees.

Return on business volume

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

Return on business volume in 2009 of 86 basis points was 18 basis points below 2008, mainly reflecting fair value losses on the Clock Finance transaction. Excluding the fair value gains/(losses) on the Clock Finance transaction, return on business volume was 91 basis points in 2009 compared to 99 basis points in 2008, reflecting the lower net interest income and higher client assets.

Results - Corporate & Institutional Clients

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	1,791	2,210	1,882	(19)	17
Provision for credit losses	147	(8)	(79)	–	(90)
Total operating expenses	891	877	876	2	0
Income before taxes	753	1,341	1,085	(44)	24
Statement of operations metrics (%)					
Cost/income ratio	49.7	39.7	46.5	–	–
Pre-tax income margin	42.0	60.7	57.7	–	–
Net revenue detail (CHF million)					
Net interest income	1,294	1,403	1,195	(8)	17

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Total non-interest income	497	807	687	(38)	17
Net revenues	1,791	2,210	1,882	(19)	17
Net revenue detail (CHF million)					
Recurring	1,670	1,807	1,604	(8)	13
Transaction-based	121	403	278	(70)	45
Net revenues	1,791	2,210	1,882	(19)	17
Return on business volume (bp) ¹					
Return on business volume	86	104	88	–	–
Business volume (CHF billion)					
Client assets	170.0	148.2	172.1	15	(14)
of which assets under management	112.1	94.7	101.6	18	(7)
of which commercial assets	51.1	49.3	59.1	4	(17)
of which custody assets	6.8	4.2	11.4	62	(63)
Net loans	50.3	51.1	47.4	(2)	8
Business volume	220.3	199.3	219.5	11	(9)

¹ Net revenues divided by average business volume.

Investment Banking

During 2009, Investment Banking reported record income before taxes of CHF 6,845 million. Record net revenues of CHF 20,537 million was driven by strong results in our key client businesses including global rates and foreign exchange, cash equities, US RMBS secondary trading and prime services and improved performance in many of our repositioned businesses. These results reflected the successful implementation of our client-focused, capital-efficient strategy throughout 2009.

Results

		in / end of		% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	20,537	(1,971)	18,584	–	–
Provision for credit losses	326	679	301	(52)	126
Compensation and benefits	8,652	7,006	9,989	23	(30)
General and administrative expenses ¹	3,559	2,794	3,416	27	(18)
Commission expenses	1,155	1,342	1,382	(14)	(3)
Total other operating expenses	4,714	4,136	4,798	14	(14)
Total operating expenses	13,366	11,142	14,787	20	(25)

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Income/(loss) before taxes	6,845	(13,792)	3,496	–	–
Statement of operations metrics (%)					
Cost/income ratio	65.1	–	79.6	–	–
Pre-tax income margin	33.3	–	18.8	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	20,782	29,342	37,503	(29)	(22)
Pre-tax return on average utilized economic capital (%) ²	33.5	(46.6)	9.9	–	–
Number of employees (full-time equivalents)					
Number of employees	19,400	19,600	20,500	(1)	(4)

1 Includes litigation charges/(releases) of CHF 461 million and CHF (540) million in 2009 and 2008, respectively. 2 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenue detail (CHF million)					
Debt underwriting	1,141	431	1,900	165	(77)
Equity underwriting	1,190	856	1,519	39	(44)
Total underwriting	2,331	1,287	3,419	81	(62)
Advisory and other fees	793	1,348	1,879	(41)	(28)
Total underwriting and advisory	3,124	2,635	5,298	19	(50)
Fixed income trading	10,460	(5,372)	5,670	–	–
Equity trading	7,469	1,471	7,772	408	(81)
Total trading	17,929	(3,901)	13,442	–	–
Other	(516)	(705)	(156)	(27)	352
Net revenues	20,537	(1,971)	18,584	–	–
Average one-day, 99% Value-at-Risk (CHF million)					
Interest rate and credit spread	142	148	72	(4)	106
Foreign exchange	14	22	26	(36)	(15)
Commodity	20	36	17	(44)	112
Equity	36	65	80	(45)	(19)
Diversification benefit	(94)	(94)	(81)	0	16
Average one-day, 99% Value-at-Risk	118	177	114	(33)	55
Risk-weighted assets (million) ¹					
Risk-weighted assets (CHF)	144,439	172,503	265,822	(16)	(35)

Risk-weighted assets (USD)	140,096	163,278	236,034	(14)	(31)
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1 Includes additional risk-weighted asset equivalents attributable to the segment that are deducted from Group tier 1 capital.

Business environment

The global economy remained challenging in 2009 despite signs of recovery in the second half of the year. Both the US and the Euro zone economies came out of recession in the third quarter, with the US GDP increase in the fourth quarter being the highest in six years. Nevertheless, the 2009 annual GDP in the US fell 2.4%, its biggest drop since 1946. Within the Euro zone, strong rates of expansion in certain countries, including France and Germany, were partially offset by continuing recession in others, including Greece, Ireland, Italy, Portugal and Spain.

The nascent economic recovery toward the end of 2009 was fueled in part by government stimulus programs and historically low interest rates. Stimulus measures introduced by various governments in 2009 included a reduction in income taxes, tax benefits for homeowners and car buyers and increased spending on infrastructure programs. Initial indications of recovery in the second half of the year included an increase in household and business spending in the US, manufacturing gains and an improvement in housing market activity. However, prospects for a more broad-based recovery remained modest given continued tight credit markets and weak consumer spending and employment data.

Equity markets ended the year significantly higher after initially declining in the first quarter, and the Dow Jones Industrial Average posted its biggest annual percent gain in six years. During the year, equity market volatility continued to decline from the record levels in November 2008. Equity trading volumes were up in the US but down in Europe, and fixed income volumes were down in the US but up slightly in Europe. Credit spreads narrowed throughout the year, with significant tightening in the first quarter from dramatically high levels in the fourth quarter of 2008. Cash and synthetic markets returned to a more normalized relationship in the first quarter, following substantial dislocation in the fourth quarter of 2008.

Global M&A activity declined significantly during the year. According to *Dealogic*, global revenue from M&A activity in 2009 was the lowest since 2003. The decline in volume would have been more severe had it not been for extraordinary government investments in financial institutions around the world, which partially offset the decline in strategic deals. However, in the fourth quarter, M&A activity rebounded significantly as the availability of financing increased. Debt and equity issuance increased throughout the year, driven by financial institutions seeking to raise capital to strengthen their balance sheets and exit government ownership. In particular, follow-on equity issuance volumes remained high throughout the year driven by issuance by financial institutions, while IPO volumes increased significantly in the fourth quarter of the year. Investment grade issuance volumes were higher in 2009 compared to 2008. The volume of high yield debt offerings in 2009 more than doubled from 2008 levels, and 2009 was the second highest year on record for high yield issuance. As 2009 came to a close, market conditions for underwriting and advisory remained favorable as equity market valuations continued to rise and credit spreads continued to tighten.

For further information, refer to Operating environment.

Results overview

For 2009, income before taxes was a record CHF 6,845 million, compared to a loss before taxes of CHF 13,792 million in 2008. Net revenues were a record CHF 20,537 million, compared to negative CHF 1,971 million in 2008, as we made substantial progress in the implementation of our client-focused, capital-efficient strategy, and as a result, were well-positioned to increase our market share across various businesses and geographies and to benefit from a recovery in the global financial markets. We had strong results in our fixed income and equity trading businesses

compared to significant losses in 2008, mostly in exit businesses, driven by the dislocation in the structured products and credit markets, as well as the extreme volatility and the restrictions on short selling in the second half of 2008. Our 2009 fixed income trading results included valuation gains in our structured products and leveraged finance businesses, compared to net valuation reductions of CHF 10,923 million in 2008. We also had strong revenues in our debt and equity underwriting businesses, reflecting increased industry-wide equity and debt issuance volumes and market share improvement in many products.

Our key client businesses generated revenues of CHF 18.2 billion, reflecting solid contributions from global rates and foreign exchange, cash equities, US RMBS secondary trading, prime services, flow and corporate derivatives and high grade trading.

Our repositioned businesses had revenues of CHF 5.4 billion for the year, driven by our US leveraged finance, emerging markets trading, corporate lending, trading strategies and convertibles businesses. We had losses of CHF 2.7 billion in our exit businesses, primarily driven by valuation reductions in CMBS.

Approximately CHF 1.3 billion of revenues in the first quarter from our ongoing businesses were due to more normalized market conditions, including the narrowing of credit spreads, the reduction in the differential between cash and synthetic instruments, the reduction in market volatility and the stabilization of the convertible bond market from the fourth quarter of 2008. Our results also included net fair value losses on Credit Suisse debt of CHF 397 million in 2009, compared to fair value gains of CHF 4,654 million in 2008, and higher allocated funding costs.

Provision for credit losses decreased, reflecting higher releases and recoveries.

Total operating expenses were CHF 13,366 million, up CHF 2,224 million, or 20%, reflecting a 23% increase in compensation and benefits and a 14% increase in total other operating expenses. The increase in compensation and benefits was primarily due to higher performance-related compensation, reflecting improved risk-adjusted profitability, and higher voluntary deferred compensation, offset in part by lower deferred compensation from prior-year share awards, salaries and benefits and severance costs. Total other operating expenses declined 9% from 2008 (excluding litigation charges of CHF 461 million in 2009 and net litigation releases of CHF 540 million in 2008), reflecting decreases across most expense categories, reflecting our continued focus on cost discipline. During 2009, our IT investment costs increased compared to 2008, reflecting increased investment in infrastructure in our client-focused businesses.

For 2008, loss before taxes was CHF 13,792 million compared to income before taxes of CHF 3,496 million for 2007. Negative net revenues were CHF 1,971 million compared to net revenues of CHF 18,584 million for 2007. We had significantly lower revenues in most areas of Investment Banking, reflecting the widespread market disruption, which persisted throughout the year and intensified in the second half. Results in 2008 were negatively impacted by the dislocation in the structured products and credit markets, which led to significantly lower fixed income trading results compared to 2007. In addition, extreme volatility and the restrictions on short selling in the second half of the year adversely affected many of our other fixed income and equity trading businesses. Results included CHF 4,654 million of fair value gains on Credit Suisse debt compared to CHF 1,111 million of fair value gains in 2007. Provision for credit losses increased due to provisions against loans made to various borrowers in Asia, as well as higher provisions related to a guarantee provided in a prior year to a third-party bank. Total operating expenses decreased 25%, reflecting a 30% decline in compensation and benefits and a 14% decline in total other operating expenses. The weakening of the average rate of the US dollar against the Swiss franc from 2007 favorably impacted expenses and losses. For information on foreign currency translation rates, refer to X – Investor information.

Selected risk exposures

end of	2009	2008	% change
Origination-related positions (CHF billion) ¹			

Unfunded commitments	0.3	0.3	0
Funded positions	0.5	0.6	(17)
Leveraged finance	0.82	0.9	(11)
Commercial mortgages	3.13	8.8	(65)
Trading book-related positions (CHF billion) ⁴			
US subprime	1.1	1.9	(42)
US Alt-A	0.9	0.6	50
US prime	3.8	0.6	–
European/Asian	0.8	2.0	(60)
Residential mortgages and subprime CDO	6.6	5.1	29

The risk exposures for the leveraged finance and structured products businesses reflect a risk management rather than a financial reporting perspective.

1 Exposures shown gross. 2 Excludes an aggregate of CHF 1.2 billion of fair valued non-recourse term financing for executed transactions. Fair value gains and losses on this term financing are reflected in net valuation adjustments in leveraged finance. Excludes the impact of the PAF transaction of CHF 2.1 billion, of which CHF 1.1 billion consisted primarily of leveraged finance loans and CHF 1.0 billion consisted of assets underlying non-recourse financing. 3 Excludes an aggregate of CHF 2.6 billion of term financing for executed transactions, of which CHF 2.2 billion is non-recourse, and the impact of the PAF transaction of CHF 1.1 billion. 4 Exposures shown net.

Performance indicators

Pre-tax income margin

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

Value-at-Risk

The 2009 average one-day, 99% VaR was CHF 118 million compared to CHF 177 million in 2008. For further information on VaR for Credit Suisse, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management.

Pre-tax return on average utilized economic capital

The 2009 pre-tax return on average utilized economic capital was 33.5% compared to a negative 46.6% in 2008.

Risk-weighted assets

Risk-weighted assets declined 14% to USD 140 billion from the end of 2008. Risk-weighted assets in ongoing businesses declined to USD 123 billion from USD 128 billion as of the end of 2008. Risk-weighted assets in exit businesses declined from USD 35 billion as of the end of 2008 to USD 17 billion as of the end of 2009, reflecting our efforts to support growth in our client-focused businesses and reallocate capital from our exit businesses.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 results versus 2007.

Net revenues

Debt underwriting

2009 vs 2008: Up 165% from CHF 431 million to CHF 1,141 million

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

2008 vs 2007: Down 77% from CHF 1,900 million to CHF 431 million

The decrease was primarily due to the significantly weaker performance in the leveraged finance business resulting from lower levels of high yield and leveraged lending issuance activity and higher fee losses in leveraged finance, offset in part by improved performance in the structured products business compared to fee losses in 2007. Despite a significant decline in the demand for most fixed income securities due to continued weakness in the credit markets, revenues from investment grade and emerging markets were stable.

Equity underwriting

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

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

2008 vs 2007: Down 44% from CHF 1,519 million to CHF 856 million

The decrease was primarily due to a 33% decline in industry-wide equity issuance volumes, compared to record industry-wide equity issuance volumes in 2007, and a decline in market share. 2008 had the lowest number of IPOs globally since *Dealogic* began tracking the statistics in 1995.

Advisory and other fees

2009 vs 2008: Down 41% from CHF 1,348 million to CHF 793 million

The decrease was due to significantly lower levels of global completed M&A activity and a decline in completed M&A market share.

2008 vs 2007: Down 28% from CHF 1,879 million to CHF 1,348 million
The decrease was primarily due to a decline in industry-wide M&A activity.

Fixed income trading

2009 vs 2008: From CHF (5,372) million to CHF 10,460 million

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

2008 vs 2007: From CHF 5,670 million to CHF (5,372) million

The decrease was primarily due to higher net valuation reductions of CHF 10,648 million in our combined structured products and leveraged finance businesses compared to valuation reductions of CHF 2,283 million in 2007. Results also reflected losses in certain businesses, compared to significant revenues in 2007, reflecting the significantly more adverse conditions in the second half of 2008. We had losses in our emerging markets businesses compared to significant revenues in 2007, resulting from price declines in several markets reflecting widening credit spreads in the second half of 2008. We had significant losses in structured derivatives compared to good revenues in 2007, primarily reflecting losses associated with structured foreign exchange derivatives in Asia in the fourth quarter and losses resulting from the sharp shift in the Euro yield curve in June. In the fourth quarter, we had leveraged finance trading losses of CHF 451 million relating to businesses we are exiting, specifically European trading and several discontinued trading strategies in the US, and losses of CHF 362 million driven by the US loan trading business, which experienced unprecedented price declines. In addition, we had losses in our fixed income proprietary trading business compared to strong revenues in 2007. We had higher valuation reductions in our corporate loan business, reflecting valuation reductions of CHF 3.2 billion offset in part by a CHF 1.8 billion positive impact from a change in estimate of the value of the loans. We had net valuation reductions on our investments in the preferred shares and hybrid capital securities of certain financial institutions and in our non-subprime CDO business, primarily reflecting a decline in market values for collateralized loan obligation securities. We also had higher losses in our commodities business in the power and energy sector. These results were partially offset by fair value gains of CHF 4,188 million on Credit Suisse debt, significantly higher revenues in flow-based rates and US and European high grade products, positive revenues in RMBS compared to negative results in 2007 and higher revenues in our life finance business.

Equity trading

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

The increase was due to significant revenues in 2009 in certain businesses compared with losses in the second half of 2008. Losses in the second half of 2008 included CHF 1,725 million in the convertibles business, CHF 1,120 million in long/short event and risk arbitrage trading strategies and CHF 1,815 million in the fourth quarter of 2008 in equity derivatives stemming from losses in the structured derivatives and corporate and flow derivatives businesses. By the end of first quarter, we had substantially reduced our trading positions relating to illiquid equity trading strategies. In

addition, we had higher revenues from our fund-linked products and prime services businesses. Results in our cash equities business continued to be strong. Equity trading results included net fair value losses of CHF 40 million on Credit Suisse debt compared to fair value gains of CHF 466 million in 2008. In the first quarter of 2009, the results included approximately CHF 200 million of equity trading revenues, primarily in our equity derivatives and convertibles businesses, that were driven by a reduction in market volatility and the stabilization of the convertible bond market.

2008 vs 2007: Down 81% from CHF 7,772 million to CHF 1,471 million

The decrease was primarily driven by losses in the second half of 2008 in certain businesses that had significant revenues in 2007. Losses in the second half of 2008 included CHF 1,725 million in the convertibles business, driven by the restrictions on short selling of financial institutions, which severely impacted the convertible bond market, and CHF 1,120 million in long/short event and risk arbitrage trading strategies. The decline was also driven by losses of CHF 1,815 million in the fourth quarter in equity derivatives stemming from losses in the structured derivatives businesses, most of which we have reduced, and corporate and flow derivatives, resulting from highly volatile market conditions and counterparty-related defaults. In addition, our non-US cash equities businesses had lower revenues compared to a very strong 2007. These results were partially offset by a significantly stronger performance in prime services, due to growth in client mandates, and in our US cash equities business which benefited from higher revenues in our Advanced Execution Services[®] business. Equity trading results also included fair value gains of CHF 466 million on Credit Suisse debt.

Other

2009 vs 2008: From CHF (705) million to CHF (516) million

The increase was due to gains from the impact of economic hedging of voluntary deferred compensation compared to losses in 2008, revenues from private equity-related investments not managed as part of Asset Management, compared to losses in 2008, and valuation reductions in 2008 from our leveraged finance bridge commitments. These results were partially offset by integrated solutions payments.

2008 vs 2007: From CHF (156) million to CHF (705) million

The decrease was due to losses from private equity-related investments not managed as part of Asset Management, compared to significant gains in 2007, and losses from the impact of economic hedging of voluntary deferred compensation, partially offset by lower valuation reductions on our bridge commitments.

Provision for credit losses

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

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

2008 vs 2007: Up 126% from CHF 301 million to CHF 679 million

The increase was driven by provisions against loans made to various borrowers in Asia, with the majority of the increase related to a single borrower, as well as higher provisions relating to a guarantee provided in a prior year to a third-party bank. A portion of these provisions was offset by gains on credit defaults swaps recorded in trading revenues.

Operating expenses

Compensation and benefits

2009 vs 2008: Up 23% from CHF 7,006 million to CHF 8,652 million

The increase was primarily due to higher performance-related compensation, reflecting improved risk-adjusted profitability, and higher voluntary deferred compensation, offset in part by lower deferred compensation from prior-year share awards, salaries and benefits and severance costs.

2008 vs 2007: Down 30% from CHF 9,989 million to CHF 7,006 million

The decrease was primarily due to lower performance-related compensation costs resulting from lower revenues as well as the deferral of compensation under the CRA program and lower voluntary deferred compensation expense. We previously economically hedged voluntary deferred compensation with a derivative instrument, and the gains/losses on the underlying compensation liability were offset in compensation expenses by the losses/gains on the derivative. In 2008, we began to economically hedge with a cash instrument, and the gains/losses on the underlying compensation liability are recorded in compensation and benefits and the losses/gains on the hedge are recorded in other revenues. The decrease also reflected a reduction in salary expense.

General and administrative expenses

2009 vs 2008: Up 27% from CHF 2,794 million to CHF 3,559 million

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

2008 vs 2007: Down 18% from CHF 3,416 million to CHF 2,794 million

The decrease primarily reflected a decline in expense provisions, as releases from our reserve for certain private litigation matters of CHF 812 million were partially offset by a charge of CHF 272 million related to the Parmalat settlement and higher litigation expense provisions. In addition, due to a slowdown in market activity, professional fees declined due to lower business and tax services fees and lower fees paid to recruiting firms. Other general and administrative expenses were stable, reflecting our continued focus on cost management.

Personnel

Headcount as of the end of 2009 was 19,400, down slightly from 19,600 as of the end of 2008 and down significantly from 20,500 as of the end of 2007.

Asset Management

In 2009, we recorded income before taxes of CHF 35 million, including investment-related losses of CHF 365 million, gains on securities purchased from our money market funds of CHF 109 million and a gain of CHF 228 million from the sale of part of our traditional investment strategies business to Aberdeen Asset Management.

Results

		in / end of		% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues	1,842	632	2,390	191	(74)

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Provision for credit losses	0	0	0	–	–
Compensation and benefits	1,090	1,055 ¹	1,286	3	(18)
General and administrative expenses	557	604 ²	545	(8)	11
Commission expenses	160	158	209	1	(24)
Total other operating expenses	717	762	754	(6)	1
Total operating expenses	1,807	1,817	2,040	(1)	(11)
Income/(loss) before taxes	35	(1,185)	350	–	–
Statement of operations metrics (%)					
Cost/income ratio	98.1	287.5	85.4	–	–
Pre-tax income margin	1.9	(187.5)	14.6	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	3,408	3,273	2,725	4	20
Pre-tax return on average utilized economic capital (%) ³	2.1	(34.9)	14.8	–	–
Number of employees (full-time equivalents)					
Number of employees	3,100	3,100	3,700	0	(16)

1 Includes severance costs of CHF 47 million relating to realignments. 2 Includes an impairment charge on acquired intangible assets of CHF 41 million. 3 Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

			in	% change	
	2009	2008	2007	09 / 08	08 / 07
Net revenue detail by type (CHF million)					
Asset management fees	1,384	1,534	1,824	(10)	(16)
Placement fees	55	141	366	(61)	(61)
Performance fees and carried interest	82	75	202	9	(63)
Equity participations and joint ventures	542	174	171	211	2
Securities purchased from our money market funds	109	(687)	(920)	–	(25)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Other revenues	35	51	126	(31)	(60)
Net revenues	1,842	632	2,390	191	(74)
Net revenue detail by line of business (CHF million)					
Private equity	238	411	569	(42)	(28)
Real estate	245	264	386	(7)	(32)
Credit strategies	96	102	128	(6)	(20)
Liquid strategies ¹	279	176	297	59	(41)

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Other	6	44	49	(86)	(10)
Alternative investment strategies	864	997	1,429	(13)	(30)
Multi-asset class solutions	476	708	854	(33)	(17)
Other	216	96	235	125	(59)
Traditional investment strategies	692	804	1,089	(14)	(26)
Equity participations and joint ventures²	542₃	174₄	171	211	2
Securities purchased from our money market funds	109	(687)	(920)	–	(25)
Net revenues before investment-related gains/(losses)	2,207	1,288	1,769	71	(27)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Net revenues	1,842	632	2,390	191	(74)
Gross and net margin on assets under management (bp)					
Gross margin before investment-related gains/(losses)	53₃	25	28	–	–
Gross margin	44₃	12	38	–	–
Net margin (pre-tax)	1	(23)	6	–	–

1 Includes multi-manager hedge funds, single-manager hedge fund strategies and index strategies. 2 Includes Asset Management Finance LLC, Hedging-Griffo, Credit Suisse (Brazil) and Aberdeen Asset Management. 3 Includes gains on shares received from the Aberdeen transaction of CHF 228 million and gains from the sale of the PKO Bank Polski and Woori Credit Suisse Asset Management joint ventures of CHF 58 million. 4 Includes a CHF 43 million impairment charge on our Korean joint venture Woori Credit Suisse Asset Management.

Business environment

The global financial crisis continued to affect the asset management industry in 2009. Financial markets were highly volatile in the early part of the year, but signs of an economic recovery helped build momentum for a broad rally across most asset classes, which resulted in reduced volatility. The MSCI World Index rose 27% in 2009. Investors began to reposition their portfolios, seeking more liquid, transparent products and more robust risk management. Fundraising varied considerably across asset classes, as investors coped with the impact of the market downturn and asset allocation distortion. In alternative investments, illiquid fundraising was generally challenging, particularly in private equity. Fundraising in real estate varied significantly by country, with developed market opportunities more focused on distressed strategies. Investor demand for credit exposure was steady in 2009. The hedge fund industry experienced significant redemptions in the first half of the year, but stabilized in the second half. Hedge fund performance rebounded in 2009 as the HFRI Fund Weighted Composite Index gained 20%. Within the traditional products sector, investor risk appetite began to return in the second half of the year, with flows out of cash and money market funds primarily into fixed income products. Fixed income markets also had gains for the year, with the largest rallies in the high yield bond and leveraged loan sectors, evidenced by a 45% gain in the Credit Suisse Leveraged Loan index. Emerging markets products gathered significant momentum, with the MSCI Emerging Markets Index gaining 74% over the year. Demand for passive investments, including exchange-traded funds (ETF) and index

products, increased in 2009. Real estate markets improved, with the FTSE NAREIT Composite, an index of publicly traded real estate investment trusts, gaining 20%. The S&P GSCI Total Return commodity index rose 13%, and gold prices reached a multi-year high in December.

For further information, refer to – Operating environment.

Results overview

In 2009, income before taxes was CHF 35 million, up CHF 1,220 million, compared to a loss before taxes of CHF 1,185 million in 2008. Net revenues almost tripled to CHF 1,842 million compared to 2008, primarily reflecting gains from securities purchased from our money market funds compared to losses in 2008, lower investment-related losses and higher revenues from equity participations and joint ventures, including aggregate gains of CHF 286 million from the Aberdeen transaction and the sale of two joint ventures.

Net revenues before securities purchased from our money market funds and investment-related gains/(losses) of CHF 2,098 million were up 6%, primarily due to the higher revenues from equity participations and joint ventures, partially offset by lower asset management and placement fees. Average assets under management decreased 18.7% over the past year. Asset management fees of CHF 1,384 million were down 10%, primarily from significantly lower revenues in multi-asset class solutions, reflecting the decline in average assets under management and lower margins. Asset management fees in alternative investment strategies were stable. Placement fees of CHF 55 million were down 61%, reflecting the difficult fundraising environment in 2009. Performance fees and carried interest of CHF 82 million were up 9%, mainly in liquid strategies relating to management of the PAF, partially offset by lower performance fees and carried interest primarily in private equity. Equity participations and joint venture revenues of CHF 542 million were up CHF 368 million, primarily reflecting the gain of CHF 228 million from the sale of part of our traditional investment strategies business to Aberdeen Asset Management, increased performance-based fees from Hedging-Griffo and CHF 58 million from the sale of two joint ventures in Poland and Korea, PKO Bank Polski and Woori Credit Suisse Asset Management. 2008 revenues included an impairment charge on the Korean joint venture.

Total operating expenses of CHF 1,807 million were flat, as higher performance-related compensation was offset by a decline in general and administrative expenses.

Assets under management were CHF 416.0 billion, up 1.1% compared to the end of 2008, primarily reflecting positive market performance, partially offset by the transfer of the managed lending business to Investment Banking and the sale of the two joint ventures. Net new assets in 2009 of CHF 0.4 billion included inflows of CHF 7.6 billion in alternative investment strategies, mainly from the quantitative strategies group (including their ETFs) and real estate, and CHF 2.0 billion in Swiss advisory, mostly offset by outflows of CHF 5.6 billion in multi-asset class solutions, which also included the impact of a tax amnesty in Italy, and CHF 4.9 billion in money markets assets in the managed lending business.

We continued to manage down our exposure to securities purchased from our money market funds, with exposure of CHF 260 million as of the end of 2009, compared to CHF 567 million as of the end of 2008.

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

In 2008, the loss before taxes was CHF 1,185 million, down CHF 1,535 million compared to 2007, primarily reflecting investment-related losses of CHF 656 million compared to gains of CHF 621 million in 2007 and significantly lower losses from securities purchased from our money market funds. Net revenues of CHF 1,975 million before securities purchased from our money market funds and investment-related gains/(losses) were down

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27%, mainly from lower asset management fees in traditional investment strategies, reflecting the significant decline in average assets under management, and lower placement and performance fees. 2008 revenues included losses on proprietary hedge fund positions and our investment in Ospraie. Total operating expenses were CHF 1,817 million, a decrease of 11% compared to 2007, primarily reflecting lower performance-related compensation. Assets under management were CHF 411.5 billion, down from CHF 599.4 billion as of the end of 2007, primarily reflecting negative market performance, net asset outflows of CHF 63.3 billion and adverse foreign exchange-related movements.

Results before securities purchased from our money market funds

	in			% change	
	2009	2008	2007	09 / 08	08 / 07
Statements of operations (CHF million)					
Net revenues before investment-related gains/(losses)	2,098	1,975	2,689	6	(27)
Investment-related gains/(losses)	(365)	(656)	621	(44)	–
Net revenues	1,733	1,319	3,310	31	(60)
Provision for credit losses	0	0	0	–	–
Compensation and benefits	1,090	1,055	1,286	3	(18)
Total other operating expenses	717	762	754	(6)	1
Total operating expenses	1,807	1,817	2,040	(1)	(11)
Income/(loss) before taxes	(74)	(498)	1,270	(85)	–
Statement of operations metrics (%)					
Cost/income ratio	104.3	137.8	61.6	–	–
Pre-tax income margin	(4.3)	(37.8)	38.4	–	–
Gross and net margin on assets under management (bp)					
Gross margin before investment-related gains/(losses)	50₁	38	43	–	–
Gross margin	41₁	25	53	–	–
Net margin (pre-tax)	(2)	(10)	20	–	–

Management believes that results before securities purchased from our money market funds is meaningful as it more appropriately reflects the performance of the ongoing business.

1 Includes gains on shares received from the Aberdeen transaction of CHF 228 million and gains from the sale of the PKO Bank Polski and Woori Credit Suisse Asset Management joint ventures of CHF 58 million.

Gains/(losses) on securities purchased from our money market funds

	in			% change	
	2009	2008	2007	09 / 08	08 / 07
Gains/(losses) (CHF million)					
Realized gains/(losses)	(31)	(36)	(113)	(14)	(68)
Unrealized gains/(losses)	127	(792)	(807)	–	(2)

Net gains/(losses) ¹	96	(828)	(920)	–	(10)
Other ^{2, 3}	13	141	0	(91)	–
Securities purchased from our money market funds	109	(687)	(920)	–	(25)

1 Includes net interest income. 2 Includes hedging gains/(losses) of CHF 3 million and CHF 189 million in 2009 and 2008, respectively. 3 Includes cash infusions/(refunds) and costs associated with the closing of our money market funds of CHF (10) million and CHF 48 million in 2009 and 2008, respectively.

Movements of securities purchased from our money market funds

CP, bonds and other securities issued by	Fair value at beginning of period	Purchased	Net gains/(losses)	Sold	Matured/restructured	Foreign exchange	Fair value at end of period
2009 (CHF million)							
Structured investment vehicles	356	0	66	(55)	(109)	2	260
Asset-backed securities vehicles	1	44	3	(47)	0	(1)	0
Corporates	210	226	27	(482)	0	19	0
Total	567	270	96	(584)	(109)	20	260
2008 (CHF million)							
Structured investment vehicles	2,481	0	(598)	(25)	(1,373)	(129)	356
Asset-backed securities vehicles	1,026	108	(118)	(842)	(117)	(56)	1
Corporates	414	269	(112)	(114)	(242)	(5)	210
Total	3,921	377	(828)	(981)	(1,732)	(190)	567

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 40%. The pre-tax margin was 1.9% in 2009, compared to negative 187.5% in 2008. The pre-tax income margin before securities purchased from our money market funds was negative 4.3% in 2009, compared to negative 37.8% in 2008. The pre-tax income margin before securities purchased from our money market funds and investment-related gains/(losses) was 13.9% in 2009, compared to 8.0% in 2008.

Net new asset growth rate

In 2009, the growth rate was 0.1%, compared to negative 10.6% in 2008.

Gross margin

The gross margin on assets under management was 44 basis points in 2009, compared to 12 basis points in 2008. The gross margin on assets under management before securities purchased from our money market funds and investment-related gains/(losses) was 50 basis points in 2009, compared to 38 basis points in 2008.

Assets under management – Asset Management

	in / end of			% change	
	2009	2008	2007	09 / 08	08 / 07
Assets under management (CHF billion)					
Private equity	31.6	37.2	32.5	(15.1)	14.5
Real estate	36.8	34.4	37.4	7.0	(8.0)
Credit strategies	16.3	13.1	28.6	24.4	(54.2)
Liquid strategies ¹	69.2	54.9	63.3	26.0	(13.3)
Other	4.0	2.3	3.0	73.9	(23.3)
Alternative investment strategies	157.9	141.9	164.8	11.3	(13.9)
Multi-asset class solutions	170.2	159.9	219.9	6.4	(27.3)
Other	70.6	94.4	189.9	(25.2)	(50.3)
Traditional investment strategies	240.8	254.3	409.8	(5.3)	(37.9)
Equity participations and joint ventures ²	17.3	15.3	24.8	13.1	(38.3)
Assets under management	416.0	411.5	599.4	1.1	(31.3)
Assets under management by currency (CHF billion)					
USD	94.8	105.9	161.2	(10.5)	(34.3)
EUR	61.5	56.5	74.9	8.8	(24.6)
CHF	240.3	224.6	297.9	7.0	(24.6)
Other	19.4	24.5	65.4	(20.8)	(62.5)
Assets under management	416.0	411.5	599.4	1.1	(31.3)
Growth in assets under management (CHF billion)					
Net new assets	0.4	(63.3)	(3.6)	–	–
Other effects	4.1	(124.6)	15.5	–	–
of which market movements	30.7	(78.6)	11.4	–	–
of which currency	0.2	(23.5)	(10.3)	–	–
of which other	(26.8) ₃	(22.5)	14.4 ⁴ ₅	–	–
Growth in assets under management	4.5	(187.9)	11.9	–	–
Growth in assets under management (%)					
Net new assets	0.1	(10.6)	(0.6)	–	–
Other effects	1.0	(20.8)	2.6	–	–

Growth in assets under management

	1.1	(31.4)	2.0	-	-
Principal investments (CHF billion)					
Principal investments ⁶	3.8	4.0	3.3	(5.0)	21.2

1 Includes multi-manager hedge funds, single-manager hedge fund strategies and index strategies. 2 Includes Hedging-Griffo and Credit Suisse (Brazil). 3 Includes assets under management of the managed lending business transferred to Investment Banking of CHF 13.2 billion and reductions relating to the sale of two joint ventures. 4 Includes CHF 16.6 billion of assets under management relating to the acquisition of Hedging-Griffo. 5 Includes outflows from the sale of the insurance business. 6 Includes primarily private equity investments.

Results detail

The following provides a comparison of our 2009 results versus 2008 and 2008 versus 2007.

Net revenues

Net revenues before investment-related gains/(losses) include asset management fees (including fees from fund administration services), performance-based fees and carried interest, placement fees, revenues from joint ventures and strategic collaborations and realized and unrealized gains and losses on securities purchased from our money market funds. Investment-related gains/(losses) include realized and unrealized gains and losses and net interest and dividend income on investments.

Alternative investment strategies

2009 vs 2008: Down 13% from CHF 997 million to CHF 864 million

The decrease was mainly due to lower revenues in private equity, partially offset by higher revenues in liquid strategies. The decrease in private equity revenues was due to lower placement fees in a challenging fund raising environment, higher allocated funding costs and lower performance fees and carried interest, partially offset by an increase in asset management fees. 2008 private equity revenues included CHF 49 million in losses from our investment in Ospraie. Real estate revenue decreased due to lower asset management fees. The increase in liquid strategies revenues reflected losses in 2008 associated with proprietary hedge fund positions, and higher performance fees relating to management of the PAF, partially offset by lower asset management fees in 2009.

2008 vs 2007: Down 30% from CHF 1,429 million to CHF 997 million

The decrease was mainly due to lower revenues across all strategies. The decrease in private equity revenues reflected lower placement and performance fees and carried interest and the losses from our investment in Ospraie, which was adversely impacted by the closing of one of its major funds, partially offset by lower allocated funding costs. The decline in real estate revenues was mainly from lower placement fees. The decrease in liquid strategies was mainly due to losses associated with proprietary hedge fund positions, including seed capital investments, lower asset management fees, reflecting lower average assets under management, and lower performance fees and carried interest. The decline in credit strategies reflected lower revenues from our leveraged corporate investment business.

Traditional investment strategies

2009 vs 2008: Down 14% from CHF 804 million to CHF 692 million

The decrease was mainly due to significantly lower asset management fees from multi-asset class solutions, reflecting a 13.1% decline in average assets under management, and a shift into lower margin products, partially offset by

realized gains on securities acquired from client securities lending portfolios and higher fees from fund administration services.

2008 vs 2007: Down 26% from CHF 1,089 million to CHF 804 million

The decrease was mainly due to lower fees as a result of lower average assets under management across most products and lower fees from our Luxembourg-based funds, reflecting weak performance.

Equity participations and joint ventures

2009 vs 2008: Up 211% from CHF 174 million to CHF 542 million

The increase was mainly due to the CHF 228 million gain from the Aberdeen transaction, increased performance-based fees from Hedging-Griffo, the CHF 39 million net gain from the sale of PKO Bank Polski and the CHF 19 million gain from the sale of Woori Credit Suisse Asset Management. 2008 included an impairment charge on the Korean joint venture.

2008 vs 2007: Up 2% from CHF 171 million to CHF 174 million

The increase was mainly due to higher asset management fees from Hedging-Griffo, which we acquired in the fourth quarter of 2007, mostly offset by an impairment charge on the Korean joint venture and lower performance-based fees from Credit Suisse (Brazil).

Investment-related gains/(losses)

2009 vs 2008: From CHF (656) million to CHF (365) million

In 2009, we had unrealized losses in private equity investments, mainly in the real estate, financial services and energy sectors, partially offset by unrealized gains in credit-related investments. 2008 included unrealized losses in private equity investments, mainly in the real estate, financial services and commodity sectors, and in credit-related and emerging market investments.

2008 vs 2007: Down from CHF 621 million to CHF (656) million

In 2008, we had unrealized losses in private equity investments, mainly in the real estate, financial services and commodity sectors, and in credit-related and emerging market investments. 2007 included realized and unrealized gains in private equity investments, mainly in the pharmaceutical, real estate, energy and commodity sectors, and in emerging markets investments, partially offset by unrealized losses in credit-related investments.

Operating expenses

Compensation and benefits

2009 vs 2008: Up 3% from CHF 1,055 million to CHF 1,090 million

The increase was mainly due to higher performance-related compensation, due to the deferral of compensation under the CRA program in 2008, and the amortization of CRA in 2009, partially offset by lower deferred compensation from prior-year share awards and lower salaries.

2008 vs 2007: Down 18% from CHF 1,286 million to CHF 1,055 million

The decrease was mainly due to lower performance-based compensation reflecting lower results and the deferral of compensation under the CRA program. Compensation in 2008 included CHF 47 million of severance costs relating to realignments.

General and administrative expenses

2009 vs 2008: Down 8% from CHF 604 million to CHF 557 million

The decrease mainly reflected the CHF 41 million impairment charge on acquired intangible assets in 2008, partially offset by higher non-credit-related provisions. Other general and administrative expenses were stable, reflecting our focus on cost management.

2008 vs 2007: Up 11% from CHF 545 million to CHF 604 million

The increase was mainly due to the impairment charge of CHF 41 million on acquired intangible assets and slightly higher general and administrative expenses across most categories, partially offset by lower professional fees.

Personnel

In 2009, headcount was 3,100, stable compared to 2008 and down significantly from 2007. Headcount in 2008 included a reduction of 400 employees due to the Aberdeen transaction.

Corporate Center

In 2009, we recorded a loss from continuing operations before taxes of CHF 1,948 million primarily associated with litigation provisions and fair value adjustments on Credit Suisse debt.

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

The following provides a comparison of our 2009 results versus 2008 and 2008 results versus 2007.

Loss from continuing operations before taxes

2009 vs 2008: From CHF (1,036) million to CHF (1,948) million

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

2008 vs 2007: From CHF (192) million to CHF (1,036) million

The increased loss primarily reflected costs of CHF 833 million associated with the accelerated implementation of our strategic plan. These costs included CHF 596 million of severance and other compensation expenses and CHF 120 million of IT-related impairments and write-offs. The decision to exit our non-integrated mortgage origination business in Investment Banking resulted in CHF 82 million of goodwill impairment. The increased loss also reflected CHF 150 million for captive insurance settlements relating to ARS.

Results

		in		% change
2009	2008	2007	09 / 08	08 / 07

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Statements of operations (CHF million)

Net revenues	(424)	294	43	–	–
Provision for credit losses	0	1	(2)	(100)	–
Compensation and benefits	534	858	178	(38)	382
General and administrative expenses	908	422	136	115	210
Commission expenses	82	49	(77)	67	–
Total other operating expenses	990	471	59	110	–
Total operating expenses	1,524	1,329	237	15	461
Loss from continuing operations before taxes	(1,948)	(1,036)	(192)	88	440

Results overview

	Private Banking			Investment Banking			Asset Management			Corporate Center		
in / end of	2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
Statements of operations (CHF million)												
Net revenues	11,662	12,907	13,522	20,537	(1,971)	18,584	1,842	632	2,390	(424)	294	43
Provision for credit losses	180	133	(59)	326	679	301	0	0	0	0	1	(2)
Compensation and benefits	4,651	4,260	4,529	8,652	7,006	9,989	1,090	1,055	1,286	534	858	178
General and administrative expenses	2,580	3,919	2,670	3,559	2,794	3,416	557	604	545	908	422	136
Commission expenses	600	745	896	1,155	1,342	1,382	160	158	209	82	49	(77)
Total other operating expenses	3,180	4,664	3,566	4,714	4,136	4,798	717	762	754	990	471	59
Total operating expenses	7,831	8,924	8,095	13,366	11,142	14,787	1,807	1,817	2,040	1,524	1,329	237
Income/(loss) from continuing operations before taxes	3,651	3,850	5,486	6,845	(13,792)	3,496	35	(1,185)	350	(1,948)	(1,036)	(192)
Income tax expense/(benefit)	–	–	–	–	–	–	–	–	–	–	–	–

Income/(loss) from continuing operations	-	-	-	-	-	-	-	-	-	-	-	-
Income from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Net income/(loss)	-	-	-	-	-	-	-	-	-	-	-	-
Less net income/(loss) attributable to noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	-
Net income/(loss) attributable to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Statement of operations metrics (%)												
Cost/income ratio	67.1	69.1	59.9	65.1	-	79.6	98.1	287.5	85.4	-	-	-
Pre-tax income margin	31.3	29.8	40.6	33.3	-	18.8	1.9	(187.5)	14.6	-	-	-
Effective tax rate	-	-	-	-	-	-	-	-	-	-	-	-
Income margin from continuing operations	-	-	-	-	-	-	-	-	-	-	-	-
Net income margin	-	-	-	-	-	-	-	-	-	-	-	-
Utilized economic capital and return												
Average utilized economic capital (CHF million)	6,906	6,778	6,494	20,782	29,342	37,503	3,408	3,273	2,725	(31) ₂	(10) ₂	(343) ₂
Pre-tax return on average utilized economic capital (%) ³	53.3	57.3	85.1	33.5	(46.6)	9.9	2.1	(34.9)	14.8	-	-	-
Balance sheet statistics (CHF million)												
Total assets	345,488	374,771	376,800	819,081	976,713	1,140,740	19,289	21,580	27,784	(161,826)	(217,147)	(201,947)
Net loans	175,245	174,880	175,506	61,939	60,837	64,892	-	-	-	(4)	80	136
Goodwill	789	765	975	6,843	6,972	7,465	1,635	1,593	2,442	-	-	-
Number of employees (full-time equivalents)												
Number of employees	24,300	24,400	23,200	19,400	19,600	20,500	3,100	3,100	3,700	800	700	700

1 Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling interest. ³ Calculated using a return excluding interest costs for allocated goodwill.

Assets under management

As of December 31, 2009, assets under management from continuing operations were CHF 1,229.0 billion, up 11.1% compared to December 31, 2008, primarily reflecting net new assets in Private Banking of CHF 41.6 billion and positive market movements.

Assets under management and client assets

	2009	2008	end of 2007	09 / 08	% change 08 / 07
Assets under management (CHF billion)					
Private Banking	914.9	788.9	995.4	16.0	(20.7)
Asset Management	416.0	411.5	599.4	1.1	(31.3)
Assets managed by Asset Management for Private Banking clients	(101.9)	(94.3)	(132.0)	8.1	(28.6)
Assets under management from continuing operations	1,229.0	1,106.1	1,462.8	11.1	(24.4)
of which discretionary assets	422.3	416.1	586.9	1.5	(29.1)
of which advisory assets	806.7	690.0	875.9	16.9	(21.2)
Discontinued operations ¹	0.0	67.9	91.9	(100.0)	(26.1)
Assets under management	1,229.0	1,174.0	1,554.7	4.7	(24.5)
Client assets (CHF billion)					
Private Banking	1,063.4	919.9	1,159.4	15.6	(20.7)
Asset Management	444.7	425.1	629.8	4.6	(32.5)
Assets managed by Asset Management for Private Banking clients	(101.9)	(94.3)	(132.0)	8.1	(28.6)
Client assets from continuing operations	1,406.2	1,250.7	1,657.2	12.4	(24.5)
Discontinued operations ¹	0.0	67.9	91.9	(100.0)	(26.1)
Client assets	1,406.2	1,318.6	1,749.1	6.6	(24.6)

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

Growth in assets under management

in	2009	2008	2007
Growth in assets under management (CHF billion)			
Private Banking	41.6	50.9	53.5

Asset Management	0.4	(63.3)	(3.6)
Assets managed by Asset Management for Private Banking clients	2.2	9.4	(6.7)
Net new assets	44.2	(3.0)	43.2
Private Banking	84.4	(257.4)	1.6
Asset Management	4.1	(124.6)	15.5
Assets managed by Asset Management for Private Banking clients	(9.8)	28.3	(0.2)
Other effects	78.7	(353.7)	16.9
Private Banking	126.0	(206.5)	55.1
Asset Management	4.5	(187.9)	11.9
Assets managed by Asset Management for Private Banking clients	(7.6)	37.7	(6.9)
Total growth in assets under management from continuing operations	122.9	(356.7)	60.1
Total growth in assets under management from discontinued operations ¹	(67.9)	(24.0)	9.5
Total growth in assets under management	55.0	(380.7)	69.6
Growth in assets under management (%) ²			
Private Banking	5.3	5.1	5.7
Asset Management	0.1	(10.6)	(0.6)
Assets managed by Asset Management for Private Banking clients	(2.3)	(7.1)	5.4
Net new assets	4.0	(0.2)	3.1
Private Banking	10.7	(25.9)	0.2
Asset Management	1.0	(20.8)	2.6
Assets managed by Asset Management for Private Banking clients	10.4	(21.4)	0.2
Other effects	7.1	(24.2)	1.2
Private Banking	16.0	(20.8)	5.9

Asset Management	1.1	(31.4)	2.0
Assets managed by Asset Management for Private Banking clients	8.1	(28.5)	5.6
Total growth in assets under management	11.1	(24.4)	4.3

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

Assets under management

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

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

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

As of December 31, 2009, assets under management from continuing operations were CHF 1,229.0 billion, up CHF 122.9 billion, or 11.1%, compared to December 31, 2008, primarily reflecting net new assets in Private Banking of CHF 41.6 billion and positive market movements.

In Private Banking, assets under management were CHF 914.9 billion, up CHF 126.0 billion, or 16.0%, compared to the end of 2008. In Asset Management, assets under management were CHF 416.0 billion, up CHF 4.5 billion, or 1.1%, compared to the end of 2008, as positive market movements were mostly offset by other effects, including the transfer of the managed lending business to Investment Banking and the sale of two joint ventures. For further information, refer to II – Operating and financial review – Private Banking and – Asset Management.

Net new assets

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

Private Banking recorded net new assets of CHF 41.6 billion, with strong inflows in both the international and Swiss businesses. Asset Management recorded net new assets of CHF 0.4 billion, compared to net asset outflows of CHF 63.3 billion in 2008, as net inflows in alternative investment strategies were mostly offset by net outflows in traditional investment strategies.

Client assets

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

Critical accounting estimates

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

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

Fair value

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

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

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

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

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

For further information on fair value, refer to Note 2 – Recently issued accounting standards and Note 32 – Financial instruments in V – Consolidated financial statements – Credit Suisse Group.

Variable interest entities

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

For further information on VIEs, refer to Note 1 – Summary of significant accounting policies, Note 2 – Recently issued accounting standards and Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

Contingencies and loss provisions

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

Litigation contingencies

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

For further information on legal proceedings, refer to IX – Additional information – Legal proceedings and Note 36 – Litigation in V – Consolidated financial statements – Credit Suisse Group.

Allowance and provision for losses

As a normal part of our business, we are exposed to credit risks through our lending relationships, commitments and letters of credit as well as counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the risk that a borrower or counterparty is unable to meet its financial obligations. In the event of a default, we generally incur a loss equal to the amount owed by the counterparty, less a recovery amount resulting from foreclosure, liquidation of collateral or restructuring of the counterparty's obligation. The allowance for loan losses is considered adequate to absorb credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

For further information on allowance for loan losses, refer to Note 1 – Summary of significant accounting policies and Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group.

Inherent loan loss allowance

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

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

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

Specific loan loss allowances

We make provisions for specific loan losses on impaired loans based on regular and detailed analysis of each loan in the portfolio. This analysis includes an estimate of the realizable value of any collateral, the costs associated with obtaining repayment and realization of any such collateral, the counterparty's overall financial condition, resources and

payment record, the extent of our other commitments to the same counterparty and prospects for support from any financially responsible guarantors.

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

For loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk Management.

Goodwill impairment

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

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

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

For further information on goodwill and related impairment testing, refer to Note 19 – Goodwill and other intangible assets in V – Consolidated financial statements – Credit Suisse Group.

Taxes

Uncertainty of income tax positions

The Group has applied the guidance contained in ASC Topic 740 – Income Taxes, to evaluate income tax positions.

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

For further information, refer to Note 2 – Recently issued accounting standards and Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Deferred tax valuation allowances

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

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

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

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

As of December 31, 2009 and 2008, we had deferred tax assets resulting from temporary differences and from net operating losses that could reduce taxable income in future periods. The consolidated balance sheets as of December 31, 2009 and 2008 included gross deferred tax assets of CHF 13.3 billion and CHF 15.4 billion, respectively, and gross deferred tax liabilities of CHF 1.7 billion and CHF 2.7 billion, respectively. The decrease in net deferred tax assets from 2008 to 2009 was primarily due to the reduction in deferred tax assets on net operating losses. Due to uncertainty concerning our ability to generate the necessary amount and mix of taxable income in future periods, we recorded a valuation allowance against deferred tax assets in the amount of CHF 2.8 billion and CHF 3.0 billion as of December 31, 2009 and 2008, respectively, which related primarily to deferred tax assets on net operating loss carry-forwards.

For further information on deferred tax assets, refer to Note 25 – Tax in V – Consolidated financial statements – Credit Suisse Group.

Pension plans

The Group

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

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

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

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI). In 2008 the Group changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2009 included an amount related to our assumption for future salary increases of CHF 1,202 million, compared to CHF 1,297 million as of December 31, 2008. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the \geq fair value of plan assets and the ABO was an overfunding of CHF 67 million for 2009, compared to an overfunding of CHF 211 million for 2008.

We are required to estimate the expected long-term rate of return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of operations. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset

mix. In calculating pension expense and in determining the expected long-term rate of return, we use the market value of assets. The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date.

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs in 2009 and 2008 was 4.8% and 5%, respectively, for the Swiss plans and 7.5% and 7.6%, respectively, for the international plans. In 2009, if the expected long-term rate of return had been increased/decreased 1%, net pension expense for the Swiss plans would have decreased/increased CHF 128 million and net pension expense for the international plans would have decreased/increased CHF 22 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The average discount rate used for Swiss plans decreased 0.4 percentage point from 3.9% as of December 31, 2008, to 3.5% as of December 31, 2009, mainly due to a decrease in Swiss bond market rates. The average discount rate used for international plans decreased 0.3 percentage point from 6.3% as of December 31, 2008, to 6.0% as of December 31, 2009, mainly due to a decrease in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2009, a 1% decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,827 million and an increase in pension expense of CHF 128 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,592 million and a decrease in the pension expense of CHF 9 million. A 1% decline in the discount rate for the international plans as of December 31, 2009 would have resulted in an increase in the PBO of CHF 502 million and an increase in pension expense of CHF 44 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 400 million and a decrease in the pension expense of CHF 30 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2009, was approximately ten years for the Swiss plans and six to 24 years for the international plans. The expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2009, 2008 and 2007 was CHF 60 million, CHF 79 million and CHF 158 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2010, which is assessed at the beginning of the year, is expected to be CHF 87 million, net of tax. The amount by which the actual return on plan assets differs from our estimate of the expected return on those assets further impacts the amount of net recognized actuarial losses, resulting in a higher or lower amount of amortization expense in periods after 2010.

For further information on our pension benefits, refer to Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. The funded status of the Group plan is recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs are recognized in equity as a component of AOCI. In 2008 the Bank changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

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

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

In 2009, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs would have been 4.8%. In 2009, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic pension cost for the international single-employer defined benefit pension plans was 7.5%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2009, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic pension cost would have been 3.5% and 3.9%, respectively. For the year ended December 31, 2009, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 6.0% and 6.3%, respectively. A 1% decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 502 million and an increase in pension expense of CHF 44 million, and a 1% increase in the discount rate would have resulted in a decrease in PBO of CHF 400 million and a decrease in pension expense by CHF 30 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2009, 2008 and 2007 was CHF 18 million, CHF 40 million and CHF 76 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2010, which is assessed at the beginning of the year, is expected to be CHF 22 million, net of tax.

For further information with respect to the Bank's pension benefits associated with the Group plan and international single-employer defined benefit and defined contribution pension plans, refer to Note 27 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank).

Treasury, Risk, Balance sheet and Off-balance sheet

Treasury management

Risk management

Balance sheet, off-balance sheet and other contractual obligations

Treasury management

During 2009, we further strengthened our capital, balance sheet, liquidity and funding. The majority of our unsecured funding is generated from stable client deposits and long-term debt. Our consolidated BIS tier 1 ratio was 16.3% as of the end of 2009 and our leverage ratio was 4.2%.

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

Liquidity and funding management

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

Our liquidity and funding profile reflects our risk appetite, business activities, strategy, the markets and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis and the subsequent change in our business strategy. Our liquidity risk management also reflects evolving best practice standards in light of the challenging environment. We are an active participant in regulatory and industry forums to promote best practice standards on liquidity management, including the Basel Committee on Banking Supervision (BCBS) and the Institute of International Finance. In 2009, we continued to adapt our liquidity management as we anticipated increased liquidity requirements in discussion with our regulators and in industry forums. In December 2009, the BCBS published consultative proposals to strengthen the resilience of the banking sector. The proposals are aimed at strengthening capital and liquidity regulations. The BCBS proposals are not expected to be finalized until later in 2010 following an impact assessment by the BCBS and are expected to be implemented over a period of time. The impact of these proposals on us will be assessed as the details and timing of the implementation are clarified. Final BCBS requirements may be adjusted when implemented by Swiss Financial Market Supervisory Authority (FINMA) and our other regulators. Once finalized, we expect that the BCBS liquidity framework will help to increase transparency and comparability among global banks. We expect FINMA to introduce additional liquidity requirements, which may be incremental to those of the BCBS, effective from the third quarter of 2010. We expect the costs associated with additional liquidity requirements to increase. For more information, refer to I – Information on the company – Regulation and supervision.

We discuss below how we manage our liquidity and funding and how our approach has enabled us to manage successfully through the credit and financial markets dislocations in 2008 to further strengthen our position in 2009.

For further information on the market environment, refer to II – Operating and financial review – Operating environment.

Liquidity risk management

Our internal liquidity risk management framework has been subject to review and monitoring by regulators and rating agencies for many years. Our liquidity and funding policy is designed to ensure that funding is available to meet all

obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this due to a conservative asset/liability management strategy aimed at maintaining a funding structure with long-term wholesale and stable deposit funding and cash well in excess of illiquid assets. To address short-term liquidity stress we maintain a buffer of highly liquid securities and cash that covers unexpected needs of short-term liquidity. We have increased our unsecured long-term debt and liquid assets in amounts greater than required for funding our businesses in order to adequately manage liquidity risk. Our funding and liquidity costs have increased as a result.

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

CARMC reviews the methodology and assumptions of the liquidity risk management framework and determines the liquidity horizon to be maintained by Treasury in order to ensure that the liquidity profile is managed at an appropriate level. We manage our liquidity profile at a level such that, in the event that we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time well in excess of our minimum target of 160 days. Our highly integrated liquidity risk management framework is based on similar methodologies as those contemplated under the BCBS proposals for short-term and long-term funding.

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

- A two-notch downgrade in the Bank’s long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations at the end of 2009, including a $\geq\geq$ commercial paper (CP) conduit and draw-downs on unfunded bank liabilities, as well as increased collateral requirements to support derivatives contracts (the BCBS proposals are based on a three-notch downgrade, which would not materially impact our assessment);
- Significant withdrawals from private banking client deposits;
- Potential cash outflows associated with the prime brokerage business;
- Availability of secured funding is subject to significant over-collateralization depending on the collateral type, and certain asset classes such as real estate loans and emerging market securities may become ineligible for secured funding;
- Capital markets, certificates of deposit and CP markets will not be available;
- Other money market access will be significantly reduced;
- A loss in funding value of unencumbered assets;
- The inaccessibility of assets held by subsidiaries due to regulatory, operational and other constraints; and
- The possibility of providing non-contractual liquidity support in times of market stress, including purchasing our unsecured debt.

Immediately at the start of the financial market crisis, we increased the frequency of our risk reporting, adjusted the transfer pricing processes to promote efficient usage of liquidity, reviewed emerging market funding risks with a particular focus on offshore and country risks and adopted new liquidity risk measurement tools, such as the Modified Funding Capacity Analysis (MFCA). The MFCA dealt specifically with potential impacts and risks from the specific market dislocations and our relevant business exposures. We combined the results of the analysis with our contingency plans in order to be able to respond to any stress without delay. The tool was particularly valuable in assessing short-term impacts on funding in an adverse market environment, including specific counterparty and market stress, and complemented our liquidity barometer methodology. In 2009 we integrated the MFCA into our permanent liquidity risk management framework, and it is now fully embedded into our barometer methodology.

Treasury also manages a sizeable portfolio of liquid assets, comprised of high grade bonds and cash, which serve as a liquidity buffer. The bonds are eligible for repo transactions with various central banks including the Swiss National Bank, the US Federal Reserve, the European Central Bank and the Bank of England. We expect that our portfolio of high grade bonds would qualify as eligible assets for purposes of the proposed BCBS liquidity ratio. In response to the credit crisis, many central banks widened the range of eligible securities which they accept as collateral and also introduced new refinancing facilities. These new facilities have been tested to serve as a secondary source of liquidity. We have always assumed that these expanded programs are temporary in nature and have not relied on them. As of the end of 2009, our liquid assets included CHF 135 billion of cash and securities accepted under central bank facilities, stable from the end of 2008, despite the decrease in our balance sheet and the extension of the maturity of our funding profile.

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

- Stage I – Market disruption or Group/Bank event
- Stage II – Unsecured markets partially inaccessible
- Stage III – Unsecured funding totally inaccessible

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

Funding

We primarily fund our balance sheet through long-term debt, shareholders' equity and core customer deposits. A substantial portion of our balance sheet is >>>match funded and requires no unsecured funding. Cash and due from banks is highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, are comprised of securities inventories and collateralized receivables, which fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities. Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess buffer of 22% as of December 31, 2009. We fund other illiquid assets, including real estate, private equity and other long-term investments and a >>haircut for the illiquid portion of securities, with long-term debt and equity, where we try to maintain a substantial funding buffer. For more information, refer to the table "Balance sheet funding structure" and – Balance sheet and off-balance sheet.

Our core customer deposits totaled CHF 279 billion as of the end of 2009, an increase of 5% compared to year end 2008. These deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits with banks and certificates of deposits. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions.

Our core customer deposit funding is supplemented by the issuance of long-term debt. In 2009, we benefitted from a strong recovery in funding markets. We were able to fully execute the 2009 funding plan despite difficult market conditions in the earlier part of the year and pre-funded a portion of our expected 2010 funding needs.

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

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

Debt issuances

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

Our long-term debt increased CHF 8.7 billion from the end of 2008, primarily due to an increase in senior debt, partly offset by a decrease in subordinated debt capital securities. In 2009 we further reduced due to banks and short-term debt to CHF 52 billion from CHF 100 billion in 2008, and extended our maturity profile. The percentage of unsecured funding from long-term debt was 32% as of the end of 2009, an increase of three percentage points from 2008. The weighted average maturity of long-term debt was 6.4 years (including certificates of deposits with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity). In 2009, we raised CHF 6.3 billion of covered bonds, CHF 15.9 billion of senior debt securities and CHF 139 million of subordinated debt securities, while CHF 671 million of covered bonds, CHF 10.8 billion of senior debt securities and CHF 1.9 billion of subordinated debt securities matured or were redeemed. Credit Suisse did not participate in any government guaranteed debt issuance program. For information on capital securities, refer to – Capital management.

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

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

We also raise secured funding in the form of mortgage-backed loans funded by covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss parliament to centralize the issuance of covered bonds.

We diversify our funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. We generally hedge structured notes with positions in the underlying assets or derivatives. Our liquidity planning includes settlement of structured notes. We had CHF 40.9 billion of structured notes outstanding as of the end of 2009 compared to CHF 48.7 billion as of the end of 2008, reflecting the continued change in client activity and risk aversion in 2009.

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

For further information, refer to Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group.

In the first quarter of 2010, the Bank issued EUR 2.25 billion, USD 1.5 billion, AUD 1.1 billion, CHF 650 million and JPY 50 billion of senior debt with maturities ranging between four and seven years and issued USD 2.5 billion and CHF 200 million of subordinated debt with maturities of ten years. The Bank also raised CHF 614 million in covered bonds with multiple maturities.

Funds transfer pricing

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

Cash flows from operating, investing and financing activities

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

For the year ended December 31, 2009, net cash used in operating activities of continuing operations was CHF 14.2 billion, reflecting a decrease in other liabilities and net cash used in trading assets and liabilities, partly offset by a decrease in other assets. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held-to-maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2009, net cash of CHF 62.1 billion was provided by investing activities from continuing operations, primarily due to the decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares and had no active share buyback program in 2009. In 2009, net cash used in financing activities of continuing operations was CHF 84.9 billion, mainly reflecting repayments of long-term debt, a decrease in central bank funds purchased, securities sold under >>repurchase agreements and securities lending transactions and a decrease in due to banks and customer deposits, offset by issuances of long-term debt.

Credit ratings

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

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

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions under certain of our trading and collateralized financing contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two notch downgrade in our credit ratings. The impact of a one, two and three notch downgrade in the Bank's long-term debt ratings would result in additional collateral requirements of CHF 2.6 billion, CHF 4.9 billion and CHF 5.6 billion, respectively, as of December 31, 2009 and would not be material to our liquidity and funding planning.

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

Capital management

Capital management framework

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

Regulatory capital

Overview

Both the Group and the Bank are subject to regulation by FINMA. In November 2008, a decree was issued by FINMA defining new capital adequacy and leverage ratio requirements, with compliance to be phased in by 2013. The new capital adequacy target will be in a range between 50% and 100% above the Pillar I requirements under Basel II. Under this agreement with FINMA, lower tier 2 capital will no longer qualify for regulatory capital after 2020, but can be issued through 2010. In addition, the decree includes leverage limits that require us to maintain by 2013 a leverage ratio of tier 1 capital to total assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis. Total assets are adjusted for purposes of calculating this leverage ratio. The adjustments include assets from Swiss lending activities (excluding Swiss interbank lending), cash and balances with central banks, certain Swiss franc \geq reverse repurchase agreements and certain other assets, such as goodwill and intangible assets, that are excluded in determining regulatory tier 1 capital. FINMA has indicated that it expects the appropriate size of the additional capital buffer will be impacted by market conditions, but the intention is to ensure it can accommodate the procyclical aspects of this measurement tool.

The following table sets forth the leverage ratio of the Group and the Bank consolidated level as of December 31, 2009 and 2008, respectively.

Leverage ratio

		Group		Bank	
end of	2009	2008	2009	2008	2008
Adjusted assets (CHF billion) ¹					
Average assets	1,047	1,312	1,026	1,291	
Adjustments:					
Assets from Swiss lending activities ²	(137)	(138)	(114)	(115)	
Cash and balances with central banks	(32)	(38)	(32)	(38)	
Other	(19)	(18)	(15)	(16)	
Adjusted average assets	859	1,118	865	1,122	
Tier 1 capital	36.2	34.2	34.7	34.2	
Leverage ratio (%)	4.2	3.1	4.0	3.0	

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

BIS statistics

	Group			Bank		
end of	2009	2008	% change	2009	2008	% change
Risk-weighted assets (CHF million)						
Credit risk ¹	164,997	180,425	(9)	154,982	169,561	(9)
Non-counterparty risk	7,141	6,994	2	6,547	6,370	3
Market risk	17,458	39,911	(56)	17,011	39,108	(57)

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Operational risk	32,013	30,137	6	32,013	30,137	6
Risk-weighted assets	221,609	257,467	(14)	210,553	245,176	(14)
Eligible capital (CHF million)						
Total shareholders' equity	37,517	32,302	16	31,228	26,868	16
Goodwill and intangible assets	(10,140)	(9,932)	2	(8,983)	(8,785)	2
Hybrid instruments ²	12,198	12,140	–	11,617	11,897	(2)
Qualifying noncontrolling interests	1,742	1,701	2	4,762	4,860	(2)
Capital deductions 50% from tier 1	(837)	(479)	75	(779)	(484)	61
Other adjustments ³	(4,273)	(1,524)	180	(3,150)	(164)	–
Tier 1 capital	36,207	34,208	6	34,695	34,192	1
Upper tier 2	1,989	3,021	(34)	2,681	3,581	(25)
Lower tier 2	8,369	9,340	(10)	9,723	10,550	(8)
Capital deductions 50% from tier 2	(837)	(479)	75	(779)	(484)	61
Tier 2 capital	9,521	11,882	(20)	11,625	13,647	(15)
Total eligible capital	45,728	46,090	(1)	46,320	47,839	(3)
Capital ratios (%)						
Tier 1 ratio	16.3	13.3	–	16.5	13.9	–
Total capital ratio	20.6	17.9	–	22.0	19.5	–

1 Also includes securitization risk, settlement risk and risk related to equity type securities in the banking book. 2 Non-cumulative perpetual preferred securities and capital notes. FINMA has advised that Credit Suisse Group and the Bank may continue to include as tier 1 capital CHF 1.7 billion and CHF 4.4 billion, respectively, in 2009 (2008: CH 1.8 billion and CHF 4.6 billion) of equity from special purpose entities that are deconsolidated under US GAAP. Hybrid tier 1 capital represented 32.9% and 32.7% (2008: 35.0% and 34.3%) of the Group's and the Bank's adjusted tier 1 capital, respectively, as of the end of 2009. Under the decree with FINMA, a maximum of 35% of tier 1 capital can be in the form of these hybrid capital instruments. 3 Includes cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 1 capital	
end of	2009
Tier 1 capital (CHF million)	
Balance at beginning of period	34,208
Net income	6,724
Adjustments for fair value gains/(losses) reversed for regulatory purposes, net of tax	425
Foreign exchange impact on tier 1 capital	(456)
Recategorization of hybrid instruments in tier 1	339

Other	(5,033)
Balance at end of period	36,207

In addition, since January 1, 2008, Credit Suisse has operated under the international capital adequacy standards known as Basel II set forth by the BCBS as implemented by FINMA. These standards affect the measurement of both risk-weighted assets (RWAs) and eligible capital and are summarized below. In December 2009, the BCBS issued proposals, which included new eligibility criteria for tier 1 capital and the implementation of a leverage ratio. The BCBS proposals are expected to be finalized by year-end 2010 and implemented over time. Proposed risk measures derived from the balance sheet, such as the BCBS leverage ratio, may require extensive adjustments to account for differences in accounting standards. The impact of these proposals on Credit Suisse will be assessed as the details and the timing of implementation are clarified. Final BCBS requirements may be adjusted when implemented by FINMA and other regional regulators.

Credit Suisse believes it is well positioned to transition to the higher capital requirements under the BCBS proposals. The use of tier 1 capital instruments such as hybrid capital instruments would need to be reduced over time, resulting in a greater focus on core capital such as common shares and retained earnings. While Credit Suisse is already subject to a leverage ratio requirement, the BCBS proposal includes both balance sheet and off-balance sheet exposures on a nominal rather than adjusted basis.

Group

Our consolidated BIS tier 1 ratio was 16.3% as of the end of 2009, compared to 13.3% as of the end of 2008. The increase in the tier 1 ratio reflected the 14% decrease in RWAs and the 6% increase in tier 1 capital.

RWAs decreased CHF 35.9 billion to CHF 221.6 billion as of the end of 2009 due to reductions across credit and market risk and a minor US dollar foreign exchange translation impact. Credit risk decreased 9%, most significantly in Investment Banking primarily due to reductions in exit businesses. The 56% decline in market risk was primarily due to a decrease in incremental capital charges on trading book market RWAs and the reduction in scaled value-at-risk (VaR). For further information, refer to – Basel II – Description of regulatory approaches and Risk management – Market risk. Operational risk increased 6%, reflecting revised scenario parameters, partially offset by the foreign exchange translation impact.

Our tier 1 capital increased from CHF 34.2 billion as of the end of 2008 to CHF 36.2 billion as of the end of 2009. The increase was driven by net income (excluding the impact of fair value gains/(losses) on Credit Suisse debt, net of tax), partially offset by a dividend accrual, the effect of share-based compensation and foreign exchange translation impacts. Total eligible capital decreased from CHF 46.1 billion as of the end of 2008 to CHF 45.7 billion as of the end of 2009. Tier 2 capital decreased from CHF 11.9 billion to CHF 9.5 billion due to the regulatory amortization of lower tier 2 instruments, the call of two upper tier 2 notes, the recategorization of hybrid instruments to tier 1 capital (within allowable limits) and the reduction of the excess in eligible credit provisions over regulatory expected losses, partially offset by the issuance of lower tier 2 notes. For further information, refer to the table “BIS statistics”.

Our total capital ratio was 20.6% as of the end of 2009, an increase from 17.9% as of the end of 2008, primarily reflecting the decrease in RWAs.

Bank

The Bank’s consolidated BIS tier 1 ratio was 16.5% as of the end of 2009, an increase from 13.9% as of the end of 2008. The increase in the tier 1 ratio reflected the 14% decrease in RWAs and the 1% increase in tier 1 capital.

RWAs decreased CHF 34.6 billion to CHF 210.6 billion as of the end of 2009 and the Bank’s tier 1 capital increased from CHF 34.2 billion as of the end of 2008 to CHF 34.7 billion as of the end of 2009. The Bank’s consolidated total eligible capital decreased from CHF 47.8 billion as of the end of 2008 to CHF 46.3 billion as of the end of 2009.

The total capital ratio was 22.0% as of the end of 2009, an increase from 19.5% as of the end of 2008, primarily reflecting the decrease in RWAs, which more than offset the decrease in eligible capital.

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

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

It is not the nominal size, but the nature (including risk mitigation such as collateral or hedges), of the balance sheet positions or off-balance sheet exposures that determines the RWAs.

Capital issuances in 2009

Our capital position remained strong during 2009. In March, the Bank issued USD 135 million of lower tier 2 notes, maturing in 2020 and with a par value of USD 221 million.

In the first quarter of 2010, the Bank issued USD 2.5 billion and CHF 200 million of subordinated debt with a maturity of ten years.

Capital structure

Tier 1 capital

Tier 1 capital in aggregate consists of shareholders' equity, qualifying noncontrolling interests in subsidiaries and hybrid tier 1 capital.

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

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

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

- A maximum of 15% of tier 1 capital can be in the form of “innovative instruments” that either have a fixed maturity or an incentive to repay, such as a step-up in the coupon if the instrument is not redeemed when callable.
- A maximum of 35% of tier 1 capital, less the instruments subject to the 15% limit, can be in the form of other hybrid capital instruments that have no fixed maturity and no incentive for repayment.
- A maximum of 50% of tier 1 capital, less the instruments subject to the 15% and 35% limits, can be in the form of instruments that include a predefined mechanism that converts them into tier 1 capital, such as mandatory convertible bonds convertible into common shares.

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

- goodwill and other intangible assets;
- participations in insurance entities, investments in certain bank and finance entities, and certain securitization exposures (equally deducted from tier 1 and tier 2 capital); and
- other adjustments, including cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 2 capital

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

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

As of December 31, 2009, we had outstanding CHF 12.2 billion of tier 1 capital hybrid instruments, of which CHF 3.7 billion were innovative instruments, and CHF 1.6 billion of qualifying noncontrolling interests (tier 1 capital securities secured by participation securities issued by the Bank). In October 2009, the CHF 1.7 billion of mandatory convertible bonds issued in the fourth quarter of 2008 were converted into 50 million common shares at CHF 32.55 per share. We had no mandatory convertible bonds outstanding as of December 31, 2009.

Basel II

Overview

In June 2006, the BCBS published its comprehensive version of the revised framework for the international convergence of capital measurement and capital standards known as Basel II. Basel II describes the framework for

measuring capital adequacy and the minimum standards to be achieved by the adopting supervisory authorities. This framework is based on three pillars, which are viewed as mutually reinforcing:

- Pillar 1: Minimum Capital Requirements – requires an institution to hold sufficient capital to cover its credit, market and operational risks.
- Pillar 2: Supervisory Review Process – discusses the role of supervisors in ensuring that institutions have in place a proper process for assessing and maintaining their capital ratios above the minimum requirements.
- Pillar 3: Market Discipline – sets out disclosure requirements, especially for those institutions seeking approval to use their own internal models to calculate their capital requirements.

Information required under Pillar 3 related to capital adequacy is available on our website at

www.credit-suisse.com/investors/en.

Description of regulatory approaches

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

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

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

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

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

Capital

	Group			Bank		
end of	2009	2008	% change	2009	2008	% change

Shares outstanding (million)						
Common shares issued	1,185.4	1,184.6	0	44.0	44.0	0
Treasury shares	(16.2)	(20.7)	(22)	–	–	–
Shares outstanding	1,169.2	1,163.9	0	44.0	44.0	0
Par value (CHF)						
Par value	0.04	0.04	0	100.00	100.00	0
Shareholders' equity (CHF million)						
Common shares	47	47	0	4,400	4,400	0
Additional paid-in capital	24,706	25,166	(2)	24,299	25,059	(3)
Retained earnings	25,258	18,780	34	11,422	5,132	123
Treasury shares, at cost	(856)	(752)	14	(487) ₁	18 ₁	–
Accumulated other comprehensive income/(loss)	(11,638)	(10,939)	6	(8,406)	(7,741)	9
Total shareholders' equity	37,517	32,302	16	31,228	26,868	16
Goodwill	(9,267)	(9,330)	(1)	(8,132)	(8,195)	(1)
Other intangible assets	(328)	(423)	(22)	(318)	(412)	(23)
Tangible shareholders' equity ²	27,922	22,549	24	22,778	18,261	25
Book value per share (CHF)						
Total book value per share	32.09	27.75	16	709.73	610.63	16
Goodwill per share	(7.93)	(8.02)	(1)	(184.82)	(186.25)	(1)
Other intangible assets per share	(0.28)	(0.36)	(22)	(7.23)	(9.36)	(23)
Tangible book value per share	23.88	19.37	23	517.68	415.02	25

1 Reflects Credit Suisse Group shares held to economically hedge share award obligations. 2 Tangible shareholders' equity attributable to shareholders is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows for the consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Shareholders' equity

Group

The Group's shareholders' equity increased from CHF 32.3 billion as of the end of 2008 to CHF 37.5 billion as of the end of 2009. The increase was primarily due to the net income in 2009, partially offset by the change in other comprehensive income reflecting the negative effect of foreign exchange rate changes on cumulative translation adjustments and pension actuarial losses, the effect of share-based compensation and the cash dividend payment.

Bank

The Bank's shareholder's equity increased from CHF 26.9 billion as of the end of 2008 to CHF 31.2 billion as of the end of 2009. The business of the Bank is substantially the same as the business of the Group. The trends for the Bank under Basel II are consistent with those for the Group.

Share repurchase activities

The Swiss Code of Obligations limits a corporation's ability to hold or repurchase its own shares. We may only repurchase shares if we have sufficient free reserves to pay the purchase price, and if the aggregate nominal value of the repurchased shares does not exceed 10% of our nominal share capital. Furthermore, we must create a special reserve in our parent company financial statements in the amount of the purchase price of the acquired shares. In our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares repurchased by us do not carry any voting rights at shareholders' meetings.

We repurchase shares as part of our market-making commitments, for the purpose of satisfying our obligations under our employee compensation plans or for cancellation.

We purchased 421.7 million common shares and sold or re-issued 387.9 million common shares in 2009, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2009, the Group held 16.2 million treasury shares. For further information, refer to the table "Capital" and to the consolidated statements of changes in shareholders' equity in V – Consolidated financial statements – Credit Suisse Group.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2009		
January	28.1	27.31
February	30.5	28.76
March	46.7	29.90
April	27.9	38.24
May	50.4	45.20
June	36.6	48.79
July	31.5	49.66
August	25.5	52.49
September	30.1	54.65
October	34.0	56.71
November	36.7	55.98
December	43.7	53.07
Total purchase of treasury shares	421.7¹	–
Total sale of treasury shares	387.9	–

1 Predominantly for market-making purposes and facilitating customer orders.

Dividends and dividend policy

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. Our reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the Annual General Meeting (AGM). The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. The auditors must confirm that the dividend proposal of the Board of Directors conforms to statutory law. In practice, the shareholders usually approve the dividend proposal of the Board of Directors. Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under the Swiss Code of Obligations, the statute of limitations in respect of claiming the payment of dividends that have been declared is five years. For further information, refer to VI – Parent company financial statements – Credit Suisse Group.

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution. Dividend payments in 2009, for 2008, were comprised of a cash dividend of CHF 0.10 per share

Our Board of Directors will propose a cash dividend for 2009 of CHF 2.00 per share to the shareholders at the AGM on April 30, 2010. The distribution is subject to shareholder approval at the AGM.

The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. We do not believe that legal or regulatory restrictions constitute a material limitation on the ability of our subsidiaries to pay dividends to the Group. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

Dividend per ordinary share

end of	USD ¹	CHF
Dividend per ordinary share		
2008	0.08	0.10
2007	2.01	2.50
2006 ²	2.16	2.70
2005	1.61	2.00
2004	1.20	1.50

1 For details of the exchange rates used, refer to IX - Additional information. 2 Distribution consisted of a dividend of CHF 2.24 and a par value reduction of CHF 0.46 as approved on May 4, 2007 for the financial year 2006.

Economic capital

Overview

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating).

Under Pillar II of the Basel II framework (also referred to as the Supervisory Review Process), banks are required to implement a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with their overall risk profile and the current operating environment. Our economic capital framework has an important role under Pillar II, as it represents our internal view of the amount of capital required to support our business activities.

Economic capital is calculated separately for position risk, operational risk and other risks. These three risks are used to determine our utilized economic capital and are defined as follows:

- Position risk: the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes);
- Operational risk: the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon which is exceeded with a given small probability (0.03%). Estimating this type of economic capital is inherently more subjective, and reflects both quantitative tools as well as senior management judgment; and
- Other risks: the risks not captured by the above, which includes expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital and risk on real estate held for own use. Expense risk is defined as the difference between expenses and revenues in a severe market event, exclusive of the elements captured by position risk and operational risk. Pension risk is defined as the potential under-funding of our pension obligations in an extreme event.

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In light of the extreme market dislocation and volatility in 2008 we undertook a fundamental review of this methodology and framework. The key enhancements made to the economic capital methodology in 2009 include changes to the modeling of position risk, an update to expense risk to reflect the volatility observed in 2008 and improved modeling of foreign exchange risk between economic capital resources and utilized economic capital. We also reviewed the economic capital coverage ratio target and, as a result of this review, we changed the target band to 110% to 140% from 100% to 140%. Further planned enhancements to the methodology include primarily the modeling of position risks. We have included an estimate for the impact of certain of these planned changes within other risks. Prior period balances have been restated for methodology changes in order to show meaningful trends. The total impact of the 2009 methodology changes on 2008 utilized economic capital for the Group was an increase of approximately CHF 8.0 billion, or 34% and a reduction in the economic capital coverage ratio as of the end of 2008 to 122% from 165%. For further details of the enhancements made to position risk, refer to Risk management – Economic capital and position risk.

There are a number of planned revisions to Basel II market risk over the next two years, such as an incremental charge to capture default risk on trading book assets. These changes already form part of our economic capital framework, and we do not expect material future impacts to our economic capital from these changes. Any implications of the BCBS proposals on the economic capital framework will be assessed as the details and timing of the implementation are clarified.

Economic capital

	Group			Bank ₁		
end of	2009	2008	% change	2009	2008	% change
Economic capital resources (CHF million)						

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Tier 1 capital	36,207	34,208	6	34,695	34,192	1
Economic adjustments ²	4,972	4,802	4	5,639	4,200	34
Economic capital resources	41,179	39,010	6	40,334	38,392	5
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	23,022	24,653	(7)	21,833	23,621	(8)
Operational risk	2,812	2,677	5	2,812	2,677	5
Other risks ³	4,858	4,614	5	3,731	5,726	(35)
Utilized economic capital	30,692	31,944	(4)	28,376	32,024	(11)
Economic capital coverage ratio (%)						
Economic capital coverage ratio	134.2	122.1	-	142.1	119.9	-

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.

1 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 2 Primarily includes anticipated dividends, unrealized gains and losses on fair valued assets and liabilities (excluding gains and losses from the FVOD transaction) and unrealized gains on owned real estate. Economic adjustments are made to tier 1 capital to enable comparison between capital utilization and resources. 3 Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, diversification benefit and an estimate for the impacts of certain methodology changes planned for 2010.

Economic capital by segment

end of	2009	2008	% change
Utilized economic capital by segment (CHF million)			
Private Banking	6,783	7,144	(5)
Investment Banking	19,352	22,347	(13)
Asset Management	3,321	3,454	(4)
Corporate Center ¹	1,251	(986)	-
Utilized economic capital - Group²	30,692	31,944	(4)
Utilized economic capital - Bank³	28,376	32,024	(11)
Average utilized economic capital by segment (CHF million)			
Private Banking	6,906	6,778	2
Investment Banking	20,782	29,342	(29)
Asset Management	3,408	3,273	4
Corporate Center	(31)	(10)	210
Average utilized economic capital - Group⁴	31,050	39,366	(21)
Average utilized economic capital - Bank³	30,104	38,445	(22)

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.

1 Includes primarily expense risk diversification benefits from the divisions, expense risk and foreign exchange risk between economic capital resources and utilized economic capital. 2 Includes a diversification benefit of CHF 15 million in 2009 and 2008. 3 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 4 Includes a diversification benefit of CHF 15 million and CHF 17 million in 2009 and 2008, respectively.

Utilized economic capital trends

Over the course of 2009, our utilized economic capital decreased 4%. This was partly due to the depreciation of the US dollar against the Swiss franc as of the end of 2009. Excluding the US dollar translation impact, utilized economic capital decreased 2%, mainly due to reductions in position risk partially offset by increased foreign exchange risk between available and utilized economic capital.

For Private Banking, utilized economic capital decreased 5% due to reduced position risk for emerging markets trade finance exposures and reductions in other risks, primarily pension risk.

For Investment Banking, utilized economic capital decreased 13%. Excluding the US dollar translation impact, utilized economic capital decreased 12% due to reductions in most position risk categories and reduced expense risk.

For Asset Management, utilized economic capital decreased 4%. Excluding the US dollar translation impact, utilized economic capital decreased 2% as a result of reduced operational risk and lower position risk in fixed income trading due to reduced money market funds exposures, partially offset by increased equity trading & investments position risk.

Corporate Center utilized economic capital increased due to significantly lower expense risk diversification benefit from the divisions, higher expense risk and increased foreign exchange risk between economic capital resources and utilized economic capital within the other risks category.

Economic capital coverage ratio

We use the economic capital framework to provide a reference point for a structured internal assessment of our solvency. Our solvency assessment is performed by comparing the economic capital required to support the current risk profile (utilized economic capital) with the amount of economic capital available to absorb losses (economic capital resources). We define economic capital coverage ratio as the ratio between economic capital resources and utilized economic capital. Economic capital resources are defined as reported tier 1 capital net of economic adjustments required to provide consistency with economic capital. Our economic capital resources represent a bridge between accounting-based tier 1 capital and the economic capital framework, allowing for meaningful comparison between capital needs and resources.

The economic capital coverage ratio increased 12 percentage points from 122% to 134% during 2009, primarily reflecting the increase in economic capital resources from higher tier 1 capital, and the reduction in utilized economic capital. Our coverage ratio is within our target band of 110% to 140%.

Foreign exchange exposure and interest rate management

Foreign exchange risk related to accrued net income and net assets is centrally managed with a focus on risk reduction and diversification. Currency risk of accrued profit and losses in currencies other than the functional currency is managed through systematic sell-down. On the Bank level, we manage foreign exchange volatility through hedging of foreign currency net assets and through cash flow hedging of certain revenues and expenses.

Additional activities at the Group level are aimed at diversifying our returns on invested capital into foreign currencies. These activities need CARMC approval and are made with various considerations in mind, such as changes to our capital adequacy ratios from foreign exchange-related movements.

Interest rate risk inherent in banking book activities, such as lending and deposit taking, is transferred from the divisions to Treasury, which centrally manages the interest rate exposures. Treasury also develops and maintains the models needed to determine interest rate risks of products that do not have a defined maturity, such as demand and savings accounts. For this purpose, a replicating methodology is applied in close coordination with Risk Management to maximize stability and sustainability of spread revenues at the divisions. Further, Treasury manages the interest exposure of the Bank's equity to targets agreed with senior management.

Risk management

During 2009, our overall position risk decreased 5% compared to 2008. Average value-at-risk for our trading books decreased 33% to CHF 120 million, primarily reflecting the continuation of the risk reduction programs.

Impact of the financial crisis and responses

Our risk reduction initiatives, which began in 2007 at an early stage of the financial crisis, continued throughout 2009. In line with our strategy of focusing on key client businesses and reducing risk, we continued to wind down and realign certain other businesses, reducing our exposures to illiquid and dislocated assets and markets and improving capital efficiency. We selectively increased trading activity in line with our strategy to take advantage of prevailing market conditions.

We have adapted our risk measurement models to reflect the latest changes in market conditions and evolving industry best practice. These changes included enhancements to the >>>value-at-risk (VaR) model and the introduction of new or amended risk scenarios and updates to our economic capital model methodologies. The changes were designed to reflect the experience of the financial crisis, particularly the severe market shocks and >>>basis risks that emerged in the second half of 2008 and early 2009. We continued to manage risks in a controlled and disciplined manner to ensure that actual risk-taking remained in line with the Group's strategy.

In response to the financial crisis, regulators and standards boards, including the BCBS, have announced a wide range of measures designed to improve the banking sector's ability to absorb shocks arising from financial and economic stress. These include: changes to the quality, consistency and transparency of the capital base; strengthening of capital requirements for the trading book, securitizations and the counterparty credit risk exposures of >>>over-the-counter (OTC) >>>derivatives; a countercyclical capital framework; more forward looking provisioning; enhanced liquidity requirements; and improved risk disclosure. Most of these proposals are subject to consultation prior to their agreement, which is expected by the end of 2010. If implemented as proposed, we would expect some of the proposals

to require the development of additional risk models. We have already undertaken significant work in certain areas, particularly in relation to the new rules in the trading book relating to securitizations and the incremental risk charge required by the beginning of 2011 and the incorporation of risk-adjusted revenues in our compensation framework. Our internal economic capital models already incorporate some of the risk measures proposed by the BCBS, such as trading book default risk and the impact of credit spread movements on counterparty risk. In addition, in accordance with FINMA requirements, the Group is already subject to a leverage ratio and capital requirements that exceed international minimum levels.

The changes in regulatory standards are also likely to have an impact on bank risk profiles. In particular, we expect the cost of holding credit exposure in the trading book will rise, particularly for securitization positions, which will continue to increase the attractiveness of client-focused intermediation businesses as opposed to origination and warehousing activities. In addition, we expect strengthened capital requirements for OTC derivatives to increase the incentives to move such exposures to centralized exchange counterparties. We expect complex, risk-based techniques and measures in the proposed regulatory framework to result in increased costs and resources.

Risk management oversight

Risk governance

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank. To meet the challenges in a fast-changing industry with new market players and innovative and complex products, we continuously strengthen our risk function, which is independent of, but closely interacts with, the trading functions to ensure the appropriate flow of information. Our risk management framework is based on transparency, management accountability and independent oversight. As a consequence of the increased complexity of risks, we have defined our risk perspective broadly. Risk management plays an important role in our business planning process and is strongly supported by senior management and the Board of Directors. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Although we have implemented comprehensive risk management processes and sophisticated control systems, we work to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

Risk organization

Risks arise in all of our business activities and cannot be completely eliminated, however, we work to manage risk in our internal control environment. Our risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board of Directors, this includes the following responsibilities:

- Group/Bank Board of Directors: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk;
- Risk Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits; and
- Audit Committee: responsible for assisting the Board of Directors in fulfilling their oversight responsibilities by monitoring management’s approach with respect to financial reporting, internal controls, accounting and legal and

regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board of Directors and its Risk Committee. On a monthly basis, CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Board of Directors and its Risk Committee and for establishing and allocating risk limits within the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity, market and credit risk and operational risk/legal and compliance.

Committees are implemented at a senior management level to support risk management. The Risk Processes and Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio and Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk and Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks. There are also divisional risk management committees.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

The risk management function reports to the Chief Risk Officer (CRO), who is independent of the business and is a member of the Executive Board. In 2009, the function covered:

- Strategic Risk Management (SRM)
- Risk Measurement and Management (RMM)
- Credit Risk Management (CRM)
- Bank Operational Risk Oversight (BORO)
- Business Continuity Management
- Reputational Risk Management

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the Group's overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; RMM is responsible for risk analytics, reporting, systems implementation and policies; CRM is responsible for approving credit limits, monitoring and managing individual exposures and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional operational risk functions. The risk management function also addresses critical risk areas such as business continuity and reputational risk management.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

- Strategy risk: outcome of strategic decisions or developments; and
- Reputational risk: damage to our standing in the market.

Chosen risks:

- Market risk: changes in market factors such as prices, volatilities and correlations;
- Credit risk: changes in the creditworthiness of other entities; and
- Expense risk: difference between operating expenses and income in a crisis.

Consequential risks:

- Operational risk: inadequate or failed internal processes, people and systems or external events; and
- Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is at the Board of Directors and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. Additionally, the traditional boundaries between market risks and credit risk have become blurred. For operational risk management, we have primarily set up processes on Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 related to risk is available on our website at www.credit-suisse.com/investors/en.

Risk limits

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The level of risks incurred by the divisions is further restricted by a variety of specific limits. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits are allocated to lower organizational levels within the businesses, and numerous other limits are established for specific risks, including a system of individual counterparty credit limits that is used to control concentration risks.

Economic capital and position risk

Concept

Economic capital is our core Group-wide risk management tool. It represents good current market practice for measuring and reporting all quantifiable risks and measures risk in terms of economic realities rather than regulatory or accounting rules. It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and usage of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

≥≥Position risk, which is a component of the economic capital framework, is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). For further details of the economic capital framework, refer to Treasury management – Economic capital.

We regularly review the economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In light of the extreme market dislocation and volatility in 2008, we undertook a fundamental review of this methodology and framework. The key enhancements made in 2009 include: an increase in the severity of spread shocks for certain credit instruments such as corporate bond and loan exposures and commercial real estate loans and securities, enhanced capture of ≥≥basis risks following the substantial dislocation between cash and synthetic instruments during the market crisis, a reduction in the level of diversification benefit to reflect higher correlations across asset shocks and enhancements to the calculation of private banking corporate & retail lending position risks. Further planned enhancements to the methodology include improved modeling of position risks for emerging markets, private banking corporate & retail lending and equity trading & investments and further refinements to the modeling of basis risks. Prior-period balances have been restated for 2009 methodology changes in order to show meaningful trends. The total impact of methodology changes on year-end 2008 99% position risk was an increase of CHF 3.3 billion, or 34%.

Limit management

≥≥Position risk is managed through a system of integrated risk limits to control the range of risks inherent in business activities. The limit structure restricts overall risk-taking capacity and triggers senior management risk discussions in the event of substantial changes in our overall risk profile. The calibration of limits is performed in conjunction with the annual planning process in order to ensure our risk appetite is in line with our financial resources.

The Board of Directors and senior management are regularly provided with economic capital results, trends and ratios to provide risk transparency and facilitate the decision-making process of the firm.

Key position risk trends

Compared to 2008, ≥≥position risk for risk management purposes decreased 5%. Excluding the US dollar translation impact, position risk decreased 3%. The decreases were primarily due to lower emerging markets exposures across Latin America, Eastern Europe and Asia and reduced real estate & structured assets exposures, primarily in the ≥≥commercial mortgage-backed securities (CMBS) exit business. Position risk also decreased in international lending & counterparty exposures, reflecting lower ≥≥derivatives exposures in Investment Banking. The decreases were mostly offset by increased position risks in fixed income trading, due to higher traded credit exposures, and in private banking corporate & retail lending, due to higher corporate loan risk.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may

not wholly offset the losses or gains on the portfolio.

Group position risk

	2009	2008	end of 2007 ¹	% change	
				09 / 08	08 / 07
Position risk (CHF million)					
Fixed income trading ²	2,180	1,654	4,375	32	(62)
Equity trading & investments	2,675	2,748	3,667	(3)	(25)
Private banking corporate & retail lending	2,692	2,641	2,490	2	6
International lending & counterparty exposures	4,034	4,191	8,074	(4)	(48)
Emerging markets	944	1,660	2,040	(43)	(19)
Real estate & structured assets ³	2,473	2,841	4,688	(13)	(39)
Simple sum across risk categories	14,998	15,735	25,334	(5)	(38)
Diversification benefit	(2,495)	(2,570)	(3,788)	(3)	(32)
Position risk (99% confidence level for risk management purposes)	12,503	13,165	21,546	(5)	(39)
Position risk (99.97% confidence level for capital management purposes)	23,022	24,653	39,927	(7)	(38)

Prior balances have been restated for methodology changes in order to show meaningful trends.

¹ Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends. ² This category comprises fixed income trading, foreign exchange and commodity exposures. ³ This category comprises commercial and residential real estate, ABS exposure, real estate acquired at auction and real estate fund investments.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the \geq fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal

market risk reporting and external disclosure purposes. The principal measurement methodologies are VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

VaR

VaR measures the potential loss in \geq fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a ten-day holding period and a confidence level of 99% to model the risk in our trading portfolios. These assumptions are compliant with the standards published by the BCBS and other related international standards for market risk management. For some purposes, such as \geq backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are scaled down or calculated to a one-day holding period level.

We present one-day, 99% VaR, which is ten-day VaR adjusted to a one-day holding period based on a 99% confidence level. This means there is a 1-in-100 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. Where insufficient data is available for such an approach, an “extreme-move” methodology is used. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

We use a three-year historical dataset to compute VaR. To ensure that the model responds appropriately in times of market stress, we also calculate \geq scaled VaR, which is a scaling technique that automatically increases VaR where the short-term market volatility is higher than the long-term volatility in the three-year historical dataset. This results in a more responsive VaR model, as the impact of changes in overall market volatility is reflected almost immediately in the scaled VaR model. We monitor VaR on both an unscaled and scaled basis for risk management purposes. The scaling factor decreased in 2009, as the short-term average volatility declined below the long-term average volatility.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our scaled VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

– VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;

- Although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;
- VaR provides an estimate of losses at a 99% confidence level, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;
- VaR is based on either a ten-day (for internal risk management and regulatory capital purposes) or one-day (for backtesting and disclosure purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; and
- VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

Scenario analysis

We regularly perform scenario analysis to estimate the loss that could arise from extreme, but plausible, stress events in the economy or in financial markets by applying predefined scenarios to the relevant portfolios. Scenarios are typically defined in light of past economic or financial market stress periods, but statistical analysis is also used to define the less severe scenarios in the framework.

As past events recur rarely in exactly the same way, it is necessary to use business experience to choose a set of meaningful scenarios and to assess the scenario results in light of current economic and market conditions.

The scenario analysis calculations performed are specifically tailored towards their respective risk profile. In addition, to identify areas of risk concentration and potential vulnerability to stress events across the Group, we have developed a set of scenarios which are consistently applied across all businesses. Key scenarios include significant movements in credit markets, interest rates, equity prices and exchange rates, as well as adverse changes in counterparty default and recovery rates. We also use combination scenarios, which consider the impact of significant, simultaneous movements across a broad range of markets and asset classes, to analyze the impact of wider market turbulence. The scenario analysis framework also considers the impact of various scenarios on key capital adequacy measures such as regulatory capital and economic capital ratios. The Board of Directors and senior management are regularly provided with scenario analysis estimates, scenario analysis trend information and supporting explanations to create transparency on key risk exposures and support their management of risk.

The scenario analysis framework is periodically reviewed to ensure that it remains relevant given changes in portfolio composition and market conditions. Each primary scenario is typically run at several different levels of severity to provide information on possible losses over a range of market circumstances. In 2009, we recalibrated the parameter shocks for most types of scenarios to reflect the more volatile market conditions that occurred in the fourth quarter of 2008.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking segment. Our other segments also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including \ggg derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

Development of trading portfolio risks

The table entitled “One-day, 99% VaR” shows our trading-related market risk exposure, as measured by one-day, 99% VaR. The VaR in the table has been calculated using a three-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily currency translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 99th percentile loss for each individual risk type and for the total portfolio.

One-day, 99% VaR

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit	Total VaR	Total scaled VaR
2009 (CHF million)							
Average	145	14	20	34	(93)	120	149
Minimum	105	4	12	16	+	80	96
Maximum	222	43	28	101	+	185	250
End of period	146	7	21	52	(95)	131	131
2008 (CHF million)							
Average	149	22	36	65	(94)	178	252
Minimum	103	7	18	29	+	123	160
Maximum	232	57	60	126	+	272	360
End of period	107	16	18	39	(57)	123	185
2007 (CHF million)							
Average ²	74	25	17	79	(80)	115	148
Minimum ²	46	8	8	51	+	56	60
Maximum ²	131	58	36	126	+	216	320
End of period ²	124	48	31	91	(78)	216	291

Excludes risks associated with counterparty and own credit exposures.

1 As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit. 2 Does not reflect the valuation reductions from revaluing certain ABS positions in our CDO trading business, as we do not consider the impact of these valuation reductions to be material to our economic capital, position risk, VaR or related trends.

Our period-end VaR as of December 31, 2009 increased 7% to CHF 131 million from December 31, 2008. Our average VaR for 2009 decreased 33% to CHF 120 million from 2008. VaR declined significantly during the first three quarters of 2009, reflecting the continuation of the risk reduction programs that began in 2008, partially offset by additional market volatility included in the historical data set used to calculate VaR. In the fourth quarter of 2009,

VaR increased, partially due to an enhanced credit spread VaR methodology, which better reflects the behaviour of credit spreads during stressed market conditions and improves the capturing of \geq basis risks, and partially due to increased risk usage in support of our client flow businesses across fixed income and equities.

Our period-end scaled VaR as of December 31, 2009 was CHF 131 million, a decrease of 29% from December 31, 2008, and our average scaled VaR for 2009 decreased 41% to CHF 149 million from 2008.

There was no difference between scaled and unscaled VaR as of December 31, 2009, as the short-term average volatility declined below the long-term average volatility.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including \geq backtesting. In line with industry practice, we present backtesting using actual daily trading revenues. Actual daily trading revenues are compared with scaled VaR calculated using a one-day holding period. A backtesting exception occurs when the daily loss exceeds the daily scaled VaR estimate.

We had no backtesting exceptions in 2009, compared with 25 in 2008. The backtesting exceptions in 2008 were primarily driven by extreme movements in US mortgage markets, particularly in the first quarter, coupled with contagion effects across the wider credit, equity, interest rate and foreign exchange markets throughout 2008. The VaR model is subject to regular assessment and evaluation to seek to maintain accuracy given current market conditions and positions.

The output of our VaR model is used in the calculation of our regulatory capital requirement for market risk. For further information, refer to Treasury management – Capital management – Basel II – Description of regulatory approaches.

The histogram entitled “Actual daily trading revenues” compares the actual trading revenues for 2009 with those for 2008 and 2007. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying

product). Treasury and other desks running interest rate risk positions actively manage the positions within approved limits.

The impact of a one basis point parallel increase in yield curves on the >>fair value of interest rate-sensitive non-trading book positions would have been an increase of CHF 7.7 million as of December 31, 2009, compared to an increase of CHF 5.3 million as of December 31, 2008. The increase was mainly due to a reduction in credit spreads on our hybrid tier 1 instruments and changes in the interest rate positioning of the money market desks. Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves in relation to total eligible regulatory capital, which is regularly assessed on a consolidated and legal entity basis. As of December 31, 2009, the fair value impacts of an adverse 200 basis point move in yield curves and of a statistical one-year, 99% adverse change in yield curves in relation to total eligible regulatory capital were 3.63% and 3.01%, respectively, which are significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in hedge funds, private equity and other instruments. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 702 million in the value of the non-trading portfolio as of December 31, 2009, compared to a decrease of CHF 542 million in the value of the non-trading portfolio as of December 31, 2008. The main reason for the change was an increase in the Group's strategic equity portfolio, including the 23.9% stake in Aberdeen Asset Management.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 14 million in the value of the non-trading portfolio as of December 31, 2009, compared to a decrease of CHF 29 million as of December 31, 2008. The main reason for the decrease was a reduction in the level of emissions trading, a business we are exiting.

For more information, refer to Treasury management – Foreign exchange exposure and interest rate management.

Credit risk

Credit risk is the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for >>fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Our credit risk is concentrated in Private Banking and Investment Banking. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from >>derivatives, foreign exchange and other transactions, and may be on or off-balance sheet.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, price, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to

recognizing credit impairment.

Our credit risk management framework covers virtually all of the credit exposures in the banking business and comprises the following core components:

- individual counterparty rating systems;
- transaction rating systems;
- a counterparty credit limit system;
- country concentration limits;
- risk-based pricing methodologies;
- active credit portfolio management; and
- a credit risk provisioning methodology.

We employ a set of credit rating models tailored for different client segments for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party to a loan, loan commitment or OTC \geq derivative contract. The models are built from statistical data and then subject to a thorough business review before implementation. Credit rating models are validated independently prior to implementation and on a regular basis. Relevant quantitative data and qualitative factors relating to the counterparty result in the assignment of a credit rating or \geq probability of default (PD), which measures the counterparty's risk of default over a one-year period. To ensure that ratings are consistent and comparable across all businesses, we use an internal rating scale, which we annually review and calibrate to the external rating agencies using the historical PD associated with external ratings.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the \geq loss given default (LGD) assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of business and credit portfolio management, credit policy, approval and monitoring, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and certain financial accounting purposes. The overall internal credit rating system has been approved by FINMA for application under the \geq Basel II A-IRB approach. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties where adverse changes in creditworthiness could occur.

Our regular review of the creditworthiness of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at \geq fair value are reflected in valuation changes recorded in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential

problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of \geq risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2009	2008	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	238,600	237,463	0
of which reported at fair value	36,246	32,314	12
Loans held-for-sale	14,287	23,166	(38)
Traded loans	5,249	2,846	84
Derivative instruments ¹	57,153	108,620	(47)
Total balance sheet	315,289	372,095	(15)
Off-balance sheet			
Loan commitments	228,484	238,128	(4)
Credit guarantees and similar instruments	8,067	7,493	8
Irrevocable commitments under documentary credits	4,583	4,220	9
Total off-balance sheet	241,134	249,841	(3)
Total credit risk	556,423	621,936	(11)

Before risk mitigation, for example, collateral, credit hedges.

¹ Positive replacement value after netting agreements.

Loans and loan commitments

Loans where we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Loan commitments include irrevocable credit facilities for Investment Banking and Private Banking and, additionally in Private Banking, unused credit limits that can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option is elected are reported at \geq fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2009	2008	% change
Loans and loan commitments (CHF million)			

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Gross loans	238,600	237,463	0
of which Private Banking	176,161	175,758	0
of which Investment Banking	62,443	61,625	1
Loan commitments	228,484	238,128	(4)
Total loans and loan commitments	467,084	475,591	(2)
of which Private Banking	333,571	337,220	(1)
of which Investment Banking ¹	133,113	135,274	(2)

1 Excludes non-rated positions of CHF 108 million and CHF 1,357 million in 2009 and 2008, respectively, representing unsettled positions in non-broker-dealer entities.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges and collateral, such as cash and marketable securities. A large part of the Private Banking lending portfolio, primarily within the BBB counterparty rating classes, is collateralized by securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of \geq credit default swaps (CDS).

The following tables illustrate the effects of \geq risk mitigation on a combined exposure of loans and loan commitments.

Loans and loan commitments - Private Banking

end of	2009			2008		
	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Internal counterparty ratings						
Risk mitigation (CHF million)						
AAA	1,432	(19)	1,413	1,406	(29)	1,377
AA	4,431	(105)	4,326	2,973	(32)	2,941
A	19,106	(1,683)	17,423	19,980	(1,211)	18,769
BBB	229,767	(137,014)	92,753	231,354	(130,609)	100,745
BB	72,135	(5,261)	66,874	75,609	(4,844)	70,765
B	4,654	(276)	4,378	3,755	(91)	3,664
CCC	502	(34)	468	345	(5)	340
D	1,544	(142)	1,402	1,798	(456)	1,342
Total loans and loan commitments	333,571	(144,534)	189,037₁	337,220	(137,277)	199,943₁

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.

1 In addition, we have a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transfers the first loss credit risk on a CHF 4.8 billion portfolio of originated loans within Corporate & Institutional Clients to capital market investors.

Loans and loan commitments - Investment Banking

end of	2009				2008			
	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)								
AAA	11,036	(4,141)	(153)	6,742	9,503	0	(554)	8,949
AA	22,539	(1,476)	0	21,063	18,885	(1,662)	(478)	16,745
A	18,310	(4,078)	(233)	13,999	30,889	(5,349)	(3,754)	21,786
BBB	34,398	(9,504)	(3,618)	21,276	34,233	(12,190)	(438)	21,605
BB	21,418	(3,038)	(877)	17,503	14,056	(2,604)	(499)	10,953
B	19,354	(2,431)	(156)	16,767	22,334	(2,500)	(827)	19,007
CCC	3,206	(1,002)	(114)	2,090	4,024	(787)	(147)	3,090
CC	449	(211)	0	238	85	0	0	85
C	181	(69)	0	112	552	0	0	552
D	2,222	(284)	(258)	1,680	713	(37)	(6)	670
Total loans and loan commitments	133,113₁	(26,234)	(5,409)	101,470₁	135,274₁	(25,129)	(6,703)	103,442₁

Includes undrawn irrevocable credit facilities.

1 Excludes non-rated positions of CHF 108 million and CHF 1,357 million in 2009 and 2008, respectively, representing unsettled positions in non-broker-dealer entities.

Loss given default

The Private Banking LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for >>>risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated independently on a regular basis and has been approved by the regulatory authorities for application in the >>>Basel II A-IRB approach. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking and Investment Banking.

Loans - Private Banking

end of 2009	Loss given default buckets							
	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	587	586	375	116	21	26	29	19
AA	2,598	2,589	1,072	1,124	145	31	198	19

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A	12,564	12,324	4,975	4,281	2,054	429	564	21
BBB	97,231	69,055	30,511	15,822	16,373	2,052	3,866	431
BB	57,277	55,417	12,900	13,034	20,413	3,523	4,256	1,291
B	4,049	3,877	937	667	1,474	537	228	34
CCC	457	450	83	27	163	176	1	0
D	1,398	1,337	120	149	322	249	361	136
Total loans	176,161	145,635	50,973	35,220	40,965	7,023	9,503	1,951

Loans - Investment Banking

end of 2009

Loss given default buckets

Internal counterparty ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	927	774	0	0	0	774	0	0
AA	14,712	14,712	0	0	0	14,712	0	0
A	4,025	3,612	0	0	773	2,839	0	0
BBB	13,129	5,988	80	0	1,340	4,567	1	0
BB	15,942	13,820	133	0	9,480	4,171	36	0
B	8,597	6,587	78	0	3,946	2,536	27	0
CCC	2,369	1,287	0	0	918	250	56	63
CC	430	219	0	0	94	53	72	0
C	149	80	0	0	54	26	0	0
D	2,055	1,570	9	0	1,475	44	42	0
Total loans	62,335₁	48,649₁	300	0	18,080	29,972	234	63

1 Excludes non-rated positions of CHF 108 million representing unsettled positions in non-broker-dealer entities.

Loans

Compared to the end of 2008, gross loans were stable. The loan portfolio in Private Banking was flat, reflecting a slight increase in residential mortgages, offset by decreased commercial and industrial loans. In Investment Banking, a decrease in commercial and industrial loans was offset mainly by an increase in loans to financial institutions, loans to governments and public institutions and real estate loans.

For further information on our loan portfolio, refer to IX – Additional information – Statistical information.

Impaired loans

A loan held-to-maturity, valued at amortized cost, is considered impaired when we believe it is probable that we will be unable to collect all amounts due in accordance with the contractual terms of the loan agreement. Impaired loans exclude loans that are reported at fair value. A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due. However, management may determine that a

loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due. We continue to accrue interest for collection purposes; however, a corresponding provision against the accrual is booked through the consolidated statements of operations at the same time. In addition, for any accrued but unpaid interest at the date the loan is deemed non-performing, a corresponding provision is booked against the accrual through the consolidated statements of operations. At the time a loan is deemed non-performing and on a regular basis, the remaining principal is evaluated for collectability and an allowance is established for any shortfall between the net recoverable amount and the remaining principal balance.

A loan can be further downgraded to non-interest-earning when the collection of interest is so doubtful that further accrual of interest is deemed inappropriate. At that time and on a regular basis thereafter, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectability and additional provisions are established as required. Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Write-offs occur due to the sale, settlement or restructuring of a loan, or when uncertainty as to the repayment of either principal or accrued interest exists. A loan may be restored to performing status when all delinquent principal and interest payments become current in accordance with the terms of the loan agreement and certain performance criteria are met.

Loans

	Private Banking		Investment Banking		Credit Suisse ¹	
	2009	2008	2009	2008	2009	2008
end of						
Loans (CHF million)						
Mortgages	82,642	80,583	0	0	82,642	80,583
Loans collateralized by securities	21,303	21,150	0	0	21,303	21,150
Consumer finance	4,269	4,848	1,508	1,292	5,777	6,140
Consumer loans	108,214	106,581	1,508	1,292	109,722	107,873
Real estate	21,648	21,836	3,410	1,869	25,058	23,705
Commercial and industrial loans	36,091	37,352	22,824	31,577	58,915	68,929
Loans to financial institutions	9,074	8,795	30,637	24,670	39,707	33,545
Governments and public institutions	1,134	1,194	4,064	2,217	5,198	3,411
Corporate and institutional loans	67,947 ²	69,177 ²	60,935	60,333	128,878	129,590
Gross loans	176,161	175,758	62,443	61,625	238,600	237,463
of which reported at fair value	–	–	36,246	32,314	36,246	32,314
Net (unearned income) / deferred expenses	21	34	(46)	(61)	(25)	(27)
Allowance for loan losses ³	(937)	(912)	(458)	(727)	(1,395)	(1,639)
Net loans	175,245	174,880	61,939	60,837	237,180	235,797
Impaired loans (CHF million)						
Non-performing loans	676	888	621	748	1,297	1,636
Non-interest-earning loans	336	276	0	0	336	276
Total non-performing and non-interest-earning loans	1,012	1,164	621	748	1,633	1,912
Restructured loans	0	2	6	8	6	10

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Potential problem loans	448	377	210	426	658	803
Total other impaired loans	448	379	216	434	664	813
Gross impaired loans³	1,460	1,543	837	1,182	2,297	2,725
of which loans with a specific allowance	1,141	1,353	805	1,180	1,946	2,533
of which loans without a specific allowance	319	190	32	2	351	192
Allowance for loan losses (CHF million)						
Balance at beginning of period³	912	939	727	295	1,639	1,234
Net movements recognized in statements of operations	118	137	197	448	315	585
Gross write-offs	(167)	(204)	(507)	(26)	(674)	(230)
Recoveries	43	49	20	40	63	89
Net write-offs	(124)	(155)	(487)	14	(611)	(141)
Provisions for interest	5	8	38	11	43	19
Foreign currency translation impact and other adjustments, net	26	(17)	(17)	(41)	9	(58)
Balance at end of period³	937	912	458	727	1,395	1,639
of which a specific loan loss allowance	704	699	280	468	984	1,167
of which an inherent loan loss allowance	233	213	178	259	411	472
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans ⁴	0.6	0.7	2.4	2.6	0.8	0.9
Gross impaired loans / Gross loans ⁴	0.8	0.9	3.2	4.0	1.1	1.3
Allowance for loan losses / Total non-performing and non-interest-earning loans ³	92.6	78.4	73.8	97.2	85.4	85.7
Allowance for loan losses / Gross impaired loans ³	64.2	59.1	54.7	61.5	60.7	60.1

The disclosure presents our lending exposure from a risk management perspective and, as such, differs from the loans presentation in Note 17 – Loans in V – Consolidated financial statements – Credit Suisse Group.

1 Includes Asset Management and Corporate Center. 2 Of which CHF 47,597 million and CHF 49,337 million were secured by financial collateral and mortgages in 2009 and 2008, respectively. 3 Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. 4 Excludes loans carried at fair value.

Total gross impaired loans decreased CHF 428 million to CHF 2.3 billion in 2009. Total non-performing and non-interest-earning loans decreased CHF 279 million to CHF 1.6 billion and total other impaired loans decreased CHF 149 million to CHF 664 million. In Private Banking, the slight reduction of gross impaired loans to CHF 1.5

billion was mainly the result of reduced non-performing loans, while potential problem loans continued to increase during the year. We consider loans as potential problem loans if, although interest payments are being made, doubt exists as to the timing and/or certainty of the repayment of contractual principal. These loans are classified as impaired. In Investment Banking, the reduction of CHF 345 million of gross impaired loans to CHF 837 million was mainly the result of a reduction in potential problem loans and non-performing loans.

Allowance for loan losses

We maintain valuation allowances on loans valued at amortized cost which we consider adequate to absorb losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. Allowance for loan losses are reviewed on a quarterly basis by senior management.

Allowance for inherent loan losses

In accordance with accounting principles generally accepted in the US (US GAAP), an inherent loss allowance is estimated for all loans not specifically identified as impaired, which, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking lending portfolio are determined based on current risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Net provision for credit losses charged to the statement of operations in 2009 was CHF 506 million, compared to CHF 813 million in 2008. In Private Banking, the net provision for credit losses in 2009 was CHF 180 million, compared to CHF 133 million in 2008. In Investment Banking, the net provision for credit losses in 2009 was CHF 326 million, compared to CHF 679 million in 2008. A portion of the net provision in Investment Banking was offset by gains on CDS recorded in trading income.

Loans held-for-sale

Loans, which we have the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. As there is no liquid market for these loans, they do not meet the criteria for trading assets. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Traded loans

Traded loans are carried at >>fair value and meet the criteria for trading assets. These loans are secondary trading loans held with the intention to sell. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

≥≥Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency and ≥≥credit default swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their ≥≥fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. ≥≥Positive replacement values constitute a receivable, while ≥≥negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate, credit default swaps, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. Credit default swaps are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed upon notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The table below illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable ≥netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable and there is intent to settle net with the counterparty. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

end of / due within	2009			2008				
	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value
Derivative instruments (CHF billion)								
Interest rate products	51.0	204.9	269.5	525.4	56.7	220.7	438.3	715.7
Foreign exchange products	30.2	23.0	12.4	65.6	70.6	36.2	16.1	122.9
Precious metals products	1.2	0.9	0.1	2.2	1.5	0.5	0.1	2.1
Equity/index-related products	10.7	9.4	4.5	24.6	22.5	20.1	6.1	48.7
Credit derivatives	2.1	37.5	28.6	68.2	5.7	119.0	72.4	197.1
Other products	11.3	9.9	1.4	22.6	20.0	16.2	1.4	37.6
OTC derivative instruments	106.5	285.6	316.5	708.6	177.0	412.7	534.4	1,124.1
Exchange-traded derivative instruments				4.5				7.6
Netting agreements ¹				(656.0)				(1,023.1)
Total derivative instruments				57.1				108.6
of which recorded in trading assets				55.1				105.3
of which recorded in other assets				2.0				3.3

¹ Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2009	2008
Derivative instruments (CHF billion)		
AAA	5.9	8.7

AA	12.3	32.7
A	13.1	31.3
BBB	9.9	13.9
BB or lower	11.8	14.9
OTC derivative instruments	53.0	101.5
Exchange-traded derivative instruments ¹	4.1	7.1
Total derivative instruments ¹	57.1	108.6

¹ Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

For further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes, refer to Note 29 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We therefore manage operational risk differently from market and credit risk. We believe that effective management of operational risk requires a common firm-wide framework with ownership residing with the management responsible for the relevant business process. Additionally, we have the central BORO team within the CRO function, which focuses on the coordination of consistent policy, tools and practices throughout the firm for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

Each individual business and management level takes responsibility for its own operational risks and the provision of adequate resources and procedures for the management of those risks. Operational risk is thus controlled through a network of controls, procedures, reports and responsibilities. In addition to the quarterly firm-level CARMC meetings covering operational risk, operational risk exposures are discussed at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of firm-wide tools for the

management, measurement, monitoring and reporting of operational risk. These include self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data.

We have employed the same methodology to calculate economic capital for operational risk since 2000, and have approval from FINMA to use a similar methodology for the \geq advanced measurement approach (AMA) under the \geq Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe all of the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario probabilities and severities into an event model that generates a loss distribution. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating \geq haircuts as appropriate. Based on the loss distribution, the level of capital required to cover operational risk can then be calculated.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a vetting of the proposal by senior management and, by agreement, its subsequent referral to one of the four regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Citizenship Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society.

Balance sheet, off-balance sheet and other contractual obligations

During 2009, we reduced our balance sheet by 12%. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

			end of	% change	
	2009	2008	2007	09 / 08	08 / 07
Assets (CHF million)					
Cash and due from banks	51,857	90,035	38,459	(42)	134

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Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	209,499	269,028	296,709	(22)	(9)
Trading assets	332,238	342,778	532,083	(3)	(36)
Net loans	237,180	235,797	240,534	1	(2)
Brokerage receivables	41,960	57,498	54,883	(27)	5
All other assets	158,693	175,214	198,012	(9)	(12)
Total assets	1,031,427	1,170,350	1,360,680	(12)	(14)
Liabilities and equity (CHF million)					
Due to banks	36,214	58,183	90,864	(38)	(36)
Customer deposits	286,694	296,986	335,505	(3)	(11)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	191,687	243,370	300,381	(21)	(19)
Trading liabilities	133,481	154,465	201,809	(14)	(23)
Long-term debt	159,365	150,714	160,157	6	(6)
Brokerage payables	58,965	93,323	55,808	(37)	67
All other liabilities	116,693	126,088	156,317	(7)	(19)
Total liabilities	983,099	1,123,129	1,300,841	(12)	(14)
Total shareholders' equity	37,517	32,302	43,199	16	(25)
Noncontrolling interests	10,811	14,919	16,640	(28)	(10)
Total liabilities and equity	1,031,427	1,170,350	1,360,680	(12)	(14)

Balance sheet

Total assets were CHF 1,031.4 billion as of the end of 2009, a decrease of 12% from the end of 2008. This was primarily driven by a 22% decrease in central bank funds sold, securities purchased under resale agreements and securities borrowed transactions, a 42% decrease in cash and due from banks, a 27% decline in brokerage receivables and a decrease in all other assets of 9%. The decline in all other assets included a decline of 38% in assets held-for-sale, a decline of 11% in cash collateral on derivative instruments and non-derivative transactions and 92% decline in failed purchases.

Total liabilities were CHF 983.1 billion as of the end of 2009, a decrease of 12% from the end of 2008. This was primarily driven by a 21% decrease in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, a 9% decrease in due to banks and customer deposits, a 37% decrease in brokerage payables, a 14% decrease in trading liabilities and a 7% decrease in all other liabilities. The decline in all other liabilities included a decline of 35% in cash collateral on derivative instruments and non-derivative transactions and 27% decline in interest and fees payable.

For more information, including funding the balance sheet and the leverage ratio, refer to Treasury management – Funding and Treasury management – Capital management.

Off-balance sheet

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

≥≥Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used freestanding derivative products include interest rate, cross-currency and ≥≥credit default swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their ≥≥fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. ≥≥Positive replacement values constitute a receivable, while ≥≥negative replacement values constitute a payable. Fair value does not indicate future gains or losses, but rather the unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

For further information on derivatives, refer to Risk management – Credit risk and Note 29 – Derivatives and hedging activities in V – Consolidated financial statements – Credit Suisse Group.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity's failure to perform, or we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of its employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax or intellectual property matters, from the acquirer to the seller. We closely

monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

For disclosure of our estimable maximum payment obligations under certain guarantees and related information, refer to Note 30 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group.

Involvement with special purpose entities

In the normal course of business, we enter into transactions with, and make use of, SPEs. SPEs typically qualify either as qualified special purpose entities (QSPEs) or variable interest entities (VIEs). At each balance sheet date, QSPEs and VIEs are reviewed for events that may trigger reassessment of the entities' classification. For information on the adoption on new accounting principles under US GAAP on January 1, 2010 governing when an entity should be consolidated, refer to II – Operating and financial review – Core Results – Accounting changes adopted in first quarter of 2010 and Note 2 – Recently issued accounting standards – Standards to be adopted in future periods in V – Consolidated financial statements – Credit Suisse Group.

The majority of our securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using QSPEs. In order to qualify as a QSPE, the permitted activities of the entity must be limited to passively holding financial assets and distributing cash flows to investors based on pre-set terms. Entities that qualify as QSPEs are not consolidated at inception and the risk of subsequent consolidation is minimal under US GAAP as of December 31, 2009.

Securitization transactions are assessed for appropriate treatment of the assets transferred by us. Our investing or financing needs, and those of our clients, determine the structure of each transaction, which in turn determines whether sales accounting and subsequent derecognition of the transferred assets applies. Certain transactions may be structured to include derivatives or other provisions that prevent sales accounting.

As a normal part of our business, we engage in various transactions that include entities which are considered VIEs and are broadly grouped into three primary categories: >>>collateralized debt obligations, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that will absorb the majority of expected losses, receive the majority of the expected residual returns, or both. We consolidate all VIEs for which we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. At each balance sheet date, VIEs are reviewed for events that may trigger reassessment of the entities' classification and/or consolidation. Application of the accounting requirements for consolidation of VIEs may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs. Securitization-related transactions with VIEs involve selling or purchasing assets and entering into related derivatives with those VIEs, providing liquidity, credit or other support. Other transactions with VIEs include derivative transactions in our capacity as the prime broker for entities qualifying as VIEs. We also enter into lending arrangements with VIEs for the purpose of financing projects or the acquisition of assets. Further, we are involved with VIEs which were formed for the purpose of offering alternative investment solutions to clients. Such VIEs relate

primarily to private equity investments, fund-linked vehicles or funds of funds, where we act as structurer, manager, distributor, broker, market maker or liquidity provider. The economic risks associated with VIE exposures held by us, together with all relevant risk mitigation initiatives, are included in our risk management framework.

For further information and disclosure of our maximum exposure to loss, including with respect to a CP conduit where we act as the administrator and provider of liquidity and credit enhancement facilities, refer to Note 31 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group.

We have raised hybrid tier 1 capital through the issuance of trust preferred securities by SPEs that purchase subordinated debt securities issued by us. These SPEs have no assets or operations unrelated to the issuance, administration and repayment of the trust preferred securities and are not consolidated by us.

Contractual obligations and other commercial commitments

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Total long-term obligations increased CHF 9.4 billion in 2009 to CHF 165.8 billion, primarily reflecting an increase in long-term debt of CHF 8.7 billion to CHF 159.4 billion. Short-term obligations decreased CHF 90.9 billion in 2009 to CHF 523.0 billion, reflecting declines in all categories, particularly brokerage payables, due to banks and customer deposits and trading liabilities.

For further information on long-term debt and the related interest commitments, refer to Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group. For further information on commitments, refer to Note 30 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group.

Contractual obligations and other commercial commitments

					2009	2008
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Payments due within						
Long-term obligations (CHF million)						
Long-term debt ¹	27,280	47,411	36,156	48,518	159,365	150,714
Capital lease obligations	4	15	18	116	153	148
Operating lease obligations	590	971	760	2,225	4,546	3,815
Purchase obligations	550	544	635	15	1,744	1,693
Total long-term obligations ²	28,424	48,941	37,569	50,874	165,808	156,370

¹ For further information on long-term debt, refer to Treasury management – Debt issuances and Note 23 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group.

² Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 1,227 million and CHF 1,421 million as of December 31, 2009 and 2008, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. For further information on pension and other post-retirement benefits, refer to Note 28 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group.

Short-term obligations

end of

	2009	2008
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Short-term obligations (CHF million)

Due to banks	36,214	58,183
Customer deposits	286,694	296,986
Trading liabilities	133,481	154,465
Short-term borrowings	7,645	10,964
Brokerage payables	58,965	93,323
Total short-term obligations	522,999	613,921

Corporate governance

Overview

Shareholders

Board of Directors

Executive Board

Compensation

Additional information

Overview

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. During 2009 and in the aftermath of the financial crisis, reforming compensation practices and strengthening the corporate governance of compensation at financial institutions became a top priority for financial services regulators and politicians. In April 2009, the Financial Stability Board (FSB) issued Principles for Sound Compensation Practices at significant financial institutions, which were endorsed by the G-20 later in the year. In November 2009, the Swiss Financial Market Supervisory Authority (FINMA) published a set of minimum standards for remuneration schemes of financial institutions, effective January 1, 2010. The Group responded early and responsibly to the calls for reform of compensation practices. During 2009, we conducted a comprehensive review of our compensation design and instruments and introduced changes in order to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the long-term success of the Group. The changes primarily affected managing directors and directors and were effective for 2009 variable compensation awards. For further information, refer to – Compensation.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of >>American Depositary Shares (ADS). As a result, we are subject to certain US rules and regulations. Moreover, we adhere to the NYSE's Corporate Governance Listing Standards (NYSE standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE:

- Approval of employee benefit plans: the NYSE standards require shareholder approval of the establishment of, and material revisions to, all equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.
- Risk assessment and risk management: the NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE independence requirements, our Risk Committee may include non-independent members.
- Independence of nominating and corporate governance committee: the NYSE standards require that all members of the nominating and corporate governance committee be independent, while the Group's Chairman's and Governance Committee may include non-independent members.
- Reporting: the NYSE standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.
- Appointment of the external auditor: the NYSE standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by our shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.

Corporate governance framework

Our corporate governance policies and procedures are defined in a series of documents. The Board has adopted the Corporate Governance Guidelines, which form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail. Other important corporate governance documents, all of which are available on our website at www.credit-suisse.com/governance/en/, include:

- Articles of Association (AoA), which define the purpose of the business, the capital structure, and the basic organizational framework;
- Organizational Guidelines and Regulations (OGR), which define the responsibilities and sphere of authority of the various bodies within the Group, as well as the relevant reporting procedures;
- The Board of Directors Charter, which outlines the organization and responsibilities of the Board;

- The Board committee charters, which define the duties and responsibilities of each committee; and
- The Code of Conduct, which defines ten core values that all employees worldwide are required to follow. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including provisions on ethics for our Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers to the Code of Conduct have been made since its adoption. Information regarding any future amendments or waivers granted will be published on our website.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich under the registration numbers CH-020.3.906.075-9 (as of March 3, 1982) and CH-020.3.923.549-1 (as of April 4, 1883), respectively, and have their registered and main offices at Paradeplatz 8, 8070 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as set forth of Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. We have the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing. We also have the power to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of three operating divisions: Private Banking, Investment Banking and Asset Management. The three divisions are complemented by Shared Services and a regional management structure.

A detailed review of our operating results can be found in II – Operating and financial review. For a list of significant subsidiaries and associated entities, refer to Note 37 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group. The Group is listed on the SIX (Swiss Security Number 1213853, market capitalization of CHF 60,691 million as of December 31, 2009), and with the exception of Neue Aargauer Bank AG, Aarau, Switzerland, 99% of which is held by the Group, no other subsidiaries have shares listed on the SIX or any other stock exchange.

For further information on our structure, refer to I – Information on the company.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes a duty of care and a duty of loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions. In addition, Swiss law contains a provision pursuant to which payments made to a shareholder or a director or any person associated with them (for example, family members, business partners, agents or financing providers), other than at arm's length, must be repaid to the corporation if the shareholder or director was not acting in good faith.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders' resolution required.

Employees

As of December 31, 2009, we had 47,600 employees worldwide, of which 20,900 were in Switzerland and 26,700 were abroad.

The number of employees decreased 200 full-time equivalents compared to the end of 2008. Private Banking and Investment Banking slightly decreased their workforce, while the workforce of Asset Management was stable. The reduction in Private Banking reflected a talent upgrade of our relationship managers, mainly from Europe, the Middle East and Africa (EMEA) and Asia Pacific regions. The reduction in Investment Banking reflected the implementation of our strategic plan.

Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good. For further information, refer to I – Information on the company.

Number of employees

end of	2009	2008	% change
Number of employees (full-time equivalents)			
Private Banking	24,300	24,400	0
Investment Banking	19,400	19,600	(1)
Asset Management	3,100	3,100	0
Corporate Center	800	700	14
Number of employees	47,600	47,800	0
of which Switzerland	20,900	21,000	0
of which abroad	26,700	26,800	0

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All shareholders registered in our share register automatically receive an invitation to our AGM including an order form to receive the Credit Suisse Annual Report and other reports. Each registered shareholder will automatically receive a quarterly shareholders' letter providing an overview on our performance in a short and concise format. In addition, we produce detailed quarterly reports on our financial performance, which shareholders can elect to receive.

All of these reports and other information can be found on our website at www.credit-suisse.com/investors.

Articles of Association

For a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares, refer to – Shareholders and Additional information – Clauses on changes of control. That description does not purport to be complete and is qualified in its entirety by reference to the Swiss Code of Obligations and the AoA. Copies of our AoA and the AoA of the Bank are available at our main office, Paradeplatz 8, CH 8070 Zurich, Switzerland, or on our website www.credit-suisse.com.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as our director or employee, one of our affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

Shareholders

Capital structure

Our total issued share capital as of December 31, 2009 was CHF 47,414,807 divided into 1,185,370,182 registered shares, with a nominal value of CHF 0.04 per Credit Suisse Group AG share (Group share). Our shares are listed on the SIX and in the form of ADS on the NYSE. For information on the shareholder rights associated with our shares, refer to – Shareholder rights.

For information on changes to share capital and authorized and conditional capital during the year, refer to Note 9 – Share capital, conditional and authorized capital of Credit Suisse Group in VI – Parent company financial statements – Credit Suisse Group and our AoA (Articles 26, 26b-c and 27). For the previous two years' information, refer to the Credit Suisse Annual Report 2008.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on the composition of our shareholder base including information on shares that are not registered in the share register. According to this data, our shareholder base as of December 31, 2009 was comprised of 10% private investors, 79% institutional investors and 11% other investors. The geographical break down of our institutional investors is as follows: 19% Switzerland, 9% other continental Europe, 16% the UK and Ireland, 38% the US and 18% the rest of the world.

As of December 31, 2009, 143,722 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2009, 57 million, or 4.8%, of the issued shares were in the form of ADS, and 15 million, or 1.3%, of the outstanding shares were registered in the name of US domiciled shareholders (excluding nominees).

The information provided in the following tables reflects the distribution of shares as registered in our share register.

Distribution of Group shares in share register

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end of	2009				2008			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	132,304	92	106,500,019	9	135,630	91	106,445,010	9
Foreign	5,790	4	6,835,913	1	6,698	5	10,181,518	1
Private investors	138,094	96	113,335,932	10	142,328	96	116,626,528	10
Swiss	4,637	3	121,043,988	10	5,142	3	169,111,356	14
Foreign	991	1	501,610,878	42	1,151	1	387,219,080	33
Institutional investors	5,628	4	622,654,866	53	6,293	4	556,330,436	47
Shares registered in share register								
	143,722	100	735,990,798	62	148,621	100	672,956,964	57
of which Switzerland	136,941	95	227,544,007	19	140,772	95	275,556,366	23
of which Europe	5,266	4	332,221,873	28	4,825	3	177,567,581	15
of which US	329	0	106,675,117	9	409	0	179,614,463	15
of which Other	1,186	1	69,549,801	6	2,615	2	40,218,554	3
Shares not registered in share register	–	–	449,379,384	38	–	–	511,678,689	43
Total shares issued	–	–	-1,185,370,182	100	–	–	-1,184,635,653	100

Distribution of institutional investors in share register by industry

end of	2009				2008			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Institutional investors by industry								
Banks	49	0	2,276,369	0	55	0	51,076,268	4
Insurance companies	98	0	7,770,558	1	132	0	8,865,052	1
Pension funds	1,107	1	38,868,206	3	1,230	1	37,681,790	3
Investment trusts	424	0	73,710,776	6	271	0	57,878,820	5
Other trusts	824	1	3,819,398	0	919	1	4,536,924	0
Governmental institutions	9	0	9,091,148	1	8	0	5,702,487	0
Other	2,897	2	148,663,825	13	3,430	2	38,861,986	3
Direct entries	5,408	4	284,200,280	24	6,045	4	204,603,327	17
Fiduciary holdings	220	0	338,454,586	29	248	0	351,727,109	30
Total institutional investors	5,628	4	622,654,866	53	6,293	4	556,330,436	47

Significant shareholders

Under Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has the obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides a summary of the disclosure notifications pertaining to the holdings of our significant shareholders (in alphabetical order). In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA valid at the time of the respective disclosure notification. The full text of all notifications can be found on our website at www.credit-suisse.com/governance/en/shareholders_significant.jsp.

Black Rock: As of December 1, 2009, Black Rock Inc. reported holdings of shares of 3.75%.

Capital Group: As of January 1, 2010, Capital Group Companies Inc. reported holdings of shares exceeding the 3% threshold and as of February 2, 2010, its holdings fell below the 3% threshold. As of February 25, 2010, its holdings exceeded the 3% threshold.

Credit Suisse Group AG: On October 26, 2009, we disclosed that our holdings exceeded the 10% threshold and amount to 10.98%, of which 2.17% was in the form of registered shares and 8.81% was in the form of derivatives (share acquisition rights and granted share sale rights) and that our holdings of sales positions amounted to 5.04%. On December 28, 2009, we disclosed that our holdings of sales positions fell below the 5% threshold. As of February 12, 2010, we disclosed that Credit Suisse Group AG's holdings of sales positions exceeded the 5% threshold, and as of February 17, 2010 our holdings of sales positions fell below the 5% threshold. Shares held by the Group have no voting rights. For information on trading on own shares, refer to IX – Additional information – Other information – Trading in our own shares.

Koor Industries: On April 28, 2009, Koor Industries Ltd. reported that its holdings had fallen below the disclosure threshold of 3%. As of February 9, 2010, Koor Industries Ltd. holdings of shares exceeded the 3% threshold.

Olayan Group: As of September 25, 2009, Crescent Holding GmbH, a company controlled by the Olayan Group, disclosed that its holdings amounted to 6.6%.

Qatar Investment Authority: On October 22, 2008, Qatar Holding LLC disclosed that its holdings of shares and derivatives of Credit Suisse Group AG amounted to 9.9%, of which 8.9% was in the form of registered shares (99.8 million shares) and 1.0% was in the form of derivatives.

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. For further information, refer to our AoA, which is available on our website at www.credit-suisse.com/governance/en/articles_of_association.jsp.

Voting rights and transfer of shares

There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies.

The restrictions on voting rights do not apply to:

- the exercise of voting rights by the Group proxy or by the independent proxy as designated by the Group or by persons acting as proxies for deposited shares;
- shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the SESTA and the relevant ordinances and regulations have been fulfilled; or
- shares that are registered in the name of a nominee, provided that this nominee: (i) is willing to furnish us on request the name, address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital; and (ii) confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer of shares is executed by a corresponding entry in the custody records of a bank or depositary institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the transferor, the bank or the depositary institution.

Annual General Meeting

Under Swiss law, the AGM must be held within six months after the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Commercial Gazette at least 20 days prior to the meeting.

Shares only qualify for voting at an AGM if entered in the share register with voting rights no later than three days prior to an AGM.

Convocation of shareholder meetings

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an extraordinary shareholders' meeting must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the extraordinary shareholders' meeting.

Request to place an item on the agenda

Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be put on the agenda and voted upon at the next AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums

The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA.

Shareholders' resolutions that require a vote by a majority of the votes represented include:

- amendments to the AoA, unless a supermajority is required;
- election of directors and statutory auditors;
- approval of the annual report and the statutory and consolidated accounts; and
- determination of the allocation of the distributable profit.

A quorum of at least half of the share capital and approval by two thirds of the votes represented is required for resolutions on:

- change of the purpose of the company;
- creation of shares with increased voting powers;
- implementation of transfer restrictions on shares;
- authorized or conditional increase in the share capital;
- increase of capital by way of conversion of capital surplus or by contribution in kind;
- restriction or suspension of preferential rights (pre-emptive subscription);
- change of location of the principal office; and
- dissolution of the company without liquidation.

A quorum of at least half of the share capital and approval by at least three quarters of the votes cast is required for resolutions on:

- the conversion of registered shares into bearer shares;
- amendments to the provision of the AoA relating to registration and voting rights of nominee holders; and
- the dissolution of the company.

A quorum of at least half of the share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Pre-emptive subscription rights

Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive subscription rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive subscription rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Commercial Gazette. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 14 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one ordinary AGM to the close of the next ordinary AGM. While the AoA do not provide for any age or term limitations, our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in exceptional circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation. In December 2009, the Group announced that Hans-Ulrich Doerig, who will reach the age of 70 during 2010, will remain Chairman of the Board (Chairman) until the AGM in April 2011 when he will be succeeded by Vice-Chairman Urs Rohner. None of our directors has a service contract with us or any of our subsidiaries providing for benefits upon termination of service.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed for a term of one year.

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on criteria established by the committee. The committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to

fulfill its responsibilities. The Board also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad and having held leading positions in government and international organizations.

Any newly appointed director participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. From time to time, the Board and the committees of the Board may ask a specialist within the Group to speak about a specific topic to improve the Board members' understanding of issues that already are or may become of particular importance to our business.

Meetings

In 2009, the Board held six full-day meetings in person and five additional meetings. From time to time, the Board may also take certain urgent decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions, without management present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

The members of the Board are expected to attend all meetings of the Board and the committees on which they serve. The Chairman may approve exceptions. The Chairman and the full-time Vice-Chairman attend selected committee meetings as guests.

Board meetings: Eleven meetings were held during 2009. Ten members of the Board attended all meetings, three members of the Board missed one meeting and one member missed two meetings.

Chairman's and Governance Committee meetings: Eight meetings were held during 2009. Three members of the Chairman's and Governance Committee attended all meetings and three members missed one meeting.

Audit Committee meetings: Nine meetings were held during 2009. Four members of the Audit Committee attended all meetings and one member missed one meeting.

Compensation Committee meetings: Ten meetings were held during 2009. Two members of the Compensation Committee attended all meetings and one member missed two meetings.

Risk Committee meetings: Six meetings were held during 2009. Two members of the Risk Committee attended all meetings and three members missed one meeting.

Independence

The Board consists solely of directors who have no executive functions within the Group. As of December 31, 2009, all members of the Board were independent, with the exception of Urs Rohner, Vice-Chairman, who was deemed not independent due to his former role as Chief Operating Officer (COO) and General Counsel of the Group until the 2009 AGM in April 2009. In its independence determination, the Board takes into account the factors set forth in the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. In general, a director is considered independent if the director (i) is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries, (ii) is not and has not been for the prior three years an employee or affiliate of our external auditor and (iii) does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries. Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. Board members with immediate family members who would not qualify as independent are also not considered independent. Our definition of independence is in line with the NYSE definition. In addition to measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether other commitments of an individual Board member prevent the person from devoting enough time to his or her Group Board mandate.

Whether or not a relationship between the Group and a member of the Board is considered material depends in particular on the following factors:

- the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;
- the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;
- whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;
- whether the transactions are performed in the ordinary course of business; and
- whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

We are a global financial services provider. Many of the members of the Board or companies associated with them maintain banking relations with us. All relationships with members of the Board or such companies are in the ordinary course of business, and are entered into on an arm's length basis. For further information on relationships with members of the Board, refer to Note 27 – Related parties in V – Consolidated financial statements – Credit Suisse Group.

Chairman of the Board

The Chairman coordinates the work of the Board and its committees and ensures that the Board members are provided with the information relevant for performing their duties. The Chairman has no executive function within the Group.

With the exception of the Chairman's and Governance Committee, the Chairman is not a member of any of the Board's standing committees. However, he may attend all or part of selected committee meetings, as well as the meetings of the Executive Board, as a guest. The Chairman is actively involved in developing the strategic business plans and objectives of the Group. Furthermore, he works closely with the CEO in establishing succession plans for key management positions.

The Chairman takes an active role in representing the Group to the general public, regulators, investors, industry associations and other stakeholders.

Board responsibilities

In accordance with the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results, risk and capital situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as deemed appropriate or requested. In order to appropriately discharge its responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group's expense, to engage independent legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority. The Board performs a self-assessment once a year where it reviews its own performance and sets objectives and a work plan for the coming year.

Board committees

At each Board meeting, the committee chairmen report to the Board about their activities. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman's and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the Vice-Chairmen and the chairmen of the committees of the Board and other members appointed by the Board. It may include non-independent members. The members are:

– Hans-Ulrich Doerig (Chairman)

– Peter Brabeck-Letmathe

- Urs Rohner
- Aziz R.D. Syriani
- Richard E. Thornburgh
- Peter F. Weibel

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets eight to ten times per year. The meetings are usually attended by the CEO. It is at the Chairman's discretion to ask other members of management or specialists to attend a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and supports him in the preparation of the Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of corporate governance guidelines, which are then recommended to the Board for approval. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the Group's internal criteria, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman does not participate in the discussion of his own performance. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent. The current members are:

- Peter F. Weibel (Chairman)
- Jean Lanier
- David W. Syz
- Ernst Tanner
- John Tiner

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to additional independence requirements. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee.

In addition, the US Securities and Exchange Commission (SEC) requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that Peter F. Weibel is an audit committee financial expert.

Pursuant to its charter, the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and conference calls throughout the year. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. At most Audit Committee meetings, a private session with Internal Audit and the external auditors is scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present. The Head of Internal Audit reports directly to the Chairman of the Audit Committee.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

- monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;
- monitoring processes designed to ensure an appropriate internal control system, including compliance with legal and regulatory requirements;
- monitoring the qualifications, independence and performance of the external auditors and of Internal Audit; and
- monitoring the adequacy of financial reporting processes and systems of internal accounting and financial controls.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as significant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries to audit and certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it critically reviews its own performance and determines objectives, including any special focus objectives, and a work plan for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent. The current members are:

- Aziz R.D. Syriani (Chairman)
- Peter Brabeck-Letmathe
- Walter B. Kielholz

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled at any time. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. Other duties and responsibilities of the Compensation Committee include reviewing newly established compensation plans or amendments to existing plans and recommending them to the Board for approval. The Chairman of the Compensation Committee decides on the attendance of management or others at the committee meetings.

The Compensation Committee is assisted in its work by external legal counsel and an independent global compensation consulting firm, Johnson Associates, Inc. Johnson Associates does not provide any other services to the Group other than assisting the Compensation Committee. For information on our compensation approach, principles and objectives, refer to – Compensation – Compensation governance. The Compensation Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee’s objectives and determines any special focus objectives for the coming year.

Risk Committee

The Risk Committee consists of not fewer than three members. It may include non-independent members. The current members are:

- Richard E. Thornburgh (Chairman)
- Noreen Doyle
- Andreas N. Koopmann
- Urs Rohner
- Anton van Rossum

The Risk Committee has its own charter, which has been approved by the Board, and holds at least four meetings a year. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The Chairman of the Risk Committee invites members of management or others to attend the committee meetings, as appropriate.

The Risk Committee’s main duties are to assist the Board in assessing the different types of risk to which we are exposed, as well as our risk management structure, organization and processes. The Risk Committee approves selected risk limits and makes recommendations to the Board regarding all its risk-related responsibilities, including the review of major risk management and capital adequacy requirements. The Risk Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee’s objectives and determines any special focus objectives for the coming year.

Members of the Board and the Committees

Hans-Ulrich Doerig, Chairman ¹⁾

Urs Rohner, Vice-Chairman ^{1) 2)}

Peter Brabeck-Letmathe, Vice-Chairman ^{1) 3)}

Noreen Doyle ²⁾

Walter B. Kielholz ³⁾

Andreas N. Koopmann ²⁾

Jean Lanier ⁴⁾

Aziz R.D. Syriani ^{1) 3)}

David W. Syz ⁴⁾

Ernst Tanner ⁴⁾

Richard E. Thornburgh ^{1) 2)}

John Tiner ⁴⁾

Anton van Rossum ²⁾

Peter F. Weibel ^{1) 4)}

¹⁾ Member of the Chairman's and Governance Committee, chaired by Hans-Ulrich Doerig

²⁾ Member of the Risk Committee, chaired by Richard E. Thornburgh

³⁾ Member of the Compensation Committee, chaired by Aziz R. D. Syriani

⁴⁾ Member of the Audit Committee, chaired by Peter F. Weibel

The composition of the Boards of the Group and the Bank is identical.

As of the AGM on April 24, 2009, Thomas W. Bechtler stepped down as member of the Board. Andreas Koopmann, former CEO of Bobst Group S.A., Urs Rohner, former COO and General Counsel of Credit Suisse Group, and John Tiner, CEO of the UK firm Resolution Group and former CEO of the UK Financial Services Authority (FSA), were elected as new members of the Board. On August 10, 2009, we announced that Robert H. Benmosche stepped down as a member of the Board with immediate effect, as a result of his appointment as President and CEO of American International Group (AIG). The Board proposes the following members be re-elected to the Board: Noreen Doyle, Aziz D. Syriani, David Syz and Peter F. Weibel and proposes the following additions to the Board: Jassim Bin Hamad J.J. Al Thani, Chairman of the Board of Directors of Qatar Islamic Bank, and Robert H. Benmosche, subject to their election by the shareholders. Changes in AIG's business have made it possible for Mr. Benmosche to rejoin the Board. Ernst Tanner has decided to step down from the Board as of the date of the AGM.

Hans-Ulrich Doerig

Born 1940, Swiss Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Hans-Ulrich Doerig is the full-time Chairman of the Board and the Chairman's and Governance Committee. Prior to that, he served as full-time Vice-Chairman of the Board and Chairman of the Risk Committee since 2003. He served as Vice-Chairman of the Group Executive Board from 1998 to 2003 and as CRO from 1998 until 2002. The Board has determined him to be independent under the Group's independence standards. Hans-Ulrich Doerig will remain Chairman until the AGM in April 2011 when he will be succeeded by the current Vice-Chairman, Urs Rohner.

After completing his studies at the University of St. Gallen with degrees in economics and law, including a doctorate received in 1968, and after five years at JP Morgan in New York, Mr. Doerig joined Credit Suisse in 1973. In 1982, he was appointed a member of the Executive Board of Credit Suisse with responsibility for the multinational division, securities trading, capital markets, corporate finance and commercial banking in Asia. From 1993 to 1996, he served as Vice-Chairman of the Board of Credit Suisse. In 1996, he became President of the Executive Board of Credit Suisse. During 1997, he served as CEO of Credit Suisse First Boston.

Mr. Doerig is a member of the Board of Directors of Bühler AG, Uzwil since 2004 and the University of Zurich since 1998. Furthermore, he is a member of the supervisory bodies of several foundations and academic, arts, charitable and professional organizations, as well as the author of a number of publications on finance, education and management.

Urs Rohner

Born 1959, Swiss Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Urs Rohner is the full-time Vice-Chairman of the Board since the AGM in 2009 and a member of the Chairman's and Governance Committee and Risk Committee. He was a member of the Executive Boards of Credit Suisse Group and Credit Suisse from 2004 to 2009 and served as General Counsel of Credit Suisse Group from 2004 to 2009 and COO and General Counsel of Credit Suisse from 2006 to 2009. His term as a member of the Board expires at the AGM in 2012. Due to his former executive function at Credit Suisse, the Board has determined that he is not independent under the Group's independence standards. Urs Rohner will succeed Hans-Ulrich Doerig in the position of Chairman at the AGM in April 2011.

Mr. Rohner studied law at the University of Zurich and graduated in 1983. He was admitted to the bar of the canton of Zurich in 1986 and to the bar of the state of New York in 1990. From 1983 to 1988, he was an attorney with the law firm Lenz & Stähelin in Zurich and, between 1988 and 1989, with Sullivan & Cromwell LLP in New York. From 1990 to 1999, he was a partner at Lenz & Stähelin. Between 2000 and 2004, Mr. Rohner served as Chairman of the Executive Board and CEO of ProSiebenSat.1 Media AG.

Mr. Rohner is a member of the Board of Directors of the Institute of International Finance and of the Institute International d'Etudes Bancaires. He is also a member of the Executive Board of the Zurich Chamber of Commerce and a member of the Board of Directors of the Zurich Opera House.

Peter Brabeck-Letmathe

Born 1944, Austrian Citizen

Nestlé SA

Avenue Nestlé 55, 1800 Vevey, Switzerland

Peter Brabeck-Letmathe is Vice-Chairman of the Board since 2008, a function he held from 2000 to 2005. He has been a member of the Board since 1997. He serves on the Compensation Committee and the Chairman's and Governance Committee since 2008. He has been a member of both committees at previous times. He served from 2000 to 2005 on the Compensation Committee and from 2003 to 2005 on the Chairman's and Governance Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe studied economics at the University of World Trade in Vienna. After graduating in 1968, he joined Nestlé's sales operations in Austria. His career at Nestlé includes a variety of assignments in several European countries as well as in Latin America. Since 1987, he has been based at Nestlé's headquarters in Vevey. Mr. Brabeck-Letmathe is the Chairman of the Board of Directors of Nestlé since 2005. From 1997 to 2008, he was also the CEO of Nestlé.

Mr. Brabeck-Letmathe is a member of the Boards of Directors of L'Oréal SA, Paris since 1997 and Roche Holding SA, Basel since 2000. He is also a member of the Foundation Board of the World Economic Forum and a member of the European Round Table of Industrialists.

Noreen Doyle

Born 1949, US and Irish Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Noreen Doyle has been a member of the Board since 2004 and the Risk Committee since 2009. During 2007 and 2008, she served on the Audit Committee. From 2004 to 2007, she served on the Risk Committee. Her term as a member of the Board expires at the AGM in 2010. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was the First Vice President and Head of Banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. She joined the EBRD in 1992 as head of syndications, was appointed Chief Compliance Officer in 1994 and became Deputy Vice President, Risk Management, in 1997. Prior to joining the EBRD, Ms. Doyle spent 18 years at Bankers Trust Company with assignments in Houston, New York and London.

Ms. Doyle received a BA in mathematics from The College of Mount Saint Vincent, New York, in 1971 and a MBA from Dartmouth College, New Hampshire, in 1974.

She currently serves on the boards of directors of the Newmont Mining Corporation, QinetiQ Group plc., a UK-based defense technology and security company, and Rexam plc., a global consumer packaging company, all since 2005. Moreover, she is a member of the Advisory Board of the Macquarie European Infrastructure Fund 2.

Walter B. Kielholz

Born 1951, Swiss Citizen

Swiss Reinsurance Company AG

Mythenquai 50/60, 8022 Zurich, Switzerland

Walter B. Kielholz has been a member of the Board since 1999 and a member of the Compensation Committee since 2009. He served as Chairman of the Board and the Chairman's and Governance Committee from 2003 to 2008 and as Chairman of the Audit Committee from 1999 to 2002. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Kielholz studied business administration at the University of St. Gallen and graduated in 1976 with a degree in Business Finance and Accounting.

His career began at the General Reinsurance Corporation, Zurich, in 1976. After working in the US, the UK and Italy, Mr. Kielholz assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, Zurich, responsible for client relations with large insurance groups in the Multinational Services department.

Mr. Kielholz joined Swiss Re, Zurich, in 1989. He became a member of Swiss Re's Executive Board in 1993 and was Swiss Re's CEO from 1997 to 2002. A board member since 1998, he became Executive Vice-Chairman of the Board of Directors of Swiss Re in 2003 and Vice-Chairman in 2007 and since May 2009, he serves as the Chairman.

Mr. Kielholz is a Board of Directors member of the Geneva Association, the European Financial Roundtable and the Institute of International Finance. From 1998 to 2005 and again since 2009, Mr. Kielholz is a member of the International Business Leader Advisory Council and a member of the International Advisory Panel, advising the Monetary Authority of Singapore's financial section on reforms and strategies. In addition, Mr. Kielholz is a member and former Chairman of the Supervisory Board of Avenir Suisse. Mr. Kielholz is a member of the Zurich Friends of the Arts, the Lucerne Festival Foundation Board and Chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.

Andreas N. Koopmann

Born 1951, Swiss Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Andreas N. Koopmann has been a member of the Board and a member of the Risk Committee since the AGM in 2009. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

From 1982 to 2009, Mr. Koopmann held various leading positions at Bobst Group S.A., Lausanne, one of the world's leading suppliers of equipment and services to packaging manufacturers. He was a member of its Board of Directors from 1998 to 2002 and Group CEO, from 1995 to May 2009.

Mr. Koopmann holds a Master's Degree in Mechanical Engineering from the Swiss Federal Institute of Technology (Zurich) and an MBA from IMD in Lausanne, Switzerland.

As of February 2010, Mr. Koopmann was elected Chairman of the Board of Alstrom (Suisse) SA. Since 2003, Mr. Koopmann is a member of the Board of Directors of Nestlé, its 1st Vice-Chairman and a member of the Chairman's and Corporate Governance Committee. Mr. Koopmann is also a member of the Board of Directors of the CSD Group, an engineering consultancy enterprise in Switzerland and serves as the Vice-Chairman of Swissmem, the association of Swiss Mechanical and Electrical Engineering Industries. From 1995 to 1999, he served as member of the Board of Directors of SKA (the former Credit Suisse) and Credit Suisse First Boston. He was a member of Credit Suisse's Advisory Board from 1999 to 2007.

Jean Lanier

Born 1946, French Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Jean Lanier has been a member of the Board and the Audit Committee since 2005. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former Chairman of the Managing Board and Group CEO of Euler Hermes, Paris. He also chaired the boards of the principal subsidiaries of the group. He held these functions from 1998 until 2004. Prior to that, he was the COO and Managing Director of SFAC, which later became Euler Hermes SFAC from 1990 to 1997 and of the Euler Group from 1996 to 1998.

Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983 and held among others the functions of Senior Vice President of Paribas Group Finance division and Senior Executive for North America of the Paribas Group in New York. In 1983, he joined the Pargesa Group, where he held the positions of President of Lambert Brussels Capital Corporation in New York from 1983 to 1989 and Managing Director of Pargesa, based in Paris and Geneva, from 1988 to 1990.

He holds a Masters of Engineering from the Ecole Centrale des Arts et Manufactures, Paris (1969), and a Masters of Sciences in Operations Research and Finance from Cornell University, New York (1970).

Mr. Lanier is a member of the Boards of Directors of France Essor since 1991 and of Paris Re Holdings Ltd since 2006. He is a Chevalier de la Légion d'Honneur in France and Chairman of the Foundation "Les Amis de l'Arche."

Aziz R.D. Syriani

Born 1942, Canadian Citizen

The Olayan Group

111 Poseidonos Avenue, P.O. Box 70228

Glyfada, Athens 16610, Greece

Aziz R.D. Syriani has been a member of the Board since 1998 and Chairman of the Compensation Committee since 2004. He has been a member of the Chairman's and Governance Committee since 2003 and served on the Audit Committee from 2003 to 2007. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards.

Mr. Syriani holds a law degree from the University of St. Joseph in Beirut (1965) and a Master of Laws degree from Harvard University, Massachusetts (1972). He has been with the Olayan Group since 1978 and currently serves as the President since 1978 and the CEO since 2002. The Olayan Group is a private multinational enterprise engaged in distribution, manufacturing and global investment and a significant shareholder of the Group.

Mr. Syriani serves on the Board of Directors of Occidental Petroleum Corporation, Los Angeles since 1983, where he is currently the Lead Independent Director and Chairman of the Audit Committee, as well as a member of the Executive and the Corporate Governance Committees.

David W. Syz

Born 1944, Swiss Citizen
ecodocs AG

Dufourstrasse 21, 8702 Zollikon, Switzerland

David W. Syz has been a member of the Board and the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards.

After completing his studies at the Law School of the University of Zurich and receiving a doctorate from the same university in 1972 and an MBA at INSEAD, Fontainebleau, in 1973, Mr. Syz started his career as Assistant to the Director at the Union Bank of Switzerland in Zurich and subsequently held the equivalent position at Elektrowatt AG, Zurich. In 1975, he was appointed Head of Finance at Staefa Control System AG, Stäfa, and became Managing Director after four years. From 1982 to 1984, he was also the CEO of Cerberus AG, Männedorf. In 1985, Mr. Syz returned to Elektrowatt AG as Director and Head of Industries and Electronics. In 1996, he was appointed CEO and Managing Director of Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen.

Appointed State Secretary in 1999, Mr. Syz took charge of the new State Secretariat for Economic Affairs, a function from which he retired in 2004.

Mr. Syz is the Chairman of the board of directors of Huber & Suhner AG, Pfäffikon since 2005, Vice-Chairman from 2004 to 2005, and the Chairman of the Board of Directors of ecodocs AG, Zollikon since 2004. Moreover, he is the Chairman of the Supervisory Board of the Climate Cent Foundation since 2005, an organization mandated with the implementation of the carbon dioxide reduction program according to the Kyoto Protocol.

Ernst Tanner

Born 1946, Swiss Citizen

Chocoladenfabriken Lindt & Sprüngli AG

Seestrasse 204, 8802 Kilchberg, Switzerland

Ernst Tanner has been a member of the Board since 2002 and member of the Audit Committee since 2009. From 2003 to 2009, he served on the Risk Committee. The Board has determined him to be independent under the Group's independence standards.

Mr. Tanner is the Chairman of the Board since 1994 and the CEO since 1993 of Lindt & Sprüngli AG, Kilchberg, a Swiss chocolate producer listed on the SIX. Before joining Lindt & Sprüngli, Mr. Tanner worked at Johnson & Johnson, which he joined in 1969, most recently as Company Group Chairman of Johnson & Johnson Europe.

Mr. Tanner serves on the Board of Directors of The Swatch Group, Biel since 1995. He is also a member of the Board of Directors of the Zurich Chamber of Commerce and delegate of the Society for the Promotion of Swiss Economy.

Richard E. Thornburgh

Born 1952, US Citizen

Corsair Capital LLC

717 Fifth Avenue, New York, NY 10022, US

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006 and the Chairman of the Risk Committee and a member of the Chairman's and Governance Committee since 2009. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Thornburgh is Vice-Chairman of Corsair Capital, a private equity investment company since 2006.

He received a BBA from the University of Cincinnati, Ohio, in 1974, and an MBA from the Harvard Business School, Massachusetts, in 1976, and then began his investment banking career in New York with The First Boston Corporation, a predecessor firm of Credit Suisse First Boston. In 1995, Mr. Thornburgh was appointed Chief Financial and Administrative Officer and a member of the Executive Board of Credit Suisse First Boston. In 1997, he was appointed member of the Group Executive Board, where he served until 2005. From 1997 to 1999, Mr. Thornburgh was the CFO of Credit Suisse Group and, from 1999 to 2002, he was Vice-Chairman of the Executive Board of Credit Suisse First Boston. In addition, he performed the function of CFO of Credit Suisse First Boston from May 2000 through 2002. From 2003 to 2004, he was the CRO of Credit Suisse Group. In 2004, he was appointed Executive Vice-Chairman of Credit Suisse First Boston.

Mr. Thornburgh also serves on the Boards of Directors of New Star Financial Inc., Boston since 2006, and CapStar Bank, Nashville, since 2008. Furthermore, he serves on the Executive Committee of the University of Cincinnati Foundation and the Investment Committee of the University of Cincinnati.

John Tiner

Born 1957, British Citizen
Resolutions Operations LLP
23 Savile Row, London W1S 2ET, UK

John Tiner has been a member of the Board and a member of the Audit Committee since the AGM in 2009. His term as member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Tiner is the CEO of Resolution Operations LLP, a privately owned advisory firm which provides services to Resolution Ltd., a company listed on the London Stock Exchange that acquires and restructures businesses in the life insurance, asset management, general insurance, banking and diversified general financial sectors to realize value for its shareholders. He has held this position since September 2008.

John Tiner was previously CEO of the FSA, a position he held from 2003 to 2007. He initially joined the FSA in 2001 as Managing Director of the Consumer Insurance and Investment Directorate. While at the FSA, he was also a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Regulators and Chairman of the Committee of European Securities Regulators – Standing Committee on Accounting and Auditing. Before joining the FSA, Mr. Tiner was a Managing Partner at Arthur Anderson and was responsible for its worldwide financial services practice.

Mr. Tiner is a member of the Board of Directors of Lucida Plc, a UK-based insurance company and a member of the Advisory Board of Corsair Capital, a private equity investment company. He is also a member of the Advisory Board of the Centre for Corporate Reputation and Visiting Fellow of Oxford University and Director of the Financial Services Skills Council, an independent organization in the UK focused on education and training for the financial services industry.

In recognition of his contribution to the financial services industry, he was made Commander of the British Empire in 2008 and he was made an Honorary Doctor of Letters at his former college, Kingston University, in 2010.

Anton van Rossum

Born 1945, Dutch Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Anton van Rossum has been a member of the Board since 2005 and the Risk Committee since 2008. From 2005 to 2008, he served on the Compensation Committee. His term as a member of the Board expires at the AGM in 2011. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was the CEO of Fortis from 2000 to 2004. He was also a member of the Board of Directors of Fortis and chaired the boards of the principal subsidiaries of the group.

Prior to that, Mr. van Rossum worked for 28 years with McKinsey and Company, where he led a number of top management consulting assignments with a focus on the banking and insurance sectors. He was elected Principal and a Director of the firm in 1979 and 1986, respectively.

He studied Economics and Business Administration at the Erasmus University in Rotterdam, where he obtained a bachelor's degree in 1965 and a master's degree in 1969.

Mr. van Rossum is a member of the Board of Directors of Solvay S.A., Brussels, an international chemical and pharmaceuticals group since 2006; Rodamco Europe, Rotterdam, a commercial real estate group since 2007; and Vopak NV, Rotterdam since 2007 and Chairman since 2008. He is also the Chairman of the Supervisory Board of the Erasmus University, Rotterdam, a member of the Board of Trustees of the Conference Board, the Chairman of the Netherlands Economic Institute, the International President of the European League for Economic Cooperation and sits on the boards of several cultural, philanthropic and educational institutions.

Peter F. Weibel

Born 1942, Swiss Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Peter F. Weibel has been a member of the Board and the Chairman's and Governance Committee and the Chairman of the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2010. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

After completing his studies in Economics at the University of Zurich in 1968, including a doctorate in 1972, and after working as a consultant at IBM Switzerland for three years, Peter F. Weibel joined the Central Accounting Department at UBS in 1975 and later became a Senior Vice President in its Corporate Banking division. In 1988, he was appointed CEO of Revisuisse, one of the predecessor companies of PricewaterhouseCoopers AG, Zurich, and served as a member of the PricewaterhouseCoopers Global Oversight Board from 1998 to 2001. He retired from his function as the CEO of PricewaterhouseCoopers AG, Zurich, in the summer of 2003.

Mr. Weibel is the chairman of the Executive MBA Program of the University of Zurich, a member of the Board of Directors of the Greater Zurich Area AG, serves on the Swiss Advisory Council and the Executive Committee of the American Swiss Foundation and is a member of the Senior Advisory Council of the Swiss-American Chamber of Commerce. He also serves on the Board of Directors of the Careum Foundation and chairs the Pestalozzi Foundation and the Zurich Art Festival.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932, Swiss Citizen Credit Suisse Group AG Paradeplatz 8, 8070 Zurich, Switzerland

Rainer E. Gut was appointed the Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position he held since 1986. Mr. Gut was a member of the Board of Directors of Nestlé SA, Vevey, from 1981 to 2005, whereof Vice-Chairman from 1991 to 2000 and Chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Joan E. Belzer

Executive Board

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of the Group. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions and regions or in the Shared Services functions and establishes Group-wide policies.

The composition of the Executive Board of the Group and the Bank is identical.

Brady W. Dougan, CEO

Walter Berchtold, CEO Private Banking

Paul Calello, CEO Investment Banking

Romeo Cerutti, General Counsel ¹⁾

Renato Fassbind, CFO

Tobias Guldimann, CRO

Karl Landert, CIO ²⁾

Hans-Ulrich Meister, CEO Credit Suisse Switzerland

Kai S. Nargolwala, CEO Credit Suisse Asia Pacific

Robert S. Shafir, CEO Asset Management and CEO

Credit Suisse Americas

Pamela Thomas-Graham, Chief Talent, Branding and

Communications Officer ³⁾

Eric M. Varvel, CEO Credit Suisse EMEA

¹⁾ appointed Group General Counsel and member of the Executive Board as of April 24, 2009

²⁾ appointed member of the Executive Board as of June 25, 2009

³⁾ appointed member of the Executive Board as of January 10, 2010

On June 26, 2009, we announced that D. Wilson Erwin, CRO, stepped down from the Executive Board.

Brady W. Dougan

Born 1959, US Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Brady W. Dougan is the CEO since 2007. Prior to that, he was the CEO Investment Banking and the CEO of Credit Suisse Americas. He has served on the Executive Board since 2003.

Mr. Dougan received a BA in economics in 1981 and an MBA in finance in 1982 from the University of Chicago, Illinois. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was the Head of the Equities division for five years before he was appointed the Global Head of the Securities division in 2001. From 2002 to July 2004, he was the Co-President, Institutional Services at Credit Suisse First Boston, and from 2004 until the merger with Credit Suisse in May 2005, he was the CEO of Credit Suisse First Boston. From May 2005 to year-end 2005, he was the CEO of the Credit Suisse First Boston division at the Bank.

Mr. Dougan does not hold any significant board memberships.

Walter Berchtold

Born 1962, Swiss Citizen

Credit Suisse AG

Paradeplatz 8, 8070 Zurich, Switzerland

Walter Berchtold is the CEO of Private Banking at Credit Suisse since 2006 and a member of the Executive Board since 2003.

After obtaining a commercial diploma, Mr. Berchtold joined Credit Suisse First Boston Services AG, Zurich, in 1982, and, a year later, transferred as a trader to the precious metal and currency options unit of Valeurs White Weld SA in Geneva, which was later renamed Credit Suisse First Boston Futures Trading SA. In 1987, he was given the task of heading the Japanese convertible notes trading team, and in 1988, he assumed shared responsibility for all the business activities of Credit Suisse First Boston Futures Trading AG in Zurich.

In 1991, Mr. Berchtold joined Credit Suisse in Zurich as the Head of Arbitrage in the Securities Trading department. In the following year, he became the Head of the Equity Derivatives Trading department. In 1993, he managed the Equity Trading unit and, in 1994, he took on overall responsibility for Credit Suisse's Securities Trading & Sales activities globally.

From 1997 to 2003, Mr. Berchtold was the Head of Trading and Sales of Credit Suisse First Boston, Switzerland and thereafter became the Country Manager of Credit Suisse First Boston, where he was responsible for the entire Swiss business of Credit Suisse First Boston. From 2003 to July 2004, he was the Head of Trading and Sales at Credit Suisse Financial Services and, in April 2004, he was appointed CEO of Banking at Credit Suisse Financial Services. In July 2004, he was the CEO of the former Credit Suisse, a position he held until the merger with Credit Suisse First Boston in May 2005. Between May 2005 and year-end 2005, he was the CEO of the Credit Suisse division at the Bank.

Mr. Berchtold is a member of the Board of the Swiss Bankers Association and several philanthropic and cultural foundations.

Paul Calello

Born 1961, US Citizen

Credit Suisse AG

11 Madison Avenue, New York, NY 10010, US

Paul Calello is the CEO of Investment Banking at Credit Suisse since 2007. Prior to that, he was CEO of Credit Suisse Asia Pacific. He has been a member of the Executive Board since 2004.

Mr. Calello joined Credit Suisse Financial Products in 1990, the former financial derivatives subsidiary of Credit Suisse First Boston. Mr. Calello held several management positions at Credit Suisse First Boston in Tokyo, London and New York prior to his appointment as Chairman and CEO of the Asia Pacific region of Credit Suisse First Boston in Hong Kong.

Before joining Credit Suisse First Boston, Mr. Calello worked for Bankers Trust in the Global Markets Group in New York and Tokyo from 1987 to 1990 and for the Federal Reserve System in the Monetary and Economic Policy Group in Boston and Washington from 1983 to 1985.

Mr. Calello obtained a BA from Villanova University, Pennsylvania, in 1983, and an MBA from Columbia University, New York, in 1987. Mr. Calello is a member of the Council on Foreign Relations and the Foreign Policy Association and serves on the International Board of Advisors to the President of the Philippines. He also serves on the Columbia Business School Board of Overseers and the Board of the New York Philharmonic.

Romeo Cerutti

Born 1962, Swiss and Italian Citizen
Credit Suisse Group AG
Paradeplatz 8, 8070 Zurich, Switzerland

Romeo Cerutti is the Group General Counsel and a member of the Executive Board since April 24, 2009. Prior to that, he was General Counsel of the Private Banking division from 2006 to 2009 and the global Co-Head of Compliance of Credit Suisse from 2008 to 2009.

Before joining Credit Suisse, Mr. Cerutti was a partner of the Group Holding of Lombard Odier Darier Hentsch & Cie from 2004 to 2006, and head of Corporate Finance at Lombard Odier Darier Hentsch & Cie from 1999 to 2006.

Prior to that position, he was in private practice as an attorney-at-law with Homburger Rechtsanwälte in Zurich from 1995 to 1999 and with Latham and Watkins in Los Angeles from 1993 to 1995.

Romeo Cerutti studied law at the University of Fribourg and obtained his doctorate in 1990. He was admitted to the bar of the canton of Zurich in 1989 and the bar of the state of California in 1992. Mr. Cerutti also holds a Master of Laws from the University of California, School of Law, Los Angeles.

Mr. Cerutti does not hold any significant Board memberships.

Renato Fassbind

Born 1955, Swiss Citizen
Credit Suisse Group AG
Paradeplatz 8, 8070 Zurich, Switzerland

Renato Fassbind is the CFO of Credit Suisse and has served on the Executive Board since 2004.

Mr. Fassbind graduated from the University of Zurich in 1979 with an Economics degree and received a doctorate from the same university in 1982. In addition, Mr. Fassbind has been a certified public accountant since 1986.

After two years with Kunz Consulting AG, Zurich, Mr. Fassbind joined F. Hoffmann-La Roche AG, Basel, where he worked in the Internal Audit Department from 1984 to 1990, and was appointed Head of Internal Audit in 1988. From 1986 to 1987, he was with Peat Marwick in New Jersey, working as a public accountant. In 1990, he joined ABB AG, Zurich, where he was the Head of Internal Audit from 1990 to 1996 and the CFO and a member of the Group Executive Board from 1997 to 2002. In 2002, he moved on to the Diethelm Keller Group, Zurich, where he was the CEO, before joining Credit Suisse Group in June 2004.

Mr. Fassbind is a member of the Swiss Association of Public Trustees. He does not hold any significant Board memberships.

Tobias Guldemann

Born 1961, Swiss Citizen
Credit Suisse Group AG
Paradeplatz 8, 8070 Zurich, Switzerland

Tobias Guldemann is the CRO of Credit Suisse since June, 2009. He has been a member of the Executive Board in the role of Group CRO since 2004.

Mr. Guldemann studied Economics at the University of Zurich and received a doctorate from the same university in 1989. He joined Credit Suisse's Internal Audit Department in 1986 before transferring to the Investment Banking area

in 1990. He later became the Head of Derivatives Sales in 1992, the Head of Treasury Sales in 1993 and the Head of Global Treasury Coordination at Credit Suisse in 1994. In 1997, he was made responsible for the management support of the CEO of Credit Suisse First Boston before becoming the Deputy CRO of Credit Suisse Group, a function he held from 1998 to July 2004. From 2002 to 2004, he also served as the Head of Strategic Risk Management at Credit Suisse.

Mr. Guldimann is a member of the Foundation Board of the International Financial Risk Institute and Chairman since February 2010.

Karl Landert

Born 1959, Swiss Citizen

Credit Suisse Group AG

Paradeplatz 8, 8070 Zurich, Switzerland

Karl Landert is CIO of Credit Suisse since 2008 and was appointed member of the Executive Board in June 2009. Previously, he was the CIO of the Private Banking division and CIO Europe. He joined Credit Suisse in 2001 as Head Application Development and he was appointed Head of IT in 2004.

Before joining Credit Suisse, Mr. Landert served from 1998 to 2001 as the CIO and Head of Global IT Management of Novartis Pharma AG (Switzerland). Between 1985 and 1998, he held various management positions in sales and systems engineering at IBM Switzerland.

Karl Landert studied at the Swiss Federal Institute of Technology in Zurich and received his degree in Physics in 1984.

Mr. Landert is a member of the Board of the Swiss IT Leadership Forum.

Hans-Ulrich Meister

Born 1959, Swiss Citizen

Credit Suisse AG

Paradeplatz 8, 8070 Zurich, Switzerland

Hans-Ulrich Meister is the CEO of Credit Suisse Switzerland, the Head of Private and Business Banking Switzerland and a member of the Executive Board since September 2008.

Mr. Meister graduated from the University of Applied Sciences in Zurich, in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management Programs at the Wharton School, University of Pennsylvania in 2000 and the Harvard Business School in 2002.

Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were the Head of Corporate Banking Region Zurich from 1999 to 2002, the Head of Large Corporates and Multinationals from 2003 to 2005 and the Head of Business Banking from 2005 to 2007. From 2002 to 2003, he was working on group projects in the area of Wealth Management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's Group Managing Board.

Mr. Meister is a member of the Foundation Board of the Swiss Finance Institute since 2008.

Kai S. Nargolwala

Born 1950, British Citizen

Credit Suisse AG

Two Exchange Square, 8 Connought Place,

Hong Kong, People's Republic of China

Kai S. Nargolwala is the CEO of Credit Suisse Asia Pacific and a member of the Executive Board since January 2008.

Mr. Nargolwala received a BA in economics from the University of Delhi in 1969 and, thereafter, worked for six years at Peat Marwick Mitchell & Co. in London before joining Bank of America, where he spent almost 20 years in a variety of functions, among them the Group Executive Vice President and the Head of Asia Wholesale Banking Group. In 1999, he joined Standard Chartered PLC, where he was the Main Board Executive Director with responsibility for governance in Asia and the Group's Global Risk and Special Assets Management functions.

Mr. Nargolwala is a member of the Board of Directors of Singapore Telecommunications Ltd since 2006 and a Fellow of the Institute of Chartered Accountants in England and Wales.

Robert S. Shafir

Born 1958, US Citizen

Credit Suisse AG

11 Madison Avenue, New York, NY 10010, US

Robert Shafir is the CEO of Asset Management since April 2008, the CEO of Credit Suisse Americas and a member of the Executive Board since August 2007.

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980 and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir joined Credit Suisse from Lehman Brothers, where he worked for 17 years, having served as the Head of Equities as well as a member of their Executive Committee. He also held other senior roles, including the Head of European Equities and the Global Head of Equities Trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir does not hold any significant board memberships.

Pamela Thomas-Graham

Born 1963, US Citizen

Credit Suisse Group AG

11 Madison Avenue, New York, NY 10010, US

Pamela Thomas-Graham was appointed as Chief Talent, Branding and Communications Officer and a member of the Executive Board as of January 2010.

Prior to joining the Group, Ms. Thomas-Graham was a Managing Director in the private equity group of Angelo, Gorden & Co., the New York-based investment management firm, from 2008 to 2010. She had previously served as Group President of Liz Claiborne Inc.'s women's wholesale apparel business from 2005 to 2008. Ms. Thomas-Graham was at NBC for six years from 1999 to 2005, where she served as President, CEO and Chairwoman of CNBC television and a Director of CNBC International. She also served as President and CEO of CNBC.com. Prior to that, she worked at McKinsey & Company for ten years from 1989 to 1999.

Ms. Thomas-Graham obtained a BA in Economics from Harvard University in 1985, a JD from Harvard Law School in 1989 and an MBA from Harvard Business School in 1989.

Ms. Thomas-Graham is a member of the Board of Directors of the Clorox Company. She is also a member of the Council on Foreign Relations and the Economic Club of New York, and sits on the boards of the New York City Opera and the Parsons School of Design. She is a member of the Visiting Committee for Harvard Business School.

Eric M. Varvel

Born 1963, US Citizen

Credit Suisse AG

One Cabot Square, London, E14 4QJ, UK

Eric Varvel is the CEO of Credit Suisse EMEA and a member of the Executive Board since February 2008. During part of 2009, Eric Varvel also served as acting CEO of Investment Banking.

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Prior to his current function, Mr. Varvel was the Co-Head of the Global Investment Banking department and the Head of the Global Markets Solutions Group in the Investment Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including the Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and the Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore.

Mr. Varvel joined the Bank in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel does not hold any significant board memberships.

Compensation

Overview

The following describes our approach to compensation and its governance. We provide information on our compensation design and instruments, their accounting treatment and the related expenses in 2009. It also provides detailed information on the compensation of the Board and the Executive Board. The compensation report is composed of the following five subsections:

- Compensation design and structure;
- Variable compensation instruments;
- Compensation governance;

- Compensation awards and expenses; and
- Board and Executive Board compensation.

The Compensation Committee is satisfied that this report reflects the manner in which it has reviewed and set compensation for 2009. The activities of the Compensation Committee were executed in accordance with its mandate under the OGR and the Compensation Committee Charter.

Compensation design and structure

New compensation design

We have always been committed to compensating our employees in a manner that is competitive and ensures that they have ample opportunities to benefit from their personal contribution to our long-term success. For many years, our compensation practices have made use of long-term vesting periods and deferred compensation awards (share-based and other), showing our commitment to reward our employees for sustainable, long-term performance. Following the market turmoil of 2008, we have witnessed an unprecedented level of political and regulatory focus on compensation at financial institutions during 2009. Major regulatory bodies, including FINMA, the US Federal Reserve (Fed) and the FSA, have published new regulations or guidelines in 2009 aimed at reforming compensation practices. In the fourth quarter of 2009, FINMA promulgated the Circular on Remuneration Schemes, which became effective January 1, 2010. The FSB issued a set of principles for sound compensation practices at significant financial institutions, which were endorsed by the G-20 in October 2009. While the specific details of these regulations vary, many of their general principles are common. These include the consideration of risk in compensation decisions, closer involvement of the risk function in compensation governance, stricter conditions on variable compensation and a broader and more transparent compensation disclosure.

In light of the increased focus on compensation practices within our industry, the Group has been in a regular dialogue with FINMA representatives to discuss the details of FINMA's Circular on Remuneration Schemes and to ensure that our compensation approach fits well with its requirements and the principles endorsed by the FSB. We began an extensive review of our compensation practices as of the end of 2008. As a result of this and the discussions held with regulators during 2009, we have adjusted our compensation instruments and processes for the Group's most senior employees, managing directors and directors. The changes are designed to ensure adequate consideration of risk in compensation decisions and further align the interests of our employees with the long-term success of the Group. The changes also link the delivery of compensation with the Group's future financial performance, both on the basis of share price and the Group return on equity (ROE) development, and ensure a continued focus on a strong control culture.

The new features of our compensation design for managing directors and directors are:

- increased fixed compensation (salary) beginning in 2010 to ensure a more appropriate balance between fixed and variable compensation, in line with recommendations of regulators;
- an increase in the proportion of variable compensation that is deferred; and
- the introduction of two new instruments for deferred variable compensation, the Scaled Incentive Share Unit (SISU) and the Adjustable Performance Plan (APP) award. SISUs are share-based instruments with four-year vesting and are linked to the long-term development of the Group share price and Group average ROE. The APP is a cash-based plan with three-year vesting and positive and negative adjustments linked to future business area adjusted profit or loss and the Group ROE (in the case of revenue-generating employees in the divisions) and the Group adjusted profit or loss

and ROE (in the case of Shared Services and certain other employees). Deferred variable compensation for 2009 for managing directors and directors was awarded 50% in SISUs and 50% in APP awards.

The following chart illustrates the compensation structure for managing directors and directors awarded for 2009.

Furthermore, we have imposed a cap per employee for the amount of variable compensation paid out as unrestricted cash. We have also changed the basis for the determination of the variable compensation pool in Investment Banking to an economic profit basis (in previous years, revenue based), taking risk and the cost of capital into account, and we have increased our reporting transparency beyond the minimum legal requirements.

The new award structures for managing directors and directors were also applied to members of the Executive Board. All of the variable compensation for 2009 awarded to members of the Executive Board as of December 31, 2009 was deferred and subject to the performance criteria for SISUs and APP awards. We have also introduced new minimum share ownership requirements for members of the Divisional and Regional Management Committees and for the Executive Board. For information on the new share ownership requirements, refer to – Board and Executive Board compensation. In addition, in response to the UK levy on variable compensation exceeding GBP 25,000, we reduced the global aggregate amount of variable compensation for 2009 by 5% and significantly reduced the amount of variable compensation for 2009 of managing directors in the UK. These measures will absorb the majority of the levy's expected cost. Expenses in 2009 do not include an accrual related to this UK levy on variable compensation as it is not yet enacted law, a requirement for accounting recognition.

We believe that by implementing a new compensation structure for 2009 that is already substantially compliant with the best compensation practices published by FINMA and the FSB, we can stay at the forefront of responsible developments in this area. We believe our new compensation approach strikes the right balance between the long-term interests of employees, shareholders and other stakeholders and, in doing so, strengthens the Group's position as a global financial leader. We will continue to monitor and refine the provisions of our compensation plans and the governance process for compensation decisions and disclosure, based on competitive factors and the evolving regulatory environment.

Compensation approach and objectives

Our approach to compensation

Our approach to compensation is designed to attract and retain talent, recognize excellence, encourage personal contribution and professional development and to align the interests of employees and shareholders. Our compensation structure is key to developing our human capital base as we implement our client-focused integrated business model strategy and help clients thrive.

Objectives

Our objectives are to maintain compensation policies, procedures and plans that:

- support a performance culture that is based on merit and differentiates and rewards excellent performance, both in the short and long term, and recognizes our company values;
- enable us to attract and retain employees and motivate them to achieve results with integrity and fairness;
- award employees a fair mix of fixed and variable compensation, which appropriately reflects the value and responsibility of the role they perform day to day and as a contribution to influencing appropriate behaviors and actions;

- are consistent with and promote effective risk management practices;
- foster teamwork and collaboration across the Group;
- take into account the long-term performance of the Group in order to create sustainable value for our shareholders; and
- are reviewed regularly and approved by an independent Compensation Committee.

We also aim to compensate employees fairly with respect to competitive compensation levels for comparable roles, subject to the Group's performance. We measure ourselves against a peer group of European and US banks. This peer group is reviewed annually by management and the Compensation Committee. As determined at the beginning of 2009, the global peer group was comprised of UBS, Deutsche Bank, Citigroup, JP Morgan Chase, Goldman Sachs, Morgan Stanley and Bank of America. The criteria used to define the peer companies for the Group and the divisions include (i) comparable scope and complexity of the business platform; (ii) comparable business focus and mix; (iii) common geographic footprint; and (iv) companies with which we compete daily for business and talent.

Components of compensation

There are two principal types of compensation, fixed and variable. The mix varies according to the employee's seniority, business and location.

Fixed compensation

Fixed compensation includes base salary, which reflects seniority, experience, skill sets and the individual performance of an employee and market practice. It is important to strike an appropriate balance between fixed and variable compensation. Accordingly, and in line with recommendations by regulators, the proportion of total compensation paid as base salary for managing directors and directors has been increased effective January 1, 2010. The salary increases are not intended to increase the Group's overall cost base in 2010, but rather to achieve a shift in the proportion of fixed versus variable compensation for our senior employees. As such, the salary increases will be offset by reductions in variable compensation, primarily unrestricted cash.

Base salaries for employees up to and including vice presidents have been reviewed consistent with previous practice. The review period is generally annual and is set according to local practice.

Variable compensation

At Credit Suisse, variable compensation is linked to performance, which is measured on several levels:

- financial performance, adjusted for risk and cost of capital, compared with strategic business plans, prior periods and peer performance; this is applied not only at the level of the Group results but also to the performance of the divisions and the business areas within each division; and
- success in meeting certain non-financial performance objectives, such as high client satisfaction, effective collaboration and teamwork, strict adherence to compliance and safeguarding our reputation.

Payment of variable compensation is determined by the nature of the business, role, location and performance of the employee. All employees are eligible to receive variable compensation. Variable compensation is awarded as unrestricted cash or as a mix of unrestricted cash and deferred variable compensation awards. Variable compensation is paid 100% in unrestricted cash for amounts below CHF 125,000 (USD 100,000 or the local currency equivalent). At or above these levels, a mandatory deferral table defines the split between unrestricted cash and deferred variable compensation awards. The proportion of deferred variable compensation increases for higher amounts of variable

compensation. The 2009 mandatory deferral rate increased from prior years and ranged from 18.5% to 75% of variable compensation. Any variable compensation portion exceeding CHF 10 million was subject to 100% mandatory deferral.

Unless there is a contractual obligation, granting variable compensation is solely at the discretion of management. Variable compensation granted as part of a contractual obligation is typically used to compensate new senior employees in a single year for forfeited awards from previous employers upon joining the Group. It is our policy not to make multi-year guarantees.

The following chart illustrates the compensation components for 2009.

Determination of overall variable compensation and its allocation

Determination of variable compensation awards is made on the basis of the assessment by senior management of the key performance indicators reflecting the strategic priorities of the respective divisions, given the overall economic and competitive environment. Variable compensation pools are determined for the three revenue-generating divisions and Shared Services, and these amounts are then allocated to the different business areas and ultimately to individual employees. Compliance and supervisory controls form an integral part of determining the variable compensation pool, and any breaches may lead to a complete waiver of variable compensation.

All variable compensation awarded for 2009 was approved by the Board. In 2009, the variable compensation pool was determined as follows:

For **Private Banking**, the variable compensation pool was allocated to the individual business areas taking into account performance-relevant profit (after charges for capital) and performance evaluations. While the performance-relevant profit reflected actual achievements, the performance evaluations also reflected efforts that will generate future contributions and non-financial qualitative achievements, such as risk management, client satisfaction and collaboration.

For **Investment Banking**, economic profit was applied for the first time in 2009 in the determination of the total divisional variable compensation pool, in order to link risk taking and capital usage closer to compensation than in previous years. Economic profit by business area was determined by adjusting the business area profit to account for the risk and capital usage, based on a combination of risk-weighted assets and economic capital (for information on economic capital, refer to III – Treasury, Risk, Balance Sheet and Off-balance sheet – Treasury management). The variable compensation pool of each Investment Banking business area was defined as a specific percentage of the respective economic profit and was then evaluated by senior management and adjusted further based on factors including relative performance to peers and market levels of compensation.

For **Asset Management**, variable compensation within the Alternative Investments business area is determined based on the calculation of performance-relevant profit. For other businesses within Asset Management, variable compensation is calculated based on agreed methodologies specific to those individual businesses, which take into account specific performance factors.

For **Shared Services and other support functions**, the variable compensation pool was determined on the basis of the Group's financial performance and was not linked to the performance of the businesses they support.

Variable compensation instruments

Unrestricted cash

The cash awards granted as part of 2009 variable compensation were free of conditions after payment. The amount of 2009 unrestricted cash was subject to a maximum cap of CHF 2.9 million per employee. All amounts above this threshold were deferred.

ISUs for employees up to and including vice presidents

Incentive Share Units (ISUs) have been the main form of share-based deferred variable compensation since 2006 for all employees. For 2009, ISUs continued to be used for the deferred variable compensation awards for employees up to and including vice presidents. An ISU is similar to a share, but offers additional upside depending on the development of the Group share price. For each ISU granted, the employee will receive at least one Group share (ISU base unit) over a three-year period and could receive additional shares (ISU leverage unit) at the end of the three-year period. The number of ISU leverage units to be converted to additional shares is calculated by multiplying the total number of ISU base units granted, less forfeitures, by a share price multiplier. The share price multiplier is determined based on the actual increase in the weighted-average monthly share price versus the share price at grant date. One third of the ISU base units vests at the first anniversary of the grant date, one third at the second anniversary of the grant date and one third at the third anniversary. The ISU leverage units vest only on the third anniversary of the grant date. Group shares are delivered shortly after the ISU base units and ISU leverage units vest. ISUs include a two-year moratorium on early retirement, determined from the grant date.

The following chart illustrates the basic ISU structure and vesting schedule for employees up to and including vice presidents.

SISUs for managing directors and directors

The Scaled Incentive Share Unit (SISU) plan is a new share-based long-term incentive plan for managing directors and directors. SISUs were granted for the first time in January 2010 as part of 2009 variable compensation and comprised 50% of the deferred variable compensation awarded to managing directors and directors for 2009 (the other 50% was awarded in the form of APP awards). SISUs are similar to ISUs except with four-year vesting and the leverage component contains an additional performance condition which could increase or decrease the number of any additional shares. The base component of the SISUs awarded on the grant date will vest equally over the four-year vesting period, whereas the leverage component will only vest on the fourth anniversary of the grant date. The new performance condition links the final delivery of additional shares to the Group average ROE. If the Group average ROE over the four-year period is higher than a pre-set target established at the date of grant, the number of additional shares calculated by reference to the average Group share price increase will be adjusted positively, and if it is below the target, the number of additional shares will be adjusted negatively, but not below zero. The final number of additional shares to be delivered at the end of the four-year period is therefore determined first on the basis of the Group share price development (share price multiplier) and then on the basis of the Group average ROE development (ROE multiplier). Group shares are delivered shortly after the SISUs vest. SISUs include a two-year moratorium on early retirement, determined from the date of grant.

Compared to traditional ISUs, we believe that awarding SISUs to our most senior employees demonstrates strengthened shareholder alignment, as we increased the vesting requirement by one year and linked the leverage component of any additional shares to both the Group share price and the Group average ROE over the vesting period.

The following chart illustrates the basic SISU structure and vesting schedule for managing directors and directors.

APP awards for managing directors and directors

The Adjustable Performance Plan (APP) is a new cash-based plan for managing directors and directors. The value of APP awards can be adjusted positively or negatively depending upon the future adjusted profit or loss of the business area in which the employee worked at the time of grant. The business areas for the three revenue generating divisions are defined as:

- Private Banking: Wealth Management Clients, Corporate and Institutional Clients, Clariden Leu and Neue Aargauer Bank;
- Investment Banking: fixed income, equities and investment banking advisory; and
- Asset Management: alternative investments and traditional investments.

APP awards were granted for the first time in January 2010 as part of 2009 variable compensation. These awards, which are subject to three-year, pro-rata vesting, comprised 50% of the deferred variable compensation awarded to managing directors and directors for 2009 (the other 50% was awarded in the form of SISUs). The final value of the APP awards paid out to individual employees may be adjusted from the initial amount awarded on the grant date, and the value paid out each year for vested awards will reflect these adjustments as described below.

For revenue-generating employees in the divisions, outstanding APP awards can be adjusted positively or negatively depending on the financial performance of the specific business areas in which the employees work. The adjustments are determined on an annual basis by calculating the profit or loss before variable compensation expense and taxes (adjusted profit or adjusted loss) of the business area in which the employee worked at the time of grant and in consideration of the Group ROE. In the case of an adjusted profit and a positive Group ROE for the year, all outstanding APP awards will be positively adjusted using the Group ROE percentage for that year as a multiplier. In the case of business area adjusted profit but a negative Group ROE for the year, there will be no adjustment to all outstanding APP awards. In the case of business area adjusted loss during any of the three years in the vesting period, a negative adjustment will be applied to all outstanding APP awards, irrespective of the Group ROE.

For employees in Shared Services and other support functions, as well as for all Executive Board members, all outstanding APP awards are linked to the Group's adjusted profit or loss and the Group ROE, but are not dependent upon the adjusted profit or loss of the business areas that they support. Only an adjusted loss of the Group will trigger a negative adjustment of all outstanding APP awards. This link to Group performance is intended to ensure that the compensation of employees in support functions is not directly linked to the performance of the businesses they support.

The following chart illustrates possible adjustments of APP awards for revenue-generating managing directors or directors for a particular year.

Other compensation plans and compensation plans from prior years

One of the primary goals of the compensation philosophy of the Group has been, and continues to be, the alignment of the interests of employees and shareholders. Over the last several years, we have introduced a variety of innovative plans with a focus on these objectives while also being responsive to market conditions and the internal environment

at the Group. A summary of the forms of awards granted in previous years is shown in the table below.

In addition, we may, from time to time, employ other long-term incentive compensation plans or programs to assist in hiring at competitive levels and to support the retention of talent. These forms of variation from our standard approach to compensation are generally applied to small populations of employees within the Group where the specific circumstances warrant bespoke compensation arrangements. Any and all variations from our standard approach must be approved by the Compensation Committee.

We may pay commissions to employees operating in specific areas of the business where such compensation practices are warranted and in line with market practice. The value of commissions paid is determined by formulas, which are reviewed regularly to ensure that they remain competitive.

Overview of compensation plans introduced in prior years

Cash Retention Award (CRA)

Basis Cash-based, restricted variable compensation

Vesting start 2009

Vesting end 2011

Applied to

Performance in 2008, which included all variable cash compensation awarded to all managing directors across all divisions and directors in Investment Banking; variable cash compensation in excess of CHF 300,000 awarded to directors in all other divisions.

General award conditions

Vesting ratably over a two-year period.

Other award conditions or restrictions

Unvested portion subject to repayment if claw-back event occurs, such as voluntary termination or termination for cause.

Program objective/rationale

Promoting retention of senior management.

Partner Asset Facility (PAF)

Basis Cash-based, deferred variable compensation

Vesting start 2008. 66.7% vested upon grant

Vesting end 33.3% vested in March 2009

Applied to

Performance in year 2008, which included all managing directors and directors in Investment Banking.

General award conditions

The contractual term of a PAF award is eight years. PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool as of December 31, 2008, and those assets cannot be substituted throughout the contractual term of the award or until liquidated.

Other award conditions or restrictions

PAF holders will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. They will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool.

Program objective/rationale

PAF awards were designed to incentivize senior managers in Investment Banking to effectively manage assets which were a direct result of risk taking in Investment Banking during this period. As a result of the PAF program, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

Performance Incentive Plan I

Basis Share-based, deferred variable compensation

Vesting start 2005

Vesting end 2009

Applied to

Performance in 2004, which included selected managing directors in all divisions.

General award conditions

PIP I units are retention incentive awards requiring continued employment with the Group. PIP I units vest ratably over a five-year period. At grant, PIP I units were equivalent to a Group share price of CHF 47.45.

Other award conditions or restrictions

PIP I units will settle for between zero and nine Group shares. PIP I units can convert into Group shares determined by multipliers based on the achievement of pre-defined targets: (i) earnings performance; (ii) Group share price performance (absolute); and (iii) Group share price performance relative to peers.

Program objective/rationale

PIP I was designed to compensate, incentivize and retain senior management and executives during 2004 and 2005, a period of fundamental change for the Group and intense international competition for employees in some of our businesses. PIP I units awarded to senior management are closely linked to specific achievements in the delivery of our strategy.

Performance Incentive Plan II

Basis Share-based, deferred variable compensation

Vesting start 2006

Vesting end 2010

Applied to

Performance in 2005, which included all managing directors in Investment Banking and selected managing directors and directors in other divisions.

General award conditions

PIP II units are retention incentive awards requiring continued employment with the Group. PIP II units vest ratably over a five-year period. At grant, PIP II units were equivalent to a Group share price of CHF 72.00. The PIP II program includes a two-year moratorium period for early retirement eligibility.

Other award conditions or restrictions

PIP II units will settle for between zero and six Group shares. PIP II units can convert into Group shares determined by multipliers based on the achievement of pre-defined targets: (i) earnings performance; (ii) Group share price performance (absolute); and (iii) Group share price performance relative to peers.

Program objective/rationale

PIP II links employee performance awards to long-term performance of the Group, with an additional incentive to increase Group share value for the benefit of employees and shareholders.

Special share awards

Basis Share-based, non-deferred or deferred variable compensation

Applied to

Granted to employees in limited circumstances.

General award conditions

Special awards, which include special phantom, cross-selling and good citizen share awards, are mostly granted to new employees.

Other award conditions or restrictions

Special awards may contain vesting conditions, depending on the terms of employment or other factors.

Program objective/rationale

Typically granted to new employees to compensate for deferred awards at a previous employer forfeited as a result of the individual taking up employment with the Group.

Share options

Basis Share-based, non-deferred or deferred variable compensation

Applied to

Performance in years prior to 2004.

General award conditions

Share options granted to employees entitle the holder to purchase one Group share at a stated exercise price during a ten-year period, subject to continued employment with the Group through the vesting period, if any, restrictive covenants and cancellation provisions.

Other award conditions or restrictions

Share options granted as compensation awards generally vest on the grant date, whereas share options granted as retention incentive awards generally vest between one and five years.

Program objective/rationale

Share option awards were a substantial part of our share-based program prior to 2004. The Group discontinued the practice of issuing options and the majority of the original grants have since vested.

Other cash awards

Basis Cash-based, deferred compensation

Applied to

Voluntary deferred compensation plans: managing directors of former Credit Suisse First Boston; Proprietary trading plans: directors and managing directors of Investment Banking proprietary trading desks; employee investment plans: various employees depending on level of variable cash compensation.

General award conditions

Voluntary deferred compensation plans: allowed employees to defer a portion of their bonus for payout at retirement age; proprietary trading plans: both voluntary and mandatory plans based on the performance of the global proprietary trading group and the employee's individual group; employee investment plans: allowed employees to defer a portion of their bonus in investment plans with the Group.

Other award conditions or restrictions

Plans are either fully vested or contain future service requirements. For certain plans, the Group recognizes both market and performance adjustments until awards are settled.

Program objective/rationale

Voluntary deferred compensation plans are special retirement plans; proprietary trading plans align the performance of proprietary traders with the results of the Group; employee investment plans provide employees with opportunity to invest side-by-side with the Group.

Other share awards

Basis Share-based, non-deferred or deferred variable compensation

Applied to

Blocked shares are granted to members of the Board. For performance prior to 2006, blocked shares were granted to employees in Switzerland and phantom shares and Longevity Premium Awards (LPA) were granted to employees awarded variable compensation at or above CHF 125,000.

General award conditions

Blocked shares: participants receive Group shares that are vested at the time of grant but blocked for a four-year period. Phantom shares entitle holders to receive one Group share subject to continued employment with the Group, restrictive covenants and cancellation provisions and vest in three installments on each of the first, second and third anniversaries of the grant date. LPA have the same general conditions as phantom shares, except that LPA vested in full on the third anniversary of the grant date.

Other award conditions or restrictions

Phantom shares: conversion to Group shares occurred within 120 days of vesting. LPA: conversion to Group shares occurred within 120 days of vesting; may be blocked for one year after vesting, depending on the location of the grant recipient.

Program objective/rationale

Blocked share awards made up the Group's early share-based deferred compensation for employees based in Switzerland and continue to be a form of award granted to Board members, with the objective of aligning the interest of the recipients to the creation of overall shareholder value. Share awards including phantom shares, LPA and special awards made up the Group's early share-based deferred compensation, with the objective of linking employee performance more closely to the creation of overall shareholder value.

Compensation governance

The Board recognizes and supports the involvement of its shareholders within the compensation discussion. As it did last year, the Board has opted to submit this compensation report to its shareholders for a consultative ballot at the AGM in line with the recommendations in the Swiss Code of Best Practice.

The Compensation Committee of the Board is the supervisory and governing body for compensation policy and practices within the Group and has responsibility for determining, reviewing and proposing compensation for approval

by the Board, in line with the Compensation Committee's mandate in the Group's OGR and the Compensation Committee Charter. The Compensation Committee consists of not fewer than three independent members of the Board.

The members of the Compensation Committee are Aziz R.D. Syriani (Chairman), Peter Brabeck-Letmathe and Walter B. Kielholz. The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled if required to discuss urgent matters. In 2009, the Compensation Committee held ten meetings. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall compensation pools for the divisions and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. Other duties and responsibilities of the Compensation Committee include reviewing and assessing newly established compensation plans or amendments to existing plans and recommending them for approval to the Board. The Chairman of the Compensation Committee decides on the attendance of management at the committee meetings.

During 2009, the Compensation Committee, including its former members Thomas W. Bechtler (until April 2009) and Robert H. Benmosche (until August 2009), was extremely active in the development of the new compensation design. The Committee worked very closely with the CEO and members of management, in particular senior risk and human resources professionals, through the various stages of development up to its recommendation for and subsequent approval of the new compensation design by the Board in mid-year 2009. Going forward, the Compensation Committee will work together with the Risk Committee to ensure that risk considerations and the involvement of the risk management function are addressed within compensation governance.

Approval authorities

Approval grid	Authority
Establishment or amendment of compensation plans	Board upon recommendation by the Compensation Committee
Setting variable compensation pools for the Executive Board and specific businesses	Board upon recommendation by the Compensation Committee
Board compensation (including the Chairman's compensation) ¹	Board upon recommendation by the Compensation Committee
Compensation of the CEO	Board upon recommendation by the Compensation Committee
Compensation for the other Executive Board members	Compensation Committee, with information to the Board
Compensation for the Head of Internal Audit	Compensation Committee upon consultation with the Chairman of the Audit Committee
Compensation for other selected members of management	Compensation Committee

¹ Board members with functional duties (including the Chairman): The Board member concerned does not participate in the decision involving his own compensation. Other Board members: Compensation comprises a base fee plus a fee for committee activity which may differ from committee to committee. These fees are subject to a decision by the full Board.

The Compensation Committee is assisted in its work by external legal counsel and Johnson Associates, Inc., a global compensation consulting firm, to ensure that our compensation program remains competitive, is responsive to regulatory developments and in line with our compensation approach. Johnson Associates, Inc. is independent from our management and, in particular, does not provide any other services to us besides supporting the Compensation Committee. In 2009, Johnson Associates, Inc. performed an independent evaluation of the Group's new compensation approach and concluded that it was a well-designed, integrated program, which was responsive to regulators and consistent with, and took a leading position on, emerging industry trends.

Compensation awards and expenses

Variable compensation awarded for 2009

The following table represents the value of awards (excluding the value of leverage components) granted to employees as variable compensation for 2009 on the date of grant in January 2010. The awards that are deferred contain future service and performance criteria that will determine the final payout to employees upon settlement and may be reduced or forfeited if future service or performance criteria are not achieved.

Variable compensation awarded for 2009

in	Total
Variable compensation (CHF million)	
Unrestricted cash	4,140
ISUs	325
SISUs	1,188
APP awards	1,187
Other cash awards	28
Other share awards	6
Variable compensation	6,874

Determination of variable compensation was made on the basis of the assessment by senior management of the performance indicators reflecting the strategic priorities of the respective divisions, given the overall economic and competitive environment. All variable compensation was approved by the Board. The total value of variable compensation reflects the successful implementation of our client-focused, capital-efficient strategy, the overall strong performance of the Group in 2009 achieved with less overall risk and the significant improvement of key performance indicators relative to peers, such as a Group ROE of 18.3% and a tier 1 capital ratio of 16.3%. However, application of stricter performance criteria as well as consideration of the operating environment resulted in a 21% reduction of total variable compensation for 2009 compared to 2007. Around 40% of the total variable compensation awarded across the Group and close to 60% of variable compensation awarded to managing directors for 2009 was deferred and subject to performance and service criteria.

2009 expense for compensation and benefits

Expense for compensation and benefits as recognized for a given year in the consolidated statement of operations includes salaries, benefits and variable compensation. Variable compensation mainly reflects the unrestricted performance-based compensation for the current year, the expense from the vested portion of prior-year awards and

also includes mark-to-market adjustments on certain awards. Deferred variable compensation for the current year is expensed in future periods and subject to restrictive features such as continued employment with the Group, vesting, forfeiture and blocking rules.

Compensation expense in any year includes expenses for share-based and other awards granted in prior years (including grants in 2009 for performance in 2008), which are recognized over the terms of the awards. Recognition of expense in the consolidated statements of operations relating to awards granted in prior years is dependent primarily upon the vesting period, which is determined by the plan, retirement eligibility of employees, moratorium periods and certain other terms.

The following table represents the 2009 expense for compensation and benefits.

2009 expense for compensation and benefits

	Relating to awards for 2009	Relating to awards for prior years	Total
Compensation and benefits (CHF million)			
Salaries	5,326	–	5,326
Unrestricted cash	4,140	–	4,140
CRA	–	822	822
ISUs	–	1,645	1,645
PIP I and PIP II	–	(22)	(22)
PAF	–	629	629
Other cash awards ¹	307	283	590
Other share awards	69	213	282
Variable compensation	4,516	3,570	8,086
Salaries and variable compensation	9,842	3,570	13,412
Social security ²	1,015	–	1,015
Other ³	586	–	586
Compensation and benefits	11,443	3,570	15,013

¹ Includes net severance payments, sign-on payments, commissions and other payments relating to awards for 2009 and market-related adjustments on prior-year other cash awards. ² Represents the Group's portion of employees' mandatory social security. ³ Includes CHF 396 million of pension and other post-retirement expense.

Estimated unrecognized compensation expense

The following table represents the estimated unrecognized compensation expense (including the value of leverage components) of awards granted for 2009 and prior years. The estimates were based on the >>fair value of each award on the date of grant and included the current estimated outcome of relevant performance criteria (including the assumption of no future losses) and estimated future forfeitures.

Estimated unrecognized compensation expense

	Relating to awards for 2009	Relating to awards for prior years	Total
Estimated unrecognized compensation expense (CHF million)			
APP awards	1,621	–	1,621
PIP I and PIP II	–	7	7
CRA	–	588	588
ISUs	360	799	1,159
SISUs	1,397	–	1,397
Other cash awards	27	–	27
Other share awards	240	241	481
Estimated unrecognized compensation expense	3,645	1,635	5,280

For more information, refer to Note 26 – Employee share-based compensation and other compensation benefits in V – Consolidated financial statements – Credit Suisse Group and Note 9 – Share capital, conditional and authorized capital of Credit Suisse Group in VI – Parent company financial statements – Credit Suisse Group.

Details of award activity relating to awards for 2009

On January 21, 2010, we granted 6.0 million ISUs with a total value of CHF 325 million. The fair value of the ISU base unit was CHF 50.30 and the fair value of the ISU leverage unit was CHF 13.45. The fair value of the ISU leverage unit was based on a valuation using an expected volatility of 33.5%, expected dividend cash flows for 2010, 2011 and 2012 of CHF 1.45, CHF 1.55 and CHF 1.65, respectively, an expected risk-free rate of 1.0% and an expected term of three years. For the ISUs granted in January 2010, the number of additional shares per ISU was capped at a maximum of three times the grant value, with the delivery of no more than five shares. The recognition of compensation expense for the ISUs granted in January 2010 began in 2010 and thus had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 360 million was determined based on the fair value of the award at the date of grant, taking into account management's best estimate on that date of the projected outcome of the increase in the Group's average share price and future forfeitures over the three-year vesting period. The estimated unrecognized compensation expense will be recognized over the three-year vesting period, subject to early retirement rules.

On January 21, 2010, we granted 21.1 million SISUs with a total value of CHF 1,188 million. The fair value of the SISU base unit was CHF 50.30, and the fair value of the SISU leverage unit was CHF 13.44. The fair value of the SISU leverage unit was based on a valuation using an expected volatility of 33.42%, expected dividend cash flows for 2010, 2011, 2012 and 2013 of CHF 1.45, CHF 1.55, CHF 1.65 and CHF 1.75, respectively, an expected risk-free rate of 1.26% and an expected term of four years. For the SISUs granted in January 2010, the number of additional shares per SISU was capped at a maximum of three times the grant value (maximum share price multiplier), with the delivery of no more than three shares, prior to the application of the scaling factor (ROE multiplier), which can be as high as up to 2.5. The recognition of compensation expense for the SISUs granted in January 2010 began in 2010 and had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 1,397 million was determined based on the fair value of the award at the date of grant taking into account management's best estimate on that date of the projected outcome of the increase in the Group's average share price, the Group average ROE and future forfeitures over the four-year vesting period. The estimated unrecognized

compensation expense will be recognized over the four-year vesting period, subject to early retirement rules.

On January 21, 2010, we granted APP awards with a total value of CHF 1,187 million. The recognition of compensation expense for the APP awards granted in January 2010 began in 2010 and thus had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 1,621 million was determined based on the fair value of the award at the date of grant, taking into account management's best estimate on that date of the projected outcome of the relevant business area performance, Group ROE and future forfeitures over the three-year vesting period. The estimated unrecognized compensation expense will be recognized over the three-year vesting period, subject to early retirement rules.

Details of award activity relating to awards for prior years

As of December 31, 2009, the total estimated unrecognized compensation expense of CHF 1,875 million (including CHF 1,635 million relating to awards for prior years and CHF 240 million relating to other share awards granted in 2009) related to non-vested share-based compensation and other compensation benefits relating to awards granted in 2009 and prior years will be recognized over the remaining weighted-average requisite service period of 1.4 years.

Incentive Share Units (ISUs)

On January 21, 2009, January 22, 2008 and January 23, 2007, we granted 26.1 million, 46.4 million and 26.7 million ISUs, respectively. The fair value of the 2009, 2008 and 2007 ISU base units were CHF 23.70, CHF 54.90 and CHF 87.30, respectively, and the fair value of the 2009, 2008 and 2007 ISU leverage units were CHF 6.98, CHF 10.69 and CHF 20.85, respectively. For the ISUs granted in January 2009, the number of additional shares per ISU was capped at a maximum of three times the grant value, with a delivery of no more than five shares. For the ISUs granted in January 2008, the number of additional shares per ISU was limited to a maximum of ten shares. For the ISUs granted in January 2007, the total payout per ISU was subject to a cap of three times the value of a Group share at grant date.

The compensation expense recognized in 2009, 2008 and 2007 related to ISUs granted in 2009 and prior years was CHF 1,645 million, CHF 2,375 million and CHF 1,159 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2009 was CHF 799 million and will be recognized over the term of the award, subject to early retirement rules.

Incentive Share Unit activities (ISU)

	2009	2008	2007
Number of awards (million)			
Balance at beginning of period	59.8	25.4	–
Granted ¹	26.4	47.1	27.2
Settled	(43.6)	(10.0)	(0.4)
Forfeited	(1.1)	(2.7)	(1.4)
Balance at end of period	41.5	59.8	25.4
of which vested	2.7	1.4	0.0
of which unvested	38.8	58.4	25.4

¹ Includes ISUs granted in January and through out the year.

Performance Incentive Plan

The compensation (income)/expense recognized in 2009, 2008 and 2007 related to PIP I and PIP II was CHF (22) million, CHF 114 million and CHF 451 million, respectively. The reversal of the accrued expense in 2009 reflected forfeitures. PIP I was fully expensed as of December 31, 2009. The estimated unrecognized compensation expense related to PIP II as of December 31, 2009 was CHF 7 million and will be recognized over a period of one year. None of the PIP units were due for settlement as of December 31, 2009. Settlement of the PIP I awards is due in April 2010.

Performance Incentive Plan activities (PIP I and PIP II)

	2009		2008		2007	
	PIP II	PIP I	PIP II	PIP I	PIP II	PIP I
Number of awards (million)						
Balance at beginning of period	6.4	12.2	6.5	12.3	6.3	12.4
Granted	–	–	0.1	–	0.4	–
Settled	0.0	0.0	0.0	0.0	0.0	0.0
Forfeited	(0.2)	(0.3)	(0.2)	(0.1)	(0.2)	(0.1)
Balance at end of period	6.2	11.9	6.4	12.2	6.5	12.3
of which vested	4.5	10.2	3.4	8.3	1.7	5.6
of which unvested	1.7	1.7	3.0	3.9	4.8	6.7

Share awards

The compensation expense recognized in 2009, 2008 and 2007 related to shares awarded under phantom share, blocked shares, longevity premium awards and special awards was CHF 282 million, CHF 593 million and CHF 1,059 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2009 was CHF 481 million and the majority thereof will be recognized over a period of five years.

Share award activities

	2009		2008		2007	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share award activities						
Balance at beginning of period	20.8	61.83	28.8	67.20	50.9	60.65
Granted	8.3	40.37	8.6	46.97	4.8	81.00
Settled	(12.8)	69.07	(15.1)	61.57	(24.6)	56.81
Forfeited	(0.8)	53.33	(1.5)	82.82	(2.3)	62.32
Balance at end of period	15.5	45.67	20.8	61.83	28.8	67.20

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of which vested	1.2	–	0.2	–	0.3	–
of which unvested	14.3	–	20.6	–	28.5	–

Share options

There were no options granted during 2009, 2008 or 2007. As of December 31, 2009, the aggregate intrinsic value of options outstanding and exercisable was CHF 156 million and the weighted-average remaining contractual term was 1.8 years. As of the exercise date, the total intrinsic value of options exercised during 2009, 2008 and 2007 was CHF 10 million, CHF 7 million and CHF 318 million, respectively. Cash received from option exercised during 2009, 2008 and 2007 was CHF 30 million, CHF 17 million and CHF 350 million, respectively.

Share option activities

	2009		2008		2007	
	Number	Weighted-	Number	Weighted-	Number	Weighted-
	of share	average	of share	average	of share	average
	options	exercise	options	exercise	options	exercise
	in million	price	in million	price	in million	price
		in CHF		in CHF		in CHF
Share options						
Balance at beginning of period	39.0	62.19	39.6	61.86	49.0	59.64
Exercised	(0.7)	40.80	(0.5)	37.97	(7.8)	47.50
Settled	(0.3)	68.36	0.0	0.00	(0.7)	60.19
Forfeited	0.0	70.95	0.0	0.00	(0.7)	75.31
Expired	(3.1)	52.05	(0.1)	41.99	(0.2)	35.52
Balance at end of period	34.9	63.49	39.0	62.19	39.6	61.86
Exercisable at end of period	34.8	63.49	37.9	61.56	38.2	61.12

As of December 31, 2009, there were 1.6 million fully vested and exercisable options outstanding containing a cash settlement feature. These options had a weighted-average exercise price of CHF 74 and a weighted-average remaining contractual term of 0.2 years. During 2009, 0.3 million options with a cash settlement feature were settled and 0.6 million expired.

As of December 31, 2009, 2.5 million additional options expired.

Partner Asset Facility

As a part of compensation for calendar year 2008, on January 21, 2009, we granted PAF awards to employees with a total notional value of CHF 686 million. The compensation expense recognized in 2009 related to PAF was CHF 629 million, including the vesting of the remaining 33.3% and the change in the underlying fair value of the awards during 2009 of which CHF 383 million were reclassified in Corporate Center, as the PAF gains and offsetting compensation expense were included in Investment Banking trading revenues. The compensation expense recognized in 2008 was CHF 457 million. There was no estimated unrecognized compensation expense as of December 31, 2009. In addition, compensation expense will be updated at each reporting period date to reflect any change in the underlying fair value

of the PAF awards until the awards are finally settled.

Cash Retention Awards

For 2008, managing directors across all divisions, all directors in Investment Banking and, to the extent the cash component of variable compensation exceeded CHF 300,000, directors in Private Banking, Asset Management and Shared Services received deferred variable compensation in the form of CRA. These CRA payments, which were made in the first quarter of 2009, are subject to vesting ratably over a two-year period and other conditions, and any unvested CRA will have to be repaid if a triggering event, such as voluntary termination of employment, occurs. Compensation expense relating to CRA in 2009 was CHF 822 million. There was no impact on the 2008 consolidated financial statements. The estimated unrecognized compensation expense as of December 31, 2009 was CHF 588 million and will be recognized over a period of one year.

Share repurchases, hedging and fair value assumptions

Share repurchases

We generally repurchase our own shares in the open market to satisfy obligations in connection with share-based compensation but we can also issue new shares out of available conditional capital. For 2009, 2008 and 2007, we delivered 39.1 million, 17.2 million and 22.1 million Group shares, respectively, to employees.

Hedging of awards

We economically hedge our estimated obligation to deliver Group shares under our employee share-based compensation programs through a combination of purchasing treasury shares in the market and entering into third-party hedge instruments. Additionally, in very limited circumstances, we may use our approved conditional capital to obtain shares for delivery of our share-based awards. We periodically revise our estimate of the expected number of shares to be delivered and adjust our hedges accordingly.

Fair value assumptions for share-based compensation

In estimating the fair value for share-based compensation, where an observable independent quoted market price is not available, the fair value is calculated on the grant date based on valuation techniques and/or option-pricing models that most accurately reflect the substantive characteristics of the instrument being valued. The underlying assumptions used in the models are determined based on management's assessment of the current market and historical information available as of the date of grant that marketplace participants would likely use in determining an exchange price for the instruments.

The inputs for expected volatility and dividend yield used in estimating fair values are based upon the implied market volatility and dividend yield of traded options on Group shares, the historical volatility and dividend yield of the Group shares and other relevant factors that indicate how the future is expected to differ from the past. Beginning in 2009, we changed from a dividend yield assumption to a future dividend cash flow assumption based on market expectations. The expected risk-free interest rate is based on the current \gg London Interbank Offered Rate (LIBOR) rate as of the date of grant that corresponds with the expected term of the award. LIBOR rates are used as a proxy for risk-free interest rates because zero-coupon government issues do not exist in Switzerland. The expected term represents the period of time that the awards are expected to be outstanding and is generally based on the contractual term of each instrument.

The following table illustrates the significant assumptions used to estimate the fair value of ISUs, PIP awards, share awards and share options granted in 2009 and prior years based on the annual variable compensation process.

Significant fair value assumptions

	2009	2008	2007
Significant assumptions			
Expected volatility, in %	62.97	32.04	22.95
Expected dividend yield, in %	–	5.46	2.41
Expected dividend cash flows, in CHF			
2009	0.10	–	–
2010	0.60	–	–
2011	1.00	–	–
Expected risk-free interest rate, in %	1.24	2.45	2.63
Expected term, in years	3	3	3

Board and Executive Board compensation

As required by applicable Swiss law (Article 663b bis and Article 663c, par 3 of the Swiss Code of Obligations), the following disclosure describes compensation paid to and equity holdings of the members of the Board and the members of the Executive Board as well as loans granted to this group of people and persons and companies related to them.

Compensation to members of the Board

Compensation to members of the Board is set in accordance with the AoA and the Compensation Committee Charter. The annual compensation paid to members of the Board is set by the Board based on the recommendation of the Compensation Committee. Compensation for members of the Board with no functional duties (nine individuals) is in the form of cash and Group shares, which are blocked for a period of four years, and covers the 12-month period from the current AGM to the following year's AGM.

Members of the Board with functional, non-executive duties (five individuals) receive fixed and variable compensation for their services during the year as set by the Board. For Chairman Hans-Ulrich Doerig and Vice-Chairman Urs Rohner, variable compensation depends on both the performance of the Group and their personal performance. The variable compensation for the other three individuals, as it relates to their services as chairmen of a board committee, is not directly dependent on the performance of the Group but on personal performance and time commitment. Such compensation is paid in the form of cash and Group shares, blocked for a period of four years.

By compensating Board members to a significant degree in the form of blocked Group shares, we ensure alignment of their interests with the interests of our shareholders. The value of the shares held by our Board members as of the end of 2009 increased 80.1% from the beginning of 2009.

Compensation for the members of the Board for 2009

Fixed cash compen-	Variable cash compen-	Total	% of total	Value of Group share	% of total	Other compensation ¹	Total Number of ²
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	2009	2010	cash compensation	awards	compensation	awards	compensation	Group shares
2009/2010 (CHF)								
Hans-Ulrich Doerig, Chairman ³	1,778,409	2,350,000	4,128,409	63%	2,350,000	36%	28,095	6,506,504 43,754
Urs Rohner, Vice-Chairman ³	1,200,000	1,000,000	2,200,000	66%	1,000,000	30%	146,160	3,346,160 18,619
Peter Brabeck-Letmathe, Vice-Chairman ⁴	250,000	–	250,000	50%	250,000	50%	–	500,000 5,750
Robert H. Benmosche ^{4,5}	175,000	–	175,000	50%	175,000	50%	–	350,000 4,025
Noreen Doyle ⁴	175,000	–	175,000	50%	175,000	50%	–	350,000 4,025
Walter B. Kielholz ^{3,4}	916,667	2,175,000	3,091,667	59%	2,175,000	41%	8,000	5,274,667 50,024
Andreas N. Koopmann ⁴	175,000	–	175,000	50%	175,000	50%	–	350,000 4,025
Jean Lanier ⁴	200,000	–	200,000	50%	200,000	50%	–	400,000 4,600
Anton van Rossum ⁴	175,000	–	175,000	50%	175,000	50%	–	350,000 4,025
Aziz R.D. Syriani, Chairman of the Compensation Committee ³	350,000	172,500	522,500	70%	227,500	30%	–	750,000 4,236
David W. Syz ⁴	200,000	–	200,000	50%	200,000	50%	–	400,000 4,600
Ernst Tanner ⁴	200,000	–	200,000	50%	200,000	50%	–	400,000 4,600
Richard E. Thornburgh, Chairman of the Risk Committee ³	400,000	333,334	733,334	69%	333,333	31%	–	1,066,667 6,207
John Tiner ⁴	200,000	–	200,000	50%	200,000	50%	–	400,000 4,600
Peter F. Weibel, Chairman of the Audit Committee ³	400,000	795,000	1,195,000	66%	600,000	33%	10,000	1,805,000 11,172
Total	6,795,076	6,825,834	13,620,910	61%	8,435,833	38%	192,255	22,248,998 174,262

1 Other compensation included lump sum expenses, child and health care allowances and pension benefits. 2 The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. 3 Members of the Board with functional duties received an annual fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. The annual fees and variable compensation paid to Walter B. Kielholz (former Chairman) and Hans-Ulrich Doerig (former full-time Vice-Chairman, current Chairman) and to Urs Rohner (full-time Vice-Chairman) and Richard E. Thornburgh (Chairman of the Risk Committee) reflect the new or changed functional duties they performed in 2009. Variable compensation awarded for 2009 was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 53.71. 4 Members of the Board without functional duties were paid an annual fee in advance for the period from one AGM to the other, i.e., from April 24, 2009 to April 30, 2010. For 2009, the fee was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 43.48. 5 Robert H. Benmosche stepped down from the Board on August 10, 2009.

Compensation of the Chairman for 2009

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For 2009, the Chairman received total compensation of CHF 6.51 million, of which CHF 4.70 million was variable compensation, of which CHF 2.35 million was awarded in cash and CHF 2.35 million was awarded in Group shares, blocked for a period of four years.

Additional fees and compensation

Two former members of the Board are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to current or former members of the Board or related parties during 2009.

Compensation for the members of the Board for 2008

	Fixed cash compensation	Variable cash compensation	Total compensation cash	% of total compensation	Value of Group share awards	% of total compensation	Other compensation categories ¹	Total compensation	Number of Group shares ²
2008/2009 (CHF)									
Walter B. Kielholz, Chairman ³	2,000,000	-2,000,000		99%	-	-	24,000	2,024,000	-
Hans-Ulrich Doerig, Vice-Chairman and Chairman of the Risk Committee ³	750,000	1,062,500	1,812,500	62%	1,062,500	37%	26,796	2,901,796	38,623
Peter Brabeck-Letmathe, Vice-Chairman ⁴	175,000	-	175,000	35%	325,000	65%	-	500,000	5,794
Thomas W. Bechtler ⁴	122,500	-	122,500	35%	227,500	65%	-	350,000	4,056
Robert H. Benmosche ⁴	122,500	-	122,500	35%	227,500	65%	-	350,000	4,056
Noreen Doyle ⁴	140,000	-	140,000	35%	260,000	65%	-	400,000	4,635
Jean Lanier ⁴	140,000	-	140,000	35%	260,000	65%	-	400,000	4,635
Anton van Rossum ⁴	122,500	-	122,500	35%	227,500	65%	-	350,000	4,056
Aziz R.D. Syriani, Chairman of the Compensation Committee ³	350,000	172,500	522,500	70%	227,500	30%	-	750,000	8,270
David W. Syz ⁴	140,000	-	140,000	35%	260,000	65%	-	400,000	4,635
Ernst Tanner ⁴	122,500	-	122,500	35%	227,500	65%	-	350,000	4,056
Richard E. Thornburgh ⁴	122,500	-	122,500	35%	227,500	65%	-	350,000	4,056
Peter F. Weibel, Chairman of the Audit Committee ³	400,000	795,000	1,195,000	66%	600,000	33%	10,000	1,805,000	21,811
Total	4,707,500	2,030,000	6,737,500	62%	4,132,500	38%	60,796	10,930,796	108,683

1 Other compensation included lump sum expenses and child and health care allowances. 2 The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking

period. 3 Members of the Board with functional duties received a base fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. The applicable Group share price was CHF 27.51. 4 Members of the Board without functional, non-executive duties were paid an annual fee in advance for the period from one AGM to the other, i.e., from April 25, 2008 to April 24, 2009. The fee was paid in Group shares (65%) and cash (35%). The applicable Group share price was CHF 56.10.

Share and option holdings of members of the Board

The holdings as disclosed below include the holdings of the respective member of the Board, their close family members and companies where they have a controlling interest.

Share holdings by individual

end of	2009	2008
Number of shares ¹		
Hans-Ulrich Doerig, Chairman	155,639	117,016
Urs Rohner, Vice-Chairman ^{2,3}	61,394	–
Peter Brabeck-Letmathe, Vice-Chairman	95,201	92,951
Noreen Doyle	23,863	19,838
Walter B. Kielholz	420,212	451,642
Andreas N. Koopmann ³	13,426	–
Jean Lanier	20,527	15,927
Anton van Rossum	30,857	26,832
Aziz R.D. Syriani, Chairman of the Compensation Committee	56,653	48,383
David W. Syz	72,080	67,480
Ernst Tanner	46,989	42,389
Richard E. Thornburgh, Chairman of the Risk Committee ²	92,500	92,500
John Tiner	4,600	–
Peter F. Weibel, Chairman of the Audit Committee	41,479	29,215
Total	1,135,420	1,004,173⁴

1 Includes Group shares that are subject to a blocking period of up to four years. 2 Urs Rohner was granted 35,564 PIP I units and 55,556 PIP II units and Richard E. Thornburgh was granted 98,935 PIP I units, each in his former position as a member of the Executive Board. 3 As of April 24, 2009, Andreas N. Koopmann and Urs Rohner were elected as members of the Board. 4 As of April 24, 2009 and August 10, 2009, Thomas W. Bechtler and Robert H. Benmosche stepped down from the Board, respectively. As of December 31, 2008, Thomas W. Bechtler and Robert H. Benmosche held 36,573 and 23,321 shares, respectively.

Option holdings by individual

December 31, 2009	Richard E. Thornburgh	Expiry date	Exercise price in CHF
Year of grant			
2001	215,116	January 25, 2011	84.75
2000	100,000	March 1, 2010	74.00
Total	315,116	–	–

December 31, 2008	Richard E. Thornburgh	Hans-Ulrich Doerig	Expiry date	Exercise price in CHF
Year of grant				
2002	–	75,000	December 3, 2012	34.10
2001	215,116	97,792	January 25, 2011	84.75
2000	100,000	100,000	March 1, 2010	74.00
Total	315,116	272,792	–	–

The Group's policy is to compensate members of the Board with Group shares. Option holdings were acquired by the named individuals in their previous capacities as members of senior management. As of December 31, 2009 and 2008, none of the members of the Board held options purchased from personal funds.

Loans to members of the Board

end of	2009		2008	
	Balance	Whereof loans to related parties ¹	Balance	Whereof loans to related parties ¹
December 31 (CHF)				
Hans-Ulrich Doerig, Chairman	1,800,000	–	2,800,000	–
Urs Rohner, Vice-Chairman ²	4,242,000	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	5,761,432	–	5,312,500	–
Thomas W. Bechtler ²	–	–	8,450,000	3,950,000
Walter B. Kielholz	2,000,000	–	2,000,000	–
Andreas N. Koopmann ²	3,500,000	–	–	–
David W. Syz	1,500,000	1,500,000	1,500,000	1,500,000
Ernst Tanner	3,550,000	–	3,550,000	–
Richard E. Thornburgh	120,591	–	121,312	–
Peter F. Weibel	2,865,000	–	–	–

Total **25,339,023** **1,500,000** **23,733,812** **5,450,000**

1 Includes loans from the Group and its subsidiaries (e.g., Clariden Leu and Neue Aargauer Bank) to close family members and companies where the respective member of the Board has a controlling interest. 2 As of April 24, 2009, Thomas W. Bechtler stepped down from the Board and Andreas N. Koopmann and Urs Rohner were elected as members of the Board.

A large majority of loans outstanding to members of the Board are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party customers. As of December 31, 2009, 2008 and 2007, outstanding loans to the members of the Board amounted to CHF 25 million, CHF 24 million and CHF 25 million, respectively.

Members of the Board are not granted employee conditions on any loans extended to them, but such loans are subject to conditions applied to customers with a comparable credit standing. Members of the Board who were previously employees of the Group may still have outstanding loans, which were extended to them at the time at employee conditions. In addition to the loans listed above, the Group or any of its banking subsidiaries have entered into financing and other banking agreements with companies in which current members of the Board have a significant influence as defined by the SEC. As of December 31, 2009, 2008 and 2007, the total exposure to such related parties amounted to CHF 50,000, CHF 6 million and CHF 8 million, respectively, including all advances and contingent liabilities, and was in the ordinary course of business and granted at arm's length. The highest exposure to such related parties for any of the years in the three-year period ended December 31, 2009 did not exceed CHF 10 million in aggregate.

We, together with our subsidiaries, are a global financial services provider and have major corporate banking operations in Switzerland. We, therefore, typically have relationships with many large companies including those in which our Board members assume management functions or board member responsibilities. All relationships between us or our banking subsidiaries and members of the Board and their affiliated companies are in the ordinary course of business and at arm's length.

Compensation to members of the Executive Board

The Group's approach to executive compensation

In line with our overall approach to compensation, our executive compensation policies are designed to promote a long-term focus by our executives in all their actions, attract executives of the highest quality and foster retention by rewarding them for superior performance and to motivate them for outstanding performance in the future. In addition, compensation should encourage strong teamwork and a meaningful alignment with the Group's strategic goals and the interests of its shareholders.

Furthermore, and in support of the above objectives, the Compensation Committee established a variable compensation pool framework for the Executive Board, including the CEO, which is linked directly to the Group's performance. The variable compensation pool was used to define the total amount available for variable compensation awards, which were then delivered in deferred compensation in the form of SISUs and APP awards. All of the variable compensation for members of the Executive Board as of December 31, 2009 was deferred.

A baseline variable compensation pool for this executive population was set at the beginning of the year assuming specific, pre-defined financial and non-financial performance goals would be achieved in 2009. At the conclusion of the year, the Compensation Committee performed an assessment versus those goals and the performance of the Group against our peers. The baseline pool was adjusted based on the assessed actual and relative performance in 2009. The pool was further adjusted to account for two measures that vary from the standard pool determination methodology. The pool was reduced by (i) the value of the cash-based awards granted to the Executive Board in 2008, and (ii) 5%

for the variable compensation pool reduction applied globally in response to the UK bonus tax levy. The final variable compensation pool was then distributed to the members of the Executive Board based on business performance, individual contributions and competitive compensation levels.

The performance criteria used in this framework of determining the size of the total variable compensation pool for the Executive Board included the following:

- the financial performance of the Group, inclusive of risk and capital adequacy measures;
- results of regulatory reviews, internal audits, compliance reviews;
- market share development and client satisfaction surveys;
- investor feedback;
- employee engagement results (satisfaction survey); and
- consideration of the Group’s performance against that of its peer companies.

This approach is designed to assess performance in relation to the delivery of the strategic plan and satisfaction of the expectations of shareholders.

Executive compensation components

In line with our overall approach, executive compensation consists of a fixed salary and a variable compensation component. Salaries for members of the Executive Board are reviewed annually. The annual variable compensation component usually represents the most significant part of an executive’s total compensation package and varies from year to year, depending on the executive’s performance. All of the variable compensation of members of the Executive Board as of December 31, 2009 was deferred and comprised of share-based and other deferred awards, which are subject to vesting, holding and future service requirements. For 2009, in line with our new compensation design for managing directors and directors, members of the Executive Board received their variable compensation in the form of SISUs and APP awards. In addition, in 2009 as part of the overall revision of our compensation design, the Board approved new minimum share ownership requirements for members of the Executive Board and members of the divisional and regional management committees. The minimum share ownership threshold for the CEO and other Executive Board members is 350,000 shares and up to 150,000 shares, respectively. For members of the divisional and regional management committees, the thresholds are 50,000 shares for executives responsible for the Investment Banking, Private Banking and Asset Management divisions and 20,000 shares for the executives responsible for Shared Services and regional management functions. These employees are not permitted to sell Group shares if the Group shares held by or on behalf of the employees, including unvested share-based awards, are less than the threshold.

Compensation for the members of the Executive Board for 2009

	Variable cash	Base salary	Total cash	Value of share-based and other awards	Pension and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements	Total compensation
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2009 (CHF million, except where indicated)

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13 individuals ³	9.13	3.40 ⁴	12.53	132.44 ⁵	3.61	0.32	– 148.90
% of total compensation	6%	2%	8%	89%			
of which highest paid: Brady W. Dougan, CEO	1.25	–	1.25	17.87	0.03	0.05	– 19.20
% of total compensation	6.5%		6.5%	93.1%			

1 Other benefits consist of housing allowances, lump sum expenses and child allowances. 2 ISUs and SISUs carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents disclosed were paid in respect of ISUs granted in prior years. 3 Includes pro-rata compensation paid to Urs Rohner and D. Wilson Ervin, who left the Executive Board in 2009, and Romeo Cerutti and Karl Landert, who joined the Executive Board in 2009. No members of the Executive Board in 2009 joined from, or left for, positions outside the Group. 4 Includes variable cash compensation paid to the two former Executive Board members. No members of the Executive Board as of December 31, 2009 received variable cash compensation. 5 Share-based and other awards include 1.1 million SISUs, each of which has a base component and a leverage component. The fair value of the base component was CHF 50.30 and the fair value of the leverage component was CHF 13.44. The total fair value of each SISU was CHF 63.74. Other awards refer to APP awards. The value of the APP awards was the value as of the grant date of January 20, 2010.

Group executive compensation for 2009

Across the whole Executive Board (13 individuals including those members who joined or left the Executive Board during 2009 and were accounted for on a pro-rata basis), 6% of total compensation was paid as salaries, 2% as variable cash compensation (only for those two members who left the Executive Board in 2009), 89% as share-based and other awards and 3% as other compensation.

Compensation for the individual Executive Board members considers personal contribution and financial performance, where applicable, in their respective areas of responsibility, as well as the positive share price development.

2009 total compensation of the highest paid member of the Executive Board

The highest paid member of the Executive Board in 2009 was the CEO, Brady W. Dougan. Brady Dougan's compensation amounted to CHF 19.20 million and was comprised of his salary of CHF 1.25 million, share-based and other awards (SISUs and APP awards) of CHF 17.87 million and other compensation (pension and similar benefits, dividend equivalents and other benefits) of CHF 0.08 million.

2009 charitable contributions from the Executive Board variable compensation pool

In view of the challenging economic environment that has prevailed in the last 12 to 15 months and the disproportionate impact on the non-profit sector, the Compensation Committee approved a payment of CHF 20 million in charitable contributions. The contributions have been funded from the 2009 variable compensation pool for the Executive Board that could otherwise have been awarded to Executive Board members. The contributions will benefit eligible registered charities. Some Executive Board members, including the CEO, will be able to make recommendations in respect of allocation of the contributions to various charities.

Additional fees and compensation

Two former members of our most senior executive body are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to current or former members of the Executive Board or related parties during 2009.

Compensation for the members of the Executive Board for 2008

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	Base salary	Variable cash compensation	CRAs (restricted cash variable compensation) ¹	Total cash	Value of share-based and other awards	Pension and similar benefits and other benefits ²	Dividend equivalents ³	Total compensation excluding contractual agreements	Payments and awards due to contractual agreements	Total compensation
2008 (CHF million, except where indicated)										
15 individuals ⁴	10.62	7.00	9.72	27.34	25.50 ⁵	3.75	7.56	64.15	42.56 ⁶	106.71
% of total compensation	10%	7%	9%	26%	24%			60%	40%	
of which joiners, leavers and Executive Board members with contractual agreements (7 individuals)	3.51	7.00	–	10.51	8.00	1.02	1.74	21.27	42.56	63.83
% of total compensation	5%	11%		16%	13%			33%	67%	
of which other Executive Board members (8 individuals)	7.11	–	9.72	16.83	17.50	2.73	5.82	42.88	–	42.88
% of total compensation	17%		23%	39%	41%			100%		
of which CEO: Brady W. Dougan	1.25	–	–	1.25	–	0.03	1.58	2.86	–	2.86
% of total compensation	44%			44%				100%		
of which highest paid: Kai S. Nargolwala ⁷	0.72	–	–	0.72	–	0.66	0.41	1.79	19.04	20.83
% of total compensation	3%			3%				9%	91%	

1 CRA are subject to pro-rata repayment over two years if the recipient voluntarily terminates employment with the Group. 2 Other benefits consist of housing allowances, lump sum expenses and child allowances. 3 ISUs carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents disclosed were paid in respect of awards granted in prior years. 4 Includes pro-rata compensation paid to David J. Blumer, Ulrich Körner, Michael J. Philipp and Thomas J. Sanzone who left the Group during 2008 and Hans-Ulrich Meister who joined the Group during 2008. 5 Share-based and other awards include 0.4 million ISUs, each of which has a base component and a leverage component. The fair value of the base component was CHF 23.70 and the fair value of the leverage component was CHF 6.98. The total fair value of each ISU was CHF 30.68. In addition, they also include 0.1 million of other share-based awards and PAF awards with a grant value of CHF 3.9 million. No variable compensation was paid to Brady W. Dougan or Paul Calello. 6 Payments and awards due to contractual

agreements with recently hired Executive Board members include cash payments of CHF 14.5 million, CRA of CHF 4.2 million, Group shares with a fair value at grant of CHF 3.5 million, ISUs with a fair value at grant of CHF 15.8 million and other awards of CHF 4.6 million. Most of the contractually agreed payments and awards compensate the recipients for compensation elements forfeited at previous employers. 7 Details to the compensation paid to Kai S. Nargolwala are provided in the Credit Suisse Annual Report 2008.

Termination of employment provisions

All members of the Executive Board are required by contract to give (and are entitled to receive) at least six months notice of termination of employment. There are no other contracts, agreements or other arrangements with the members of the Executive Board that provide for payments or benefits in connection with a termination of employment that are not generally available to other employees of the Group.

ISUs, PIP units, share and share option holdings of members of the Executive Board

The holdings disclosed include the holdings of the respective members of the Executive Board, their close family members and companies where they have a controlling interest. The holdings do not include awards granted after year end.

Units by individual

	Number of vested shares	Number of unvested share awards	Number of unvested ISUs	Number of options	Number of PIP I units	Number of PIP II units
December 31, 2009						
Brady W. Dougan	424,529	–	90,956	408,400	271,898	78,102
Walter Berchtold	238,779	–	205,221	–	130,401	104,167
Paul Calello	211,762	–	77,149	241,184	142,937	57,063
Romeo Cerutti	13,805	–	26,682	–	–	–
Renato Fassbind	98,946	–	73,839	–	20,746	41,667
Tobias Guldemann	87,212	–	37,197	31,640	17,782	20,834
Karl Landert	34,965	–	117,099	–	29,347	31,250
Hans-Ulrich Meister	18,793	3,440	128,290	–	–	–
Kai S. Nargolwala	145,478	–	–	–	–	2,500
Robert S. Shafir	83,012	–	253,442	–	–	71,213
Eric M. Varvel	137,507	–	196,270	–	75,343	56,953
Total	1,494,788	3,440	1,206,145	681,224	688,454	463,749
December 31, 2008						
Brady W. Dougan	296,727	99,211	408,154	408,400	271,898	78,102
Walter Berchtold	92,591	26,042	299,297	–	130,401	104,167
Paul Calello	411,856	61,093	316,001	241,184	142,937	57,063
D. Wilson Ervin	44,483	11,127	105,379	–	44,210	66,761
Renato Fassbind	14,496	10,417	96,555	–	20,746	41,667
Tobias Guldemann	67,542	5,209	51,461	31,640	17,782	20,834

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Hans-Ulrich Meister	20,000	5,160	27,109	–	–	–
Kai S. Nargolwala	23,192	114,286	8,000	–	–	2,500
Urs Rohner	19,326	13,889	151,642	–	35,564	55,556
Robert S. Shafir	33,843	22,521	77,306	–	–	71,213
Eric M. Varvel	17,901	56,958	317,087	–	75,343	56,953
Total	1,041,957	425,913	1,857,991	681,224	738,881	554,816

Option holdings by individual

December 31, 2009 and 2008	Brady W. Dougan	Paul Calello	Tobias Guldimann	Expiry date	Exercise price in CHF
Year of grant					
2002 ¹	–	–	–	January 31, 2012	65.75
2001 ¹	368,400	241,184	15,640	January 25, 2011	84.75
2000 ¹	40,000	–	16,000	March 1, 2010	74.00
Total	408,400	241,184	31,640	–	–

All options on shares were granted as part of the previous years' compensation. As of December 31, 2009 and 2008, none of the members of the Executive Board hold options purchased from personal funds.

¹ Included 15,000, 24,668 and 20,000 options for 2002, 2001 and 2000, respectively, held by Ulrich Körner, who has left the Group.

Loans to members of the Executive Board

A large majority of loans outstanding to members of the Executive Board are mortgages or loans against securities. Such loans are made on the same terms available to third-party customers or pursuant to widely available employee benefit plans. As of December 31, 2009, 2008 and 2007, outstanding loans to the members of the Executive Board amounted to CHF 19 million, CHF 24 million and CHF 22 million, respectively. The number of individuals with outstanding loans at the beginning and the end of the year was seven, and the highest loan outstanding was CHF 7 million to Executive Board member Walter Berchtold.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. Interest rates applied are based on refinancing costs plus a margin. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees.

Additional information

Changes of control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 33 1/3% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or FINMA. If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes of control

Subject to certain provisions in the Group's employee compensation plans providing for the treatment of outstanding awards in the case of a change of control, there are no provisions that require the payment of extraordinary benefits in the case of a change of control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change of control of the Group. Moreover, none of the employment contracts with members of the Executive Board or other members of senior management provides for extraordinary benefits that would be triggered by a change of control.

Internal and external auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 250 professionals, more than 220 of whom are directly involved in auditing activities. The Head of Internal Audit, Heinz Leibundgut, reports directly to the Chairman of the Audit Committee.

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Chairman of the Audit Committee. The head of Internal Audit reports to the Audit Committee at least quarterly and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are David L. Jahnke, Global Lead Partner (since 2005), Marc Ufer, Group Engagement Partner (since 2009), and Philipp Rickert, Leading Bank Auditor (since 2006). As of 2010, after having served five years as Global Lead Partner, David L. Jahnke will step down from this role, in accordance with SEC rules on auditor rotation. Marc Ufer will succeed him in the role of Global Lead Partner, subject to the AGM approval of KPMG as external auditors.

In addition, we have mandated BDO Visura, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2009	2008	% change
Fees paid to external auditors (CHF million)			
Audit services ¹	42.0	45.0	(7)
Audit-related services ²	16.0	13.4	19
Tax services ³	8.4	6.5	29

¹ Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally it includes all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. ² Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services. ³ Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG's audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate degree of independence of our external auditor. The policy limits the scope of services that may be provided to us or any of our subsidiaries by KPMG to audit and certain permissible types of non-audit services, including audit-related and tax services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. All KPMG services in 2009 were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

American Depositary Share fees

Fees and charges for holders of ADS

In accordance with the terms of the Deposit Agreement, Deutsche Bank Trust Company Americas, as depositary for the ADS (the Depositary), may charge holders of our ADS, either directly or indirectly, fees or charges up to the amounts described below.

The Depositary collects its fees for delivery and surrender of ADS directly from investors depositing shares or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to holders by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee services until its fees for those services are paid.

Amounts paid by the Depositary to the Group

The Depositary has reimbursed the Group for NYSE listing fees in recent years. This payment is not a contractual obligation, and the determination by the Depositary whether to reimburse the Group for these fees is made on a yearly basis. For the year ending December 31, 2009, the Depositary paid the Group USD 130,590 as reimbursement for its NYSE listing fees.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by: (i) a supermajority of at least three quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; or (ii) a supermajority of at least two thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events. Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

Consolidated financial statements – Credit Suisse Group

Report of the Independent Registered Public Accounting Firm

Consolidated financial statements

Notes to the consolidated financial statements

Controls and procedures

Report of the Independent Registered Public Accounting Firm

Report of the Independent Registered Public Accounting Firm

Credit Suisse Group AG, Zurich

We have audited the accompanying consolidated balance sheets of Credit Suisse Group AG and subsidiaries (the "Group") as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Group's management and the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 2007 the Group changed its method of accounting for certain financial instruments accounted for at fair value.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 25, 2010 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

KPMG AG

David L. Jahnke

Marc Ufer

Licensed Audit Expert

Licensed Audit Expert

Auditor in Charge

Zurich, Switzerland

March 25, 2010

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

Consolidated financial statements

Consolidated statements of operations

	Reference to notes	2009	2008	in 2007
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	25,288	47,939	62,550
Interest expense	6	(18,397)	(39,403)	(54,108)
Net interest income	6	6,891	8,536	8,442
Commissions and fees	7	13,750	14,812	18,929
Trading revenues	29	12,151	(9,880)	6,146
Other revenues	8	502	(4,200)	5,804
Net revenues		33,294	9,268	39,321
Provision for credit losses	9	506	813	240
Compensation and benefits	10	15,013	13,254	16,098
General and administrative expenses	11	7,701	7,809	6,833
Commission expenses		1,997	2,294	2,410
Total other operating expenses		9,698	10,103	9,243
Total operating expenses		24,711	23,357	25,341
Income/(loss) from continuing operations before taxes		8,077	(14,902)	13,740
Income tax expense/(benefit)	25	1,835	(4,596)	1,248
Income/(loss) from continuing		6,242	(10,306)	12,492

operations

Income/(loss) from discontinued operations, net of tax	4	169	(531)	6
Net income/(loss)		6,411	(10,837)	12,498
Less net income/(loss) attributable to noncontrolling interests		(313)	(2,619)	4,738
Net income/(loss) attributable to shareholders		6,724	(8,218)	7,760
of which from continuing operations		6,555	(7,687)	7,754
of which from discontinued operations		169	(531)	6
Basic earnings per share (CHF)				
Basic earnings/(loss) per share from continuing operations	12	5.14	(7.51)	7.06
Basic earnings/(loss) per share from discontinued operations	12	0.14	(0.50)	0.01
Basic earnings/(loss) per share	12	5.28	(8.01)	7.07
Diluted earnings per share (CHF)				
Diluted earnings/(loss) per share from continuing operations	12	5.01	(7.51)	6.77
Diluted earnings/(loss) per share from discontinued operations	12	0.13	(0.50)	0.01
Diluted earnings/(loss) per share	12	5.14	(8.01)	6.78

Consolidated balance sheets

	Reference to notes	2009	end of 2008
Assets (CHF million)			
Cash and due from banks		51,857	90,035
Interest-bearing deposits with banks		1,177	2,012
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	13	209,499	269,028
of which reported at fair value		128,303	164,743
Securities received as collateral, at fair value		37,516	29,454
of which encumbered		27,816	16,665
Trading assets, at fair value	14	332,238	342,778

of which encumbered		112,843	69,921
Investment securities	15	11,232	13,823
of which reported at fair value		10,793	13,019
Other investments	16	23,993	27,002
of which reported at fair value		21,126	24,866
Net loans	17	237,180	235,797
of which reported at fair value		36,246	32,314
allowance for loan losses		(1,395)	(1,639)
Premises and equipment	18	6,436	6,350
Goodwill	19	9,267	9,330
Other intangible assets	19	328	423
of which reported at fair value		30	113
Brokerage receivables		41,960	57,498
Other assets	21	68,744	85,797
of which reported at fair value		29,125	34,086
of which encumbered		975	3,329
Assets of discontinued operations held-for-sale	4	0	1,023
Total assets		1,031,427	1,170,350

Consolidated balance sheets (continued)

	Reference to notes	2009	end of 2008
Liabilities and equity (CHF million)			
Due to banks	22	36,214	58,183
of which reported at fair value		4,695	3,364
Customer deposits	22	286,694	296,986
of which reported at fair value		2,676	2,538
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	13	191,687	243,370
of which reported at fair value		122,136	174,975
Obligation to return securities received as collateral, at fair value		37,516	29,454
Trading liabilities, at fair value	14	133,481	154,465
Short-term borrowings		7,645	10,964
of which reported at fair value		3,383	2,545

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Long-term debt	23	159,365	150,714
of which reported at fair value		74,513	79,456
Brokerage payables		58,965	93,323
Other liabilities	21	71,532	84,798
of which reported at fair value		30,389	24,362
Liabilities of discontinued operations held-for-sale	4	0	872
Total liabilities		983,099	1,123,129
Common shares		47	47
Additional paid-in capital		24,706	25,166
Retained earnings		25,258	18,780
Treasury shares, at cost		(856)	(752)
Accumulated other comprehensive income/(loss)	24	(11,638)	(10,939)
Total shareholders' equity		37,517	32,302
Noncontrolling interests		10,811	14,919
Total equity		48,328	47,221
Total liabilities and equity		1,031,427	1,170,350

end of	2009	2008
Additional share information		
Par value (CHF)	0.04	0.04
Authorized shares (million)	1,469.4	1,309.5
Issued shares (million)	1,185.4	1,184.6
Repurchased shares (million)	(16.2)	(20.7)
Shares outstanding (million)	1,169.2	1,163.9

Consolidated statements of changes in equity

	Attributable to shareholders							Total equity	Number of common shares outstanding
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests		
2009 (CHF million)	47	25,166	18,780	(752)	(10,939)	32,302	14,919	47,221	1,163,892,033 ¹

Balance at beginning of period

Purchase of subsidiary shares from noncontrolling interests, changing ownership	–	–	–	–	–	–	(7)	(7)	–
Purchase of subsidiary shares from noncontrolling interests, not changing ownership ^{2, 3}	–	–	–	–	–	–	(379)	(379)	–
Sale of subsidiary shares to noncontrolling interests, changing ownership	–	(1)	–	–	–	(1)	5	4	–
Sale of subsidiary shares to noncontrolling interests, not changing ownership ³	–	–	–	–	–	–	1,124	1,124	–
Net income/(loss)	–	–	6,724	–	–	6,724	(313)	6,411	–
Gains/(losses) on cash flow hedges	–	–	–	–	104	104	–	104	–
Foreign currency translation	–	–	–	–	(559)	(559)	(209)	(768)	–
Unrealized gains/(losses) on securities	–	–	–	–	47	47	–	47	–
Actuarial gains/(losses)	–	–	–	–	(348)	(348)	–	(348)	–
Net prior service cost	–	–	–	–	57	57	–	57	–
Total other comprehensive income/(loss), net of tax	–	–	–	–	(699)	(699)	(209)	(908)	–
Issuance of common shares	–	17	–	–	–	17	–	17	734,529
Sale of treasury shares	–	223	–	17,434	–	17,657	–	17,657	387,910,385
Repurchase of treasury shares	–	–	–	(19,019)	–	(19,019)	–	(19,019)	(421,658,017)

Share-based compensation, net of tax	–	(551)	–	1,481	–	930	–	930	38,331,965
Financial instruments indexed to own shares ⁴	–	(188)	–	–	–	(188)	–	(188)	–
Cash dividends paid	–	–	(246)	–	–	(246)	(129)	(375)	–
Change in scope of consolidation	–	–	–	–	–	–	(4,258)	(4,258)	–
Other	–	40	–	–	–	40	58	98	–
Balance at end of period	47	24,706	25,258	(856)	(11,638)	37,517	10,811	48,328	1,169,210,895

1 At par value CHF 0.04 each, fully paid, net of 20,743,620 treasury shares. In addition to the treasury shares, a maximum of 124,843,275 unissued shares (conditional and authorized capital) were available for issuance without further approval of the shareholders. 2 Distributions to owners in funds include the return of original capital invested and any related dividends. 3 Includes transactions with and without ownership changes related to fund activity. 4 The Group has purchased certain call options on its own shares to economically hedge all or a portion of the leverage element of the Incentive Share Units granted to employees during 2009. In accordance with US GAAP, these call options are designated as equity instruments and, as such, are initially recognized in shareholders' equity at their fair values and not subsequently remeasured. 5 At par value CHF 0.04 each, fully paid, net of 16,159,287 treasury shares. In addition to the treasury shares, a maximum of 284,076,649 unissued shares (conditional and authorized capital) were available for issuance without further approval of the shareholders.

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Total equity	Number of common shares outstanding
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total share-holders' equity	Non-controlling interests		
2008 (CHF million)									
Balance at beginning of period	46	24,553	33,670	(9,378)	(5,692)	43,199	16,640	59,839	1,020,627,855
Purchase of subsidiary shares from noncontrolling interests, changing ownership	–	–	–	–	–	–	(90)	(90)	–
Purchase of subsidiary shares from noncontrolling interests, not changing ownership	–	–	–	–	–	–	(1,574)	(1,574)	–

Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	1,721	1,721	–
Net income/(loss)	–	–	(8,218)	–	–	(8,218)	(2,619)	(10,837)	–
Cumulative effect of accounting changes, net of tax			(33)		15	(18)	–	(18)	–
Gains/(losses) on cash flow hedges	–	–	–	–	(71)	(71)	–	(71)	–
Foreign currency translation	–	–	–	–	(3,550)	(3,550)	(1,088)	(4,638)	–
Unrealized gains/(losses) on securities	–	–	–	–	(53)	(53)	–	(53)	–
Actuarial gains/(losses)	–	–	–	–	(1,609)	(1,609)	–	(1,609)	–
Net prior service cost	–	–	–	–	21	21	–	21	–
Total other comprehensive income/(loss), net of tax	–	–	–	–	(5,262)	(5,262)	(1,088)	(6,350)	–
Issuance of common shares	3	2,544	–	–	–	2,547	–	2,547	71,873,513
Cancellation of repurchased shares	(2)	(884)	(3,237)	4,123	–	–	–	–	–
Sale of treasury shares	–	(2,188)	(581)	29,333	–	26,564	–	26,564	582,994,041
Repurchase of treasury shares	–	–	–	(25,032)	–	(25,032)	–	(25,032)	(514,956,523)
Share-based compensation, net of tax	–	1,291	–	202	–	1,493	–	1,493	3,353,147
Financial instruments indexed to own shares	–	(150)	–	–	–	(150)	–	(150)	–
Cash dividends paid	–	–	(2,821)	–	–	(2,821)	(125)	(2,946)	–
Change in scope of consolidation	–	–	–	–	–	–	2,059	2,059	–
Other	–	–	–	–	–	–	(5)	(5)	–
Balance at end of period	47	25,166	18,780	(752)	(10,939)	32,302	14,919	47,221	1,163,892,033

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Total equity	Number of common shares outstanding
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests		
2007 (CHF million)									
Balance at beginning of period	607	24,817	32,306	(9,111)	(5,033)	43,586	15,318	58,904	1,062,467,061
Purchase of subsidiary shares from noncontrolling interests, changing ownership	—	—	—	—	—	—	(21)	(21)	—
Purchase of subsidiary shares from noncontrolling interests, not changing ownership	—	—	—	—	—	—	(5,741)	(5,741)	—
Sale of subsidiary shares to noncontrolling interests, changing ownership	—	—	—	—	—	—	2	2	—
Sale of subsidiary shares to noncontrolling interests, not changing ownership	—	—	—	—	—	—	2,324	2,324	—
Net income/(loss)	—	—	7,760	—	—	7,760	4,738	12,498	—
Cumulative effect of accounting changes, net of tax	—	—	(829)	—	10	(819)	—	(819)	—
Gains/(losses) on cash flow hedges	—	—	—	—	(38)	(38)	—	(38)	—
Foreign currency translation	—	—	—	—	(1,783)	(1,783)	(1,254)	(3,037)	—
Unrealized gains/(losses) on securities	—	—	—	—	(2)	(2)	—	(2)	—
Actuarial gains/(losses)	—	—	—	—	1,168	1,168	—	1,168	—
	—	—	—	—	(14)	(14)	—	(14)	—

Net prior service cost									
Total other comprehensive income/(loss), net of tax	–	–	–	–	(669)	(669)	(1,254)	(1,923)	–
Issuance of common shares	1	59	–	–	–	60	–	60	1,389,127
Cancellation of repurchased shares	(27)	(945)	(3,087)	4,059	–	–	–	–	–
Sale of treasury shares	–	4	–	36,274	–	36,278	–	36,278	441,949,359
Repurchase of treasury shares	–	–	–	(41,879)	–	(41,879)	–	(41,879)	(507,256,244)
Share-based compensation, net of tax	–	861	–	1,279	–	2,140	–	2,140	22,078,552
Financial instruments indexed to own shares	–	(279)	–	–	–	(279)	–	(279)	–
Repayment out of share capital	(535)	36	–	–	–	(499)	–	(499)	–
Cash dividends paid	–	–	(2,480)	–	–	(2,480)	(76)	(2,556)	–
Change in scope of consolidation	–	–	–	–	–	–	930	930	–
Other	–	–	–	–	–	–	420	420	–
Balance at end of period	46	24,553	33,670	(9,378)	(5,692)	43,199	16,640	59,839	1,020,627,855

Comprehensive income

in	2009	2008	2007
Comprehensive income (CHF million)			
Net income/(loss)	6,411	(10,837)	12,498
Other comprehensive income/(loss), net of tax ¹	(908)	(6,350)	(1,923)
Comprehensive income/(loss)	5,503	(17,187)	10,575
Comprehensive income/(loss) attributable to noncontrolling interests	(522)	(3,707)	3,484
Comprehensive income/(loss) attributable to shareholders	6,025	(13,480)	7,091

¹ For details on the components of other comprehensive income, refer to Note 24 - Accumulated other comprehensive income.

Consolidated statements of cash flows

in	2009	2008	2007
Operating activities of continuing operations (CHF million)			
Net income/(loss)	6,411	(10,837)	12,498
Less net income/(loss) attributable to noncontrolling interests	(313)	(2,619)	4,738
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760
(Income)/loss from discontinued operations attributable to shareholders, net of tax	(169)	531	(6)
Income/(loss) from continuing operations attributable to shareholders	6,555	(7,687)	7,754
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,114	1,174	893
Provision for credit losses	506	813	240
Deferred tax provision/(benefit)	875	(4,935)	(1,076)
Share of net income from equity method investments	(29)	17	(101)
Trading assets and liabilities, net	(11,471)	113,153	(65,739)
(Increase)/decrease in other assets	27,189	1,203	(64,540)
Increase/(decrease) in other liabilities	(40,993)	28,217	61,191
Other, net	2,068	(2,084)	3,503
Total adjustments	(20,741)	137,558	(65,629)
Net cash provided by/(used in) operating activities of continuing operations	(14,186)	129,871	(57,875)
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	726	981	4,059
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	54,403	12,635	3,436
Purchase of investment securities	(2,189)	(1,727)	(928)
Proceeds from sale of investment securities	891	55	2,905
Maturities of investment securities	4,458	2,668	3,768

Investments in subsidiaries and other investments	(1,907)	(3,859)	(7,626)
Proceeds from sale of other investments	1,710	2,674	2,288
(Increase)/decrease in loans	4,166	(6,921)	(35,472)
Proceeds from sale of loans	992	596	339
Capital expenditures for premises and equipment and other intangible assets	(1,387)	(1,473)	(1,550)
Proceeds from sale of premises and equipment and other intangible assets	3	41	250
Other, net	205	155	47
Net cash provided by/(used in) investing activities of continuing operations	62,071	5,825	(28,484)

Consolidated statements of cash flows (continued)

in	2009	2008	2007
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	(29,090)	(55,288)	52,510
Increase/(decrease) in short-term borrowings	4,098	(11,407)	(517)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(46,654)	(41,480)	30,493
Issuances of long-term debt	62,829	107,638	81,151
Repayments of long-term debt	(72,472)	(86,567)	(65,306)
Repayments of trust preferred securities	0	(2)	0
Issuances of common shares	17	2,547	60
Sale of treasury shares	17,657	26,564	36,278
Repurchase of treasury shares	(19,019)	(25,032)	(41,879)
Dividends paid/capital repayments	(375)	(2,946)	(2,581)
Other, net	(1,900)	3,943	6,857
Net cash provided by/(used in) financing activities of continuing operations	(84,909)	(82,030)	97,066
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(1,154)	(2,072)	(1,340)

Net cash provided by/(used in) discontinued operations (CHF million)

Net cash provided by/(used in) operating activities of discontinued operations	0	(18)	52
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Net increase/(decrease) in cash and due from banks (CHF million)

Net increase/(decrease) in cash and due from banks	(38,178)	51,576	9,419
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Cash and due from banks at beginning
of period

90,035	38,459	29,040
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**Cash and due from banks at end of
period**

51,857	90,035	38,459
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in	2009	2008	2007
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Cash paid for income taxes and interest (CHF million)

Cash paid for income taxes	1,232	2,078	2,673
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Cash paid for interest	19,459	41,154	53,756
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Assets acquired and liabilities assumed in business acquisitions (CHF million)

Fair value of assets acquired	0	383	335
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Fair value of liabilities assumed	0	23	300
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Assets and liabilities sold in business divestitures (CHF million)

Assets sold	869	0	0
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Liabilities sold	799	0	0
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Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse Group AG (the Group) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Group ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation and had no impact on net income/(loss) or total shareholders' equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax asset, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could

differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

Principles of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries. The Group's subsidiaries are entities in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Group consolidates limited partnerships in cases where it is the general partner or is a limited partner with substantive rights to kick out the general partner or dissolve the partnership and to participate in significant decisions made in the ordinary course of business. The Group also consolidates VIEs where the Group is the primary beneficiary in accordance with Accounting Standards Codification (ASC) Topic 810 – Consolidation. The effects of material intercompany transactions and balances have been eliminated.

Where a Group subsidiary is a separate legal entity and determined to be an investment company as defined by ASC Topic 946 – Financial Services – Investment Companies, interests in other entities held by this Group subsidiary are not consolidated and are carried at fair value.

Group entities that qualify as broker-dealer entities as defined by ASC Topic 940 – Financial Services – Broker and Dealers do not consolidate investments in voting interest entities that would otherwise qualify for consolidation when the investment is held on a temporary basis for trading purposes. In addition, subsidiaries that are strategic components of a broker-dealers' operations are consolidated regardless of holding intent.

Foreign currency translation

Transactions denominated in currencies other than the functional currency of the related entity are recorded by remeasuring them in the functional currency of the related entity using the foreign exchange rate on the date of the transaction. As of the dates of the consolidated balance sheets, monetary assets and liabilities, such as receivables and payables, are reported using the year-end spot foreign exchange rates. Foreign exchange rate differences are recorded in the consolidated statements of operations.

For the purpose of consolidation, the assets and liabilities of Group companies with functional currencies other than CHF are translated into CHF equivalents using year-end spot foreign exchange rates, whereas revenues and expenses are translated using the weighted average foreign exchange rate for the year. Translation adjustments arising from consolidation are included in accumulated other comprehensive income/(loss) (AOCI) within total shareholders' equity.

Fair value measurement and option

The Group adopted the guidance on fair value measurements and disclosures on January 1, 2007. The guidance establishes a single authoritative definition of ≥≥fair value and sets out a framework for measuring fair value and creates an alternative measurement treatment for certain financial assets and financial liabilities. The availability of this alternative measurement treatment is referred to as the fair value option. The fair value option can be elected at initial acquisition of the eligible item or at the date when the Group enters into an agreement which gives rise to an eligible item (e.g. a firm commitment or a written loan commitment). If not elected at initial recognition, the fair value option can be applied to an item upon certain triggering events that give rise to a new basis of accounting for that item. The application of the fair value option to a financial asset or a financial liability does not change its classification on the face of the balance sheet and the election is irrevocable. Changes in fair value resulting from the election are recorded in trading revenues.

Cash and due from banks

Cash and due from banks consists of currency on hand, demand deposits with banks or other financial institutions and cash equivalents. Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less, which are held for cash management purposes.

Reverse repurchase and repurchase agreements

Purchases of securities under resale agreements ($\geq\geq$ reverse repurchase agreements) and securities sold under agreements to repurchase substantially identical securities ($\geq\geq$ repurchase agreements) normally do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the consolidated balance sheet at the amount of cash disbursed or received, respectively. Reverse repurchase agreements are recorded as collateralized assets while repurchase agreements are recorded as liabilities, with the underlying securities sold continuing to be recognized in trading assets or investment securities. The fair value of securities to be repurchased and resold is monitored on a daily basis, and additional collateral is obtained as needed to protect against credit exposure.

Assets and liabilities recorded under these agreements are accounted for on one of two bases, the accrual basis or the fair value basis. Under the accrual basis, interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are reported in interest and dividend income and interest expense, respectively. The fair value basis of accounting may be elected pursuant to ASC Topic 825 – Financial Instruments, and any resulting change in fair value, including interest earned or owed, is reported in trading revenues. The Group has elected the fair value basis of accounting on some of its agreements.

Reverse repurchase and repurchase agreements are netted if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are subject to the same master $\geq\geq$ netting agreement.

Securities lending and borrowing transactions

Securities borrowed and securities loaned that are cash-collateralized are included in the consolidated balance sheets at amounts equal to the cash advanced or received. If securities received in a securities lending and borrowing transaction as collateral may be sold or repledged, they are recorded as securities received as collateral in the consolidated balance sheet and a corresponding liability to return the security is recorded. Securities lending transactions against non-cash collateral in which the Group has the right to resell or repledge the collateral received are recorded at the fair value of the collateral initially received. For securities lending transactions, the Group receives cash or securities collateral in an amount generally in excess of the market value of securities lent. The Group monitors the fair value of securities borrowed and loaned on a daily basis with additional collateral obtained as necessary.

Fees and interest received or paid are recorded in interest and dividend income and interest expense, respectively, on an accrual basis. In the case where the fair value basis of accounting is elected, any resulting change in fair value, including interest earned or owed, is reported in trading revenues.

Transfers of financial assets

The Group transfers various financial assets, which may result in the sale of these assets to special purpose entities (SPEs), which in turn issue securities to investors. The Group values its beneficial interests at fair value using quoted market prices, if such positions are traded on an active exchange or financial models that incorporate observable and unobservable inputs. For further information on the Group's transfer activities, refer to Note 31 – Transfers of financial assets and variable interest entities.

Trading assets and liabilities

Trading assets and liabilities include debt and equity securities, derivative instruments, certain loans held in broker-dealer entities, commodities and precious metals. Items included in the trading portfolio are carried at fair value and classified as held for trading purposes based on management's intent. Regular-way security transactions are recorded on a trade-date basis. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivatives

Freestanding derivative contracts are carried at fair value in the consolidated balance sheets regardless of whether these instruments are held for trading or risk management purposes. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes. When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host contract, either the embedded feature is accounted for separately at fair value or the entire contract, including the embedded feature, is accounted for at fair value. In both cases, changes in fair value are recorded in the consolidated statements of operations. If separated for measurement purposes, the derivative is recorded in the same line item in the consolidated balance sheets as the host contract.

Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity. Realized gains and losses, changes in unrealized gains and losses and interest flows are included in trading revenues. Derivative contracts designated and qualifying as fair value hedges, cash flow hedges or net investment hedges are reported as other assets or other liabilities.

Fair values recorded for derivative instruments do not indicate future gains or losses, but rather the unrealized gains and losses from valuing all derivatives at a particular point in time. The fair value of exchange-traded derivatives is typically derived from observable market prices and/or observable market parameters. Fair values for \geq over-the-counter (OTC) derivatives are determined on the basis of proprietary models using various input parameters. Derivative contracts are recorded on a net basis per counterparty, where an enforceable master netting agreement exists. Where no such agreement exists, fair values are recorded on a gross basis.

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

(i) the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including forecasted transactions);

(ii) the derivative expires or is sold, terminated or exercised;

(iii) the derivative is no longer designated as a hedging instrument because it is unlikely that the forecasted transaction will occur; or

(iv) the designation of the derivative as a hedging instrument is otherwise no longer appropriate.

For derivatives that are designated and qualify as fair value hedges, the carrying value of the underlying hedged items is adjusted to fair value for the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the consolidated statements of operations as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When the Group discontinues fair value hedge accounting because it determines that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and the hedged asset or liability will no longer be adjusted for changes in fair value attributable to the hedged risk. Interest-related fair value adjustments made to the underlying hedged items will be amortized to the consolidated statements of operations over the remaining life of the hedged item. Any unamortized interest-related fair value adjustment is recorded in the consolidated statements of operations upon sale or extinguishment of the hedged asset or liability, respectively. Any other fair value hedge adjustments remain part of the carrying amount of the hedged asset or liability and are recognized in the consolidated statements of operations upon disposition of the hedged item as part of the gain or loss on disposition.

For hedges of the variability of cash flows from forecasted transactions and floating rate assets or liabilities, the effective portion of the change in the fair value of a designated derivative is recorded in AOCI. These amounts are reclassified into the line item in the consolidated statements of operations in which the hedged item is recorded when the variable cash flow from the hedged item impacts earnings (for example, when periodic settlements on a variable rate asset or liability are recorded in the consolidated statements of operations or when the hedged item is disposed of). The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When hedge accounting is discontinued on a cash flow hedge, the net gain or loss will remain in AOCI and be reclassified into the consolidated statements of operations in the same period or periods during which the formerly hedged transaction is reported in the consolidated statements of operations. When the Group discontinues hedge accounting because it is probable that a forecasted transaction will not occur within the specified date or period plus two months, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and gains and losses that were previously recorded in AOCI will be recognized immediately in the consolidated statements of operations.

For hedges of a net investment in a foreign operation, the change in the fair value of the hedging derivative is recorded in AOCI to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded in trading revenues. The Group uses the forward method of determining effectiveness for net investment hedges, which results in the time value portion of a foreign currency forward being reported in AOCI to the extent the hedge is effective.

Investment securities

Investment securities include debt securities classified as held-to-maturity and debt and marketable equity securities classified as available-for-sale. Regular-way security transactions are recorded on a trade-date basis.

Debt securities where the Group has the positive intent and ability to hold such securities to maturity are classified as such and are carried at amortized cost, net of any unamortized premium or discount.

Debt and equity securities classified as available-for-sale are carried at fair value. Unrealized gains and losses, which represent the difference between fair value and amortized cost, are recorded in AOCI. Amounts reported in AOCI are net of income taxes.

Amortization of premiums or discounts is recorded in interest and dividend income using the effective yield method through the maturity date of the security.

Recognition of an impairment loss on debt securities is recorded in the consolidated statements of operations if a decline in fair value below amortized cost is considered other-than-temporary, that is, amounts due according to the contractual terms of the security are not considered collectible, typically due to deterioration in the creditworthiness of the issuer. No impairment is recorded in connection with declines resulting from changes in interest rates to the extent the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Recognition of an impairment loss on equity securities is recorded in the consolidated statements of operations if a decline in fair value below the cost basis of an investment is considered other-than-temporary. The Group generally considers unrealized losses on equity securities to be other-than-temporary if the fair value has been below cost for more than six months or by more than 20%.

Recognition of an impairment loss for debt or equity securities establishes a new cost basis, which is not adjusted for subsequent recoveries.

Unrealized losses on available-for-sale securities are recognized in the consolidated statements of operations when a decision has been taken to sell a security.

Other investments

Other investments include equity method investments and non-marketable equity securities such as private equity, hedge funds, and restricted stock investments, certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee, and real estate held for investment.

Equity method investments are investments where the Group has the ability to significantly influence the operating and financial policies of an investee. Significant influence is typically characterized by ownership of 20% to 50% of the voting stock or in-substance common stock of a corporation or 5% or more of limited partnership interests. Equity method investments are accounted for according to the equity method of accounting or the fair value option. Under the equity method of accounting, the Group's share of the profit or loss, as well as any impairment losses on the investee, if applicable, are reported in other revenues. Under the fair value option, changes in fair value are reported in other revenues. The Group has elected the fair value basis of accounting on some of its equity method investments.

The Group's other non-marketable equity securities are carried at cost less other-than-temporary impairment or at fair value if elected under the fair value option. Non-marketable equity securities held by the Group's subsidiaries that are determined to be investment companies as defined by ASC Topic 946 – Financial Services – Investment Companies are carried at fair value, with changes in fair value recorded in other revenues.

Equity method investments and non-marketable equity securities held by broker-dealer entities as defined by ASC Topic 940 – Financial Services – Broker and Dealers are measured at fair value and reported in trading assets when the intent of the broker-dealer entity is to hold the asset temporarily for trading purposes. Changes in fair value are reported in trading revenues.

Real estate held for investment purposes is carried at cost less accumulated depreciation and is depreciated over its estimated useful life, generally 40 to 67 years. Land is carried at historical cost and is not depreciated.

In connection with the life finance business, the Group invests in single premium immediate annuities (SPIA), which are carried at fair value. The life finance business also invests in life settlement contracts.

Loans

Loans held-to-maturity

Loans which the Group intends to hold until maturity are carried at outstanding principal balances plus accrued interest, net of the following items: unamortized premiums, discounts on purchased loans, deferred loan origination fees and direct loan origination costs on originated loans. Interest income is accrued on the unpaid principal balance and net deferred premiums/discounts and fees/costs are amortized as an adjustment to the loan yield over the term of the related loans.

Allowance for loan losses on loans held-to-maturity

The allowance for loan losses is comprised of two components: probable credit losses inherent in the portfolio and those losses specifically identified. Changes in the allowance for loan losses are recorded in the consolidated statements of operations in provision for credit losses and in interest income (for provisions on past due interest).

Many factors can affect the Group's estimate of the allowance for loan losses, including volatility of default probabilities, rating migrations and estimated loss severity. The component of the allowance representing probable losses inherent in the portfolio is for loans not specifically identified as impaired which, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer portfolio involves applying historical loss experience, adjusted to reflect current market conditions, to homogenous loans based on risk rating and product type. To estimate this component of the allowance for commercial loans, the Group segregates loans by risk, industry or country rating. Excluded from this estimate process are consumer and commercial loans that have been specifically identified as impaired or are held at fair value. For lending-related commitments, a provision for losses is estimated based on historical loss and recovery experience and recorded in other liabilities. Changes in the estimate of losses for lending-related commitments are recorded in the consolidated statements of operations in provision for credit losses.

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

A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due except for subprime residential loans which are classified as non-performing no later than when the contractual payments of principal and/or interest are more than 120 days past due. Substantially all of our subprime residential mortgage loans are held for securitization. The additional 30 days ensure that these loans are not incorrectly assessed as non-performing during the time when servicing of them typically is being transferred. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due or, in the case of subprime residential loans, 120 days past due. For non-performing loans, for any accrued but unpaid interest at the date the loan is classified as non-performing, a provision is recorded in the amount of the accrual, resulting in a charge to the consolidated statements of operations. In addition, the Group continues to add accrued interest receivable to the loans balance for collection purposes; however, a provision is recorded resulting in no interest income recognition. On a

regular basis thereafter, the outstanding principal balance is evaluated for collectibility and a provision is established, as necessary.

A loan can be further downgraded to non-interest-earning when the collection of interest is considered so doubtful that further accrual of interest is deemed inappropriate. At that time, and on a regular basis thereafter, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectibility and additional provisions are established as required. Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Recoveries of loans previously written off are recorded based on the cash or estimated fair value of other amounts received.

The amortization of net loan fees or costs on impaired loans is generally discontinued during the periods in which matured and unpaid interest or principal is outstanding. On settlement of a loan, if the loan balance is not collected in full, an allowance is established for the uncollected amount, if necessary, and the loan is then written off, net of any deferred loan fees and costs.

Interest collected on non-performing loans and non-interest-earning loans is accounted for using the cash basis or the cost recovery method or a combination of both, as appropriate.

Generally, a non-performing loan may be restored to performing status only when delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain performance criteria are met.

Lease financing transactions where the Group is the lessor are classified as loans. Unearned income is amortized to interest and dividend income over the lease term using the effective interest method.

Loans held-for-sale

Loans, which the Group has the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Purchased impaired loans

Purchased loans for which it is probable at acquisition that all contractually required payments will not be received are recorded at their net purchase price and no allowances are carried over. The excess of the estimated cash flows to be collected over the amount paid is accreted into interest income over the estimated recovery period when reasonable estimates can be made about the timing and amount of recovery. The Group does not consider such loans to be impaired at the time of acquisition. Such loans are deemed impaired only if the Group's estimate of cash to be received decreases below the estimate at the time of acquisition. Increases in the estimated expected recovery is recorded as a reversal of allowances, if any, and then recognized as an adjustment of the effective yield of the loan.

Loans held at fair value under the fair value option

Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues. The application of the fair value option does not change the loan's classification. Loan commitments carried at fair value are recorded in other assets or other liabilities, respectively.

Premises and equipment

Premises are carried at cost less accumulated depreciation and are depreciated over their estimated useful lives, generally 40 to 67 years. Land is carried at historical cost and is not depreciated. Alterations and improvements to rented premises are depreciated over the shorter of the lease term or estimated useful life. Other tangible fixed assets such as computers, machinery, furnishings, vehicles and other equipment are depreciated using the straight-line

method over their estimated useful lives, generally three to five years.

The Group capitalizes costs relating to the acquisition, installation and development of software with a measurable economic benefit, but only if such costs are identifiable and can be reliably measured. The Group depreciates capitalized software costs on a straight-line basis over the estimated useful life of the software, generally not exceeding three years, taking into consideration the effects of obsolescence, technology, competition and other economic factors.

The Group reflects finance leasing activities for which it is the lessee by recording an asset in premises and equipment and a corresponding liability in other liabilities at an amount equal to the smaller of the present value of the minimum lease payments or fair value, and the leased asset is depreciated over the shorter of the asset's estimated useful life or the lease term.

Goodwill and other intangible assets

Goodwill arises on the acquisition of subsidiaries and equity method investments. It is measured as the excess of the fair value of the consideration transferred, the fair value of any noncontrolling interest in the acquiree and the fair value of any previously held equity interest in the acquired subsidiary, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized, rather it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill is allocated to the Group's reporting units for the purposes of the impairment test.

Other intangible assets may be acquired individually or as part of a group of assets assumed in a business combination. Other intangible assets include but are not limited to: patents, licenses, copyrights, trademarks, branch networks, mortgage servicing rights, customer base and deposit relationships. Acquired intangible assets are initially measured at the amount of cash disbursed or the fair value of other assets distributed. Other intangible assets that have a finite useful life are amortized over that period. Other intangible assets acquired after January 1, 2002, that are determined to have an indefinite useful life, are not amortized. Mortgage servicing rights are included in non-amortizing other intangible assets and are carried at fair value, with changes in fair value recognized through earnings in the period in which they occur. Mortgage servicing rights represent the right to perform specified mortgage servicing activities on behalf of third parties. Mortgage servicing rights are either purchased from third parties or retained upon sale of acquired or originated loans.

Recognition of impairment losses on tangible fixed assets and other intangible assets

The Group evaluates premises and equipment and other intangible assets for impairment losses at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the asset is considered not to be recoverable, an impairment loss is recorded in general and administrative expenses to the extent the fair value of the asset is less than its carrying amount. Recognition of an impairment loss on such assets establishes a new cost base, which is not adjusted for subsequent recoveries in value.

Income taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities at the dates of the consolidated balance sheets and their respective tax bases. Deferred tax assets and liabilities are computed using currently enacted tax rates and are recorded in other assets and other liabilities, respectively. Income tax expense or benefit is recorded in income tax expense/(benefit), except to the extent the change relates to transactions recorded directly in total shareholders' equity.

Deferred tax assets are reduced by a valuation allowance, if necessary, to the amount that management believes will more likely than not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are approved by the relevant authority. Deferred tax assets and liabilities are presented on a net basis for the same tax-paying component within the same tax jurisdiction.

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Group determines whether it is more likely than not that an income tax position will be sustained upon examination based on technical merits of the position. Sustainable income tax positions are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each such sustainable income tax position is measured at the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

Life settlement contracts

Life settlement contracts are initially recognized at the transaction price and subsequently carried at fair value unless the Group elects to apply the investment method. The contracts that are not accounted for under the investment method are carried at fair value and are recorded in trading assets.

Under the investment method, the contracts are initially recognized at the transaction price plus any directly related external costs and are recorded in other investments. Subsequently, all continuing premium payments made are capitalized unless the aggregated carrying value exceeds fair value in which case an impairment allowance is established so that the carrying value does not exceed fair value.

Other assets

Derivative instruments used for hedging

Derivative instruments are carried at fair value. The fair values of derivative instruments held for hedging are included as other assets or other liabilities in the consolidated balance sheets. The accounting treatment used for changes in fair value of hedging derivatives depends on the designation of the derivative as either a fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation. Changes in fair value representing hedge ineffectiveness are reported in trading revenues.

Long-term debt

Total long-term debt is comprised of debt issuances which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives, which are issued as part of the Group's structured product activities. Long-term debt includes both Swiss franc and foreign currency denominated fixed and variable rate bonds.

The Group actively manages the interest rate risk on vanilla debt through the use of derivative contracts, primarily interest rate and currency swaps, in particular, fixed rate debt is hedged with receive-fixed, pay-floating interest rate swaps. The Group elected to fair value this fixed rate debt upon implementation of the fair value option on January 1, 2007, with changes in fair value recognized as a component of trading revenues. The Group did not elect to apply the fair value option to fixed-rate debt issued by the Group since January 1, 2008 and instead applies hedge accounting per the guidance of ASC Topic 815 – Derivatives and Hedging.

The Group's long-term debt also includes various equity-linked and other indexed instruments with embedded derivative features, whose payments and redemption values are linked to commodities, stocks, indices, currencies or other assets. The Group elected to account for substantially all of these instruments at fair value. Changes in the fair

value of these instruments are recognized as a component of trading revenues.

Other liabilities

Guarantees

In cases where the Group acts as a guarantor, the Group recognizes in other liabilities, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing such a guarantee, including its ongoing obligation to perform over the term of the guarantee in the event that certain events or conditions occur.

Pensions and other post-retirement benefits

The Group uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other postretirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimates by Group management. Among others, assumptions have to be made with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Group's own historical trends for health care costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Group's defined benefit postretirement and pension plans are recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs or credits are amortized to net periodic pension and other post-retirement cost on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Group records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Share-based compensation

For all share-based awards granted to employees and existing awards modified on or after January 1, 2005, compensation expense is measured at grant date or modification date based on the fair value of the number of awards for which the requisite service is expected to be rendered and is recognized in the consolidated statements of operations over the required service period on a straight-line basis. For all outstanding unvested share-based awards as of January 1, 2005, compensation expense is measured based on the original grant date fair value of the award and is

recognized over the remaining requisite service period of each award on a straight-line basis.

The Group uses the tax law ordering approach to determine the portion of the total tax expense that relates to windfall tax benefits that are to be recorded in additional paid-in capital. In addition, it elected to use the practical transition option in determining the amount of windfall tax benefits recorded in additional paid-in capital arising on awards that were fully vested prior to January 1, 2005.

Compensation costs for share-based awards with only a service condition that affects vesting and that are subject to graded vesting are recognized on a straight-line basis over the service period for the entire award. Further, recognition of compensation costs is accelerated to the date an employee becomes eligible for retirement. For awards granted to retirement-eligible employees prior to January 1, 2005, the Group's policy is to record compensation cost over the requisite service period.

Certain share-based awards also contain a performance condition, where the number of shares the employee is to receive is dependant on the performance (e.g. net income or return on equity (ROE)) of the Group or a division of the Group. If the employee is also required to provide the service stipulated in the award terms, the amount of compensation cost attributed to the incremental additional units expected to be received at vesting due to this performance condition is estimated on the grant date and subsequent changes in this estimate are recorded in the consolidated statements of operations over the remaining service period.

Certain employees own non-substantive equity interests in the form of carried interests in private equity funds managed by the Group. Expenses recognized under these ownership interests are reflected in the consolidated statements of operations in compensation and benefits.

The Group has certain option plans outstanding, primarily related to 1999 and prior years, which include a cash settlement feature. For those plans, liability award accounting is applied until settlement of the awards.

Own shares, own bonds and financial instruments on own shares

The Group may buy and sell own shares, own bonds and financial instruments on own shares within its normal trading and market-making activities. In addition, the Group may hold its own shares to satisfy commitments arising from employee share-based compensation awards. Own shares are recorded at cost and reported as treasury shares, resulting in a reduction to total shareholders' equity. Financial instruments on own shares are recorded as assets or liabilities or as equity when the criteria for equity classification are met. Dividends received on own shares and unrealized and realized gains and losses on own shares classified in total shareholders' equity are excluded from the consolidated statements of operations.

Net interest income

Interest income and interest expense arising from interest-bearing assets and liabilities other than those carried at fair value or the lower of cost or market (LOCOM) are accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset and liability. Interest from debt securities and dividends on equity securities carried as trading assets and trading liabilities are recorded in interest and dividend income. For further information on interest on loans, refer to the section Loans.

Commissions and fees

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectibility is reasonably assured. Fee income can be divided into two broad categories: income earned from services that are provided over a certain period of time, for which customers are generally billed on an annual or semi-annual basis, and income earned from providing transaction-type services. Fees earned from services that are provided over a certain period of time are recognized ratably over the service period. Fees earned from providing transaction-type services are recognized when the service has been completed. Performance-linked fees or fee components are recognized at any contractual measurement date when the contractually agreed thresholds are met.

Revenues from underwriting and fees from mergers and acquisitions and other corporate finance advisory services are recorded at the time the underlying transactions are substantially completed and there are no other contingencies associated with the fees.

Transaction-related expenses are deferred until the related revenue is recognized assuming they are deemed direct and incremental; otherwise, they are expensed as incurred.

In circumstances where the Group contracts to provide multiple products, services or rights to a counterparty, an evaluation is made as to whether separate revenue recognition events have occurred. This evaluation considers the stand-alone value of items already delivered, the verifiability of the fair value of items not yet delivered and, if there is a right of return or warranties on delivered items and services, the probability of delivery of remaining undelivered items or services. This evaluation is made on a transaction by transaction basis.

If the criteria noted are met, then the transaction is considered a multiple-deliverable arrangement where revenue recognition is determined separately for each deliverable. The consideration received on the total arrangement is allocated to the multiple deliverables based on the relative fair value of each deliverable.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis.

2 Recently issued accounting standards

FASB establishes Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (FASB) established the FASB Accounting Standards Codification (Codification) as the single authoritative source of US GAAP. The Codification became effective July 1, 2009 and supersedes all existing non-SEC accounting and reporting standards. Under the Codification, the FASB will not issue new accounting standards in the form of Standards, FASB Staff Positions or Emerging Issues Task Force Abstracts. The FASB will instead issue Accounting Standards Updates (ASU) which will serve to update the Codification, provide background information about the guidance and provide the basis for conclusions on changes to the Codification. United States (US) Securities and Exchange Commission (SEC) rules and interpretive releases remain in force for SEC registrants.

The Codification is not intended to change US GAAP, but it will change the manner in which authoritative accounting guidance is organized, presented and referenced. These financial statements include references only to the Codification topics.

Recently adopted accounting standards

ASC Topic 260 – Earnings Per Share

In June 2008, the FASB provided guidance for when certain instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in computing earnings per share under

the two class method.

The Group adopted the guidance as of January 1, 2009. All prior-period earnings per share data presented has been adjusted retrospectively to conform with the guidance.

ASC Topic 320 – Investments – Debt and Equity Securities

In April 2009, the FASB updated accounting guidance regarding recognition and presentation of other-than-temporary impairments. The update amends the other-than-temporary impairment guidance in US GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements.

The guidance was effective for interim and annual reporting periods ending after June 15, 2009. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows. For further information, refer to Note 15 – Investment securities.

In April 2009, the SEC issued Staff Accounting Bulletin (SAB) No. 111, "Miscellaneous Accounting – Other Than Temporary Impairment of Certain Investments in Equity Securities" (SAB 111). SAB 111 addresses the guidance provided in the ASU regarding other-than-temporary impairments and retains the SEC staff's views as to whether an impairment of an equity security is other-than-temporary.

SAB 111 was effective for interim and annual reporting periods ending after June 15, 2009. The adoption of SAB 111 did not have a material impact on the Group's financial condition, results of operations or cash flows.

ASC Topic 325 – Investments – Other

In January 2009, the FASB amended guidance regarding impairments to achieve a more consistent determination of whether an other-than-temporary impairment has occurred for beneficial interests purchased or held by a transferor in securitized financial assets. The update also retains and emphasizes the objective of an other-than-temporary impairment assessment and the related disclosure requirements in Topic 320 – Investments – Debt and Equity Securities and other related guidance.

The Group adopted the guidance on December 31, 2008. The adoption of the guidance did not have an impact on the Group's financial condition, results of operations or cash flows.

ASC Topic 715 – Compensation – Retirement Benefits

In December 2008, the FASB expanded the disclosure requirements regarding the plan assets of a defined benefit pension or other postretirement plan. The additional disclosures required by the update for each annual period include:

- (i) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- (ii) the major categories of plan assets;
- (iii) the inputs and valuation techniques used to measure the fair value of plan assets;
- (iv) the effect of fair value measurements using significant unobservable inputs (level 3) on changes in plan assets for the period; and
- (v) significant concentrations of risk within plan assets.

The disclosure requirements of the guidance are required for fiscal years ending after December 15, 2009.

The guidance mandates additional disclosures and, as such, did not have an impact on the Group's financial position, results of operations or cash flows. For further information, refer to Note 28 – Pension and other post-retirement benefits.

In September 2006, the FASB issued guidance to require an employer to:

- (i) recognize in the statement of financial condition the funded status of a defined benefit plan on a prospective basis;
- (ii) recognize as a component of other comprehensive income, net of tax, the actuarial gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to US GAAP. Amounts recognized in AOCI, including actuarial gains or losses, prior service costs or credits and transition asset or obligation remaining from initial application, are to be adjusted as they are subsequently recognized as a component of net periodic benefit cost;
- (iii) measure the defined benefit plan assets and obligations at the date of the employer's fiscal year-end statement of financial condition; and
- (iv) disclose in the notes to the financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits and transition asset or obligation.

The guidance recognition provisions associated with the funded status of a defined benefit plan were effective as of the end of the fiscal year ending after December 15, 2006. The provision to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial condition was effective for fiscal years ending after December 15, 2008, with early adoption permitted.

The cumulative effect after tax of the Group adopting the measurement provisions of the guidance as of December 31, 2008 was a decrease in retained earnings of CHF 33 million, an increase in AOCI of CHF 15 million and a decrease in consolidated net assets of CHF 18 million.

ASC Topic 718 – Compensation – Stock compensation

In December 2007, the SEC issued SAB No. 110, "Share-Based Payment" (SAB 110). SAB 110 expresses the view of the staff regarding the use of a simplified method, as discussed in SAB No. 107, "Share-Based Payment" (SAB 107), in developing an estimate of the expected term of 'plain vanilla' share options in accordance with US GAAP. When SAB 107 was issued, the staff indicated that it would not expect a company to use the simplified method for share option grants after December 31, 2007. As the staff now understands that detailed information about employee exercise behavior may not be widely available by December 31, 2007, the staff will continue to accept, under certain circumstances, the use of the simplified method beyond December 31, 2007.

The Group adopted SAB 110 on January 1, 2008. The adoption of SAB 110 did not have a material impact on the Group's financial condition, results of operations or cash flows.

In June 2007, the FASB issued guidance regarding share-based payment arrangements where employees receive dividend on awards during the vesting period. The guidance confirmed that a realized income tax benefit from dividends or dividend equivalents that are charged to retained earnings and are paid to employees for equity classified non-vested equity shares, non-vested equity share units and outstanding equity share options should be recognized as an increase to additional paid-in capital. The amount recognized in additional paid-in capital for the realized income tax benefit from dividends in those awards should be included in the pool of excess tax benefits available to absorb tax deficiencies on employee share-based payment awards.

The guidance was effective prospectively to income tax benefits that result from dividends on equity classified employee share-based payment awards that are declared in fiscal years beginning after September 15, 2007. Early application was permitted for the income tax benefits of dividends on equity-classified share-based payment awards that were declared in periods for which financial statements had not yet been issued. The Group early adopted the guidance for the accounting period ended December 31, 2007 and recognized CHF 13 million of tax benefits in respect of tax on dividend equivalent payments.

ASC Topic 740 – Income Taxes

In July 2006, the FASB issued guidance to address the accounting for uncertainty in income tax positions by prescribing a consistent recognition threshold and measurement attribute for income tax positions taken or expected to be taken in an income tax return. The update also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The guidance requires a two-step process in evaluating income tax positions. In the first step, an enterprise determines whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions meeting the more-likely-than-not recognition threshold are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each income tax position is measured at the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

The provisions of the guidance were effective for fiscal years beginning after December 15, 2006. The adoption of the guidance as of January 1, 2007, resulted in a decrease in opening retained earnings of CHF 13 million. For further information on uncertainty in income tax positions, refer to Note 25 – Tax.

ASC Topic 805 – Business Combinations

In April 2009, the FASB issued guidance to address application issues raised by preparers, auditors and members of the legal profession on initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination.

The guidance was effective for assets and liabilities arising from contingencies in business combinations from January 1, 2009. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

In December 2007, the FASB updated accounting guidance regarding business combinations to require an acquiring entity to recognize all assets acquired, liabilities assumed and any noncontrolling interest in the acquiree at their fair values at the acquisition date.

The guidance also requires substantial new disclosures and will change the accounting treatment for the recognition of acquisition costs, restructuring costs and in-process research and development as well as the recognition and subsequent measurement of acquired contingent liabilities.

The Group has applied the guidance prospectively to business combinations that occurred after January 1, 2009 and there was no impact arising from the exception for income taxes that was applicable to business combinations consummated prior to January 1, 2009.

ASC Topic 810 – Consolidation

In January 2010, the FASB issued ASU 2010-02, "Accounting and Reporting for Decreases in Ownership of a Subsidiary – a Scope Clarification", (ASU 2010-02). ASU 2010-02 provides amendments to Subtopic 810-10 to clarify the scope of the decrease in ownership provisions. The amendment also clarifies the transactions to which the decrease in ownership guidance in Subtopic 810-10 does not apply. ASU 2010-02 also expands the disclosure about the deconsolidation of a subsidiary or derecognition of a group of assets within Subtopic 810-10.

The Group adopted the provisions of ASU 2010-02 retrospectively to January 1, 2009. The adoption of the guidance did not have an impact on the Group's financial condition, results of operations or cash flows.

In December 2007, the FASB issued guidance to establish accounting and reporting standards for a noncontrolling interest in a subsidiary and for deconsolidation of a subsidiary.

The guidance requires the recognition of a noncontrolling interest as equity in the consolidated financial statements separate from the parent's equity. In addition, net income attributable to the noncontrolling interest must be included in consolidated net income on the face of the income statement. The guidance clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. The guidance has additional disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners.

The Group adopted the presentation and transaction guidance of the ASU as of January 1, 2009.

ASC Topic 815 – Derivatives and Hedging

In September 2008, the FASB issued guidance to require sellers of credit derivatives to disclose information about credit derivatives, hybrid instruments that have embedded credit derivatives and guarantees. These disclosures include the nature and term of the credit derivative, the maximum potential future payments the seller could be required to make under the credit derivative, the fair value of the credit derivative and the nature of any recourse provisions that would enable the seller to recover from third parties any amounts paid under the credit derivative. For a guarantee, the disclosure should include the status of the payment and performance risk of the instrument.

The Group adopted the disclosure requirements of the guidance on December 31, 2008. For further information, refer to Note 29 – Derivatives and hedging activities.

In June 2008, the FASB issued guidance to require an entity to evaluate whether an equity-linked financial instrument is indexed to its own stock using a two step approach. The first step requires entities to evaluate the instrument's contingent exercise provisions, if any. The second step requires entities to evaluate the instrument's settlement provisions.

The Group adopted the guidance as of January 1, 2009. Adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

In March 2008, the FASB amended and expanded the disclosure requirements for derivative instruments and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: i) how and why an entity uses derivative instruments; ii) how derivative instruments and related hedge items are accounted for under the Codification; and iii) how derivative instruments and related hedge items affect an entity's financial position, financial performance and cash flows.

The ASU requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value gains and losses on derivative instruments and credit-risk-related contingent features in derivative agreements.

The ASU encourages but does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In years after initial adoption, the ASU requires comparative disclosures only for periods subsequent to initial adoption. The ASU mandates additional disclosures and, as such, will not impact the Group's financial position, results of operations or cash flows.

The Group adopted the ASU as of January 1, 2009. For further information, refer to Note 29 – Derivatives and hedging activities.

In November 2007, the SEC issued SAB No. 109, “Written Loan Commitments Recorded at Fair Value Through Earnings” (SAB 109). SAB 109 provides guidance that the expected net future cash flows related to the associated servicing of the loan should be included in the measurement of all written loan commitments that are accounted at fair value through earnings.

SAB 109 also retains the staff view that internally-developed intangible assets should not be recorded as part of the fair value of a derivative loan commitment and broadens this view to all written loan commitments that are accounted for at fair value through earnings.

The guidance of SAB 109 is effective on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The adoption of SAB 109 as of January 1, 2008, did not have a material impact on the Group’s financial condition, results of operation or cash flows.

In April 2007, the FASB issued guidance to permit a reporting entity that is a party to a master netting agreement to offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments that have been offset under the same master netting agreement.

The guidance was effective for fiscal years beginning after November 15, 2007. The guidance was required to be applied retrospectively for all financial statements presented unless it was impracticable to do so. As part of the Group’s implementation procedures for adopting the guidance, it determined that adopting the guidance retrospectively was impracticable as it would require undue time and effort. Based on this, the Group adopted the guidance on a prospective basis. The adoption of the guidance as of January 1, 2008, did not have a material impact on the Group’s financial condition, results of operation or cash flows. For further information on the impact of offsetting cash collateral against derivative instruments, refer to Note 14 – Trading assets and liabilities.

ASC Topic 820 – Fair Value Measurements and Disclosures

In September 2009, the FASB issued ASU 2009-12, “Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)” (ASU 2009-12), an update to Topic 820 – Fair Value Measurements and Disclosures. ASU 2009-12 is applicable to an investment that has the attributes defined by ASC Topic 946, Financial Services – Investment Companies, but does not have a readily determinable fair value. For those investments that are within its scope, ASU 2009-12 permits, as a practical expedient, an entity to measure the fair value of an investment using net asset value (NAV) per share of the investment and also requires additional disclosures about the attributes of such investments.

ASU 2009-12 was effective for periods ending after December 15, 2009. The adoption of ASU 2009-12 did not have a material impact on the Group’s financial condition, results of operations, cash flows or net classification within the fair value hierarchy. For further information related to the disclosure requirements of ASU 2009-12, refer to Note 32 – Financial Instruments.

In August 2009, the FASB issued ASU 2009-05, “Measuring Liabilities at Fair Value” (ASU 2009-05), an update to Topic 820 – Fair Value Measurements and Disclosures. ASU 2009-05 provides clarification on how a liability is to be measured when a quoted price in an active market for an identical liability is not available. In addition, ASU 2009-5 provides clarification that a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of a liability.

ASU 2009-05 is effective for the first reporting period beginning after issuance, however early application is permitted. The adoption of ASU 2009-05 on October 1, 2009 did not have a material impact on the Group’s financial

condition, results of operations or cash flows.

In April 2009, the FASB provided additional guidance regarding the determination of fair value when the volume and level of activity for an asset or liability have significantly decreased and for identifying transactions that are not orderly. The ASU has additional disclosure requirements.

The guidance was effective prospectively for interim and annual reporting periods ending after June 15, 2009. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

In October 2008, the FASB issued guidance to clarify the application of Topic 820 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active.

The guidance was effective upon issuance, including prior periods for which financial statements had not been issued. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

In February 2007, the FASB issued guidance to create an alternative measurement treatment for certain financial assets and financial liabilities that permits fair value to be used for initial and subsequent measurement with relevant changes in fair value recognized in earnings. The availability of this alternative measurement treatment is referred to as the fair value option. The guidance also provides for additional financial statement presentation and disclosures relating to the alternative measurement treatment.

The Group adopted the guidance on January 1, 2007. As a result of adoption and election of certain existing instruments under the fair value option, the Group reported a decrease in opening retained earnings of CHF 1,003 million, net of tax. For further information on fair values, refer to Note 32 – Financial instruments.

In September 2006, the FASB issued guidance to establish a single authoritative definition of fair value, to set out a framework for measuring fair value, and to require additional disclosures for instruments carried at fair value. The guidance applies only to fair value measurements which are already required or permitted by other accounting standards. It eliminates the guidance which prohibits the recognition of gains or losses at the inception of derivative transactions whose fair value is estimated based upon unobservable market data. The guidance also eliminates the use of blockage factors on instruments that are quoted in active markets by brokers, dealers and investment companies that have been applying ASC Topic 940 – Financial Services – Broker and Dealers and ASC Topic 946 – Financial Services – Investment Companies. The guidance also requires the Group to consider its own credit spreads when measuring the fair value of liabilities.

The Group adopted the provisions of the guidance on January 1, 2007. As a result of this adoption, the Group reported an increase in opening retained earnings of CHF 187 million, net of tax. For further information on fair values, refer to Note 32 – Financial instruments.

ASC Topic 825 – Financial Instruments

In April 2009, the FASB issued guidance to require disclosures for publicly traded companies about fair value of financial instruments for interim reporting periods as well as in annual financial statements.

The guidance was effective for interim reporting periods ending after June 15, 2009. The guidance mandates additional disclosures and, as such, did not impact the Group's financial position, results of operations or cash flows.

ASC Topic 855 – Subsequent Events

In February 2010, the FASB issued ASU 2010-09, "Amendments to Certain Recognition and Disclosure Requirements" (ASU 2010-09), an update to Topic 855 – Subsequent Events. ASU 2010-09 provides amendments as follows:

- (i) an entity that either (a) is an SEC filer or (b) is a conduit bond obligor for conduit debt securities that are traded in a public market is required to evaluate subsequent events through the date that the financial statements are issued;
- (ii) an entity that is an SEC filer is not required to disclose the date through which subsequent events have been evaluated; and
- (iii) the scope of the reissuance disclosure requirements is refined to include revised financial statements only.

ASU 2010-09 was effective upon issuance. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

In May 2009, the FASB updated accounting guidance regarding subsequent events. The update provides additional guidance on:

- (i) the period after the balance sheet date during which management of a reporting entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements;
- (ii) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements; and
- (iii) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date.

The guidance was effective prospectively for interim and annual reporting periods ending after June 15, 2009. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

ASC Topic 860 – Transfers and Servicing

In December 2008, the FASB issued guidance to require public entities to provide additional disclosures about transfers of financial assets and their involvement with VIEs.

The Group adopted the disclosure requirements of the guidance on December 31, 2008. For further information, refer to Note 31 – Transfers of financial assets and variable interest entities.

In February 2008, the FASB issued guidance regarding a repurchasing financing, which is a repurchase agreement that relates to a previously transferred financial asset between the same counterparties that is entered into contemporaneously with, or in contemplation of, the initial transfer. The guidance mandates that a transferor and transferee shall not separately account for a transfer of a financial asset and a related repurchase financing unless the two transactions have a valid and distinct business or economic purpose for being entered into separately and the repurchase financing does not result in the initial transferor regaining control over the financial asset. The guidance establishes a presumption that an initial transfer and a repurchase financing are linked unless certain criteria are met. If the criteria are not met, the initial transfer is not accounted for as a sale by the transferor and the repurchase financing is accounted for as a forward contract.

The Group applied the guidance to all prospective transactions as of January 1, 2009. The adoption of the guidance did not have a material impact on the Group's financial condition, results of operations or cash flows.

Standards to be adopted in future periods

ASC Topic 860 – Transfer and Servicing

In December 2009, the FASB issued ASU 2009-16, “Accounting for Transfer of Financial Assets” (ASU 2009-16). ASU 2009-16 was issued to update the Codification for the June 2009 issued Statement of Financial Accounting Standards (SFAS) No. 166, “Accounting for Transfer of Financial Assets – an amendment of FASB Statement No. 140”, which previously had not been incorporated into the Codification. ASU 2009-16 requires additional disclosures about the transfer of financial assets, including securitization transactions, and continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a “qualifying special-purpose entity”. ASU 2009-16 also changes the requirements for derecognizing financial assets.

ASU 2009-16 is effective for annual periods that begin after November 15, 2009 (January 1, 2010 for the Group) and for interim and annual reporting periods thereafter. As this standard applies to prospective transactions entered into after the effective date and generally relates to whether transactions will be recognized as sales or secured financings for accounting purposes but will not change the economics of the underlying transactions, the Group does not believe that its financial condition, results of operations and cash flows will be materially impacted by the adoption of ASU 2009-16.

ASC Topic 810 – Consolidation

In February 2010, the FASB issued ASU 2010-10, “Amendments for Certain Investment Funds” (ASU 2010-10), an update to Topic 810 – Consolidation. The amendments to the consolidation requirements of Topic 810 resulting from the issuance of SFAS No. 167, “Amendments to FASB Interpretation No. 46(R)” (SFAS 167) are deferred for a reporting entity’s interest in an entity (1) that has all the attributes of an investment company or (2) for which it is industry practice to apply investment company accounting. The deferral does not apply in situations in which a reporting entity has the explicit or implicit obligation to fund losses of an entity that could potentially be significant to the entity. The deferral also does not apply to interests in securitization entities, asset-backed financing entities, or entities formerly considered qualified special purpose entities (QSPEs). An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIEs in Subtopic 810-10 (before the SFAS 167 amendments) or other applicable consolidation guidance, such as the guidance for the consolidation of partnerships in Subtopic 810-20. The amendments in ASU 2010-10 do not defer the disclosure requirements in the SFAS 167 amendments to Topic 810.

ASU 2010-10 is effective for annual reporting periods that begin after November 15, 2009 (January 1, 2010 for the Group) and for interim and annual reporting periods thereafter. The impact of adopting ASU 2010-10 on January 1, 2010 is included in the impacts reported below regarding the adoption of ASU 2009-17.

In December 2009, the FASB issued ASU 2009-17, “Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities” (ASU 2009-17). ASU 2009-17 was issued to update the Codification for the June 2009 issued standard SFAS 167. ASU 2009-17 changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. Under this standard, the determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity’s purpose and design and the reporting entity’s ability to direct the activities of the other entity that most significantly impact the other entity’s economic performance.

ASU 2009-17 is effective for annual reporting periods that begin after November 15, 2009 (January 1, 2010 for the Group) and for interim and annual reporting periods thereafter.

The adoption of ASU 2009-17 on January 1, 2010 resulted in an increase in assets of CHF 15 billion to our opening consolidated balance sheet and a reduction in opening retained earnings of approximately CHF 2 billion. The consolidation of these entities did not have an impact on tier 1 capital or risk-weighted assets.

Upon consolidation, transactions between the Group and the formerly unconsolidated entities became intercompany transactions and are eliminated.

ASC Topic 815 – Derivatives and Hedging

In March 2010, the FASB issued ASU 2010-11, “Scope Exception Related to Embedded Credit Derivatives” (ASU 2010-11), an update to Topic 815 – Derivatives and Hedging. ASU 2010-11 provides clarification on the scope exception in Topic 815 to clarify the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Only one form of embedded credit derivative qualifies for the exemption and it relates only to the subordination of one financial instrument to another.

ASU 2010-11 is effective for the first fiscal quarter beginning after June 15, 2010 with early adoption permitted. The adoption of ASU 2010-11 is not expected to have a material impact on the Group’s financial condition, results of operations or cash flows.

ASC Topic 820 – Fair Value Measurements and Disclosures

In January 2010, the FASB issued ASU 2010-06, “Improving Disclosures about Fair Value Measurements” (ASU 2010-06), an update to Topic 820 – Fair Value Measurements and Disclosures. ASU 2010-06 requires both new and clarifies existing fair value measurement disclosures. The new requirements include disclosure of transfers in and out of level 1 and 2 and gross presentation of purchases, sales, issuances, and settlements in the reconciliation of beginning and ending balances of level 3 instruments. The clarifications required by ASU 2010-06 include the level of disaggregation in the fair value hierarchy and level 3 reconciliation of assets and liabilities by class of financial instrument. In addition, the reporting entity should expand its disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements included in levels 2 and 3 of the fair value hierarchy.

The new disclosures and clarifications are effective for interim and annual periods beginning after December 15, 2009, except the disclosures about purchases, sales, issuances, and settlements in reconciliation of beginning and ending balances of level 3 instruments, which are effective for fiscal years beginning after December 15, 2010. ASU 2010-06 is an update only for disclosures and as such will not impact the Group’s financial position, results of operations or cash flows.

3 Business developments

The Group’s significant divestitures and acquisitions for the years ended December 31, 2009, 2008 and 2007, respectively, as well as the Group’s significant shareholders are discussed below.

Divestitures

In 2009, the Group completed the sale of part of its traditional investment strategies business in Asset Management to Aberdeen Asset Management (Aberdeen) announced on December 31, 2008. For further information refer to Note 4 – Discontinued operations.

Acquisitions

There were no significant acquisitions in 2009.

In 2008, the Group acquired over 80% of Asset Management Finance LLC (AMF) for USD 384 million (CHF 423 million) in newly issued Credit Suisse Group AG shares (Group shares). AMF provides capital to asset managers in exchange for a passive non-voting, limited-term interest in a manager’s future revenues.

In 2007, the Group completed its acquisition of a majority interest in Hedging-Griffo, a leading asset management and private banking company in Brazil, for CHF 421 million. The Group expects to acquire the remaining interests over a period of five years. In addition, the Group acquired Lime Financial Services, a wholesale nonprime residential lender based in Lake Oswego, Oregon.

Significant shareholders

In connection with the Group's raising of tier 1 capital from a small group of investors announced on October 16, 2008, Qatar Holding LLC, a company controlled by the Qatar Investment Authority, reported on October 22, 2008 that it holds 99.8 million shares, or 8.9%, of the registered shares in Credit Suisse Group AG. No further notification from Qatar Holding LLC has been received in 2009.

Through disclosure notification on September 30, 2009, Crescent Holding GmbH, a company controlled by the Olayan Group, reported that it increased its holdings to 78.4 million shares, or 6.6%, of the registered shares in Credit Suisse Group AG on September 25, 2009.

4 Discontinued operations

On December 31, 2008 the Group signed an agreement to sell part of its traditional investment strategies business in Asset Management to Aberdeen. The transaction was completed in stages with the final closing on July 1, 2009. The gain on disposal in 2009 represented gains from the deconsolidation of subsidiaries and primarily included valuation gains of CHF 228 million on the Aberdeen shares received and the effect of a decrease in net assets transferred to Aberdeen. The loss on disposal in 2008 included a charge on allocated goodwill of CHF 577 million. In return for the sale of these businesses, the Group acquired 240 million shares in Aberdeen, representing a total interest of 23.9%. Prior to this transaction, Aberdeen was an unrelated party to the Group.

The results of operations of the business sold have been reflected in income/(loss) from discontinued operations in the consolidated statements of operations for all periods presented. The assets and liabilities of the business sold have been presented as assets of discontinued operations held-for-sale and liabilities of discontinued operations held-for-sale, respectively, in the consolidated balance sheet beginning in the fourth quarter of 2008. Assets and liabilities are reclassified as held-for-sale in the period in which the disposal determination is made, and prior periods are not reclassified.

Income/(loss) from discontinued operations

in	2009	2008	2007
Income/(loss) from discontinued operations (CHF million)			
Net revenues	56	346	413
Total expenses	(167)	(393)	(405)
Income/(loss) from discontinued operations before taxes	(111)	(47)	8
Gain/(loss) on disposal	261 ¹	(463)	0
Income tax expense/(benefit)	(19)	21	2
Income/(loss) from discontinued operations, net of tax	169	(531)	6

¹ Represents net gains/(losses) from the deconsolidation of subsidiaries. The Group did not retain any investment in the former subsidiaries.

5 Segment information

The Group is a global financial services company domiciled in Switzerland. The Group's business consists of three segments: Private Banking, Investment Banking and Asset Management. The three segments are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT.

The segment information reflects the Group's reportable segments as follows:

- Private Banking offers comprehensive advice and a broad range of wealth management solutions, including pension planning, life insurance products, tax planning and wealth and inheritance advice, which are tailored to the needs of >>high-net-worth and >>ultra-high-net-worth individuals worldwide. In Switzerland, it supplies banking products and services to individual clients, including affluent, high-net-worth and ultra-high-net-worth clients, and corporates and institutions.
- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, M&A advice, divestitures, corporate sales, restructuring and investment research.
- Asset Management offers integrated investment solutions and services to institutions, governments and private clients. It provides access to a wide range of investment classes, building on its global strengths in alternative investments and traditional investment strategies.

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

Noncontrolling interest-related revenues and expenses resulting from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest (SEI) in such revenues and expenses are reported as noncontrolling interests without SEI. The consolidation of these entities does not affect net income as the amounts recorded in net revenues and total operating expenses are offset by corresponding amounts reported as noncontrolling interests. In addition, our tax expense is not affected by these revenues and expenses.

Revenue sharing and cost allocation

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

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

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

Funding

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The Group centrally manages its funding activities. New securities for funding and capital purposes are issued primarily by Credit Suisse AG, the Swiss bank subsidiary of the Group (the Bank). The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

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

Taxes

The Group's segments are managed and reported on a pre-tax basis.

Net revenues and income/(loss) from continuing operations before taxes

in	2009	2008	2007
Net revenues (CHF million)			
Private Banking	11,662	12,907	13,522
Investment Banking	20,537	(1,971)	18,584
Asset Management	1,842	632	2,390
Corporate Center	(424)	294	43
Noncontrolling interests without significant economic interest	(323)	(2,594)	4,782
Net revenues	33,294	9,268	39,321
Income/(loss) from continuing operations before taxes (CHF million)			
Private Banking	3,651	3,850	5,486
Investment Banking	6,845	(13,792)	3,496
Asset Management	35	(1,185)	350
Corporate Center	(1,948)	(1,036)	(192)
Noncontrolling interests without significant economic interest	(506)	(2,739)	4,600
Income/(loss) from continuing operations before taxes	8,077	(14,902)	13,740

Total assets

end of	2009	2008
Total assets (CHF million)		
Private Banking	345,488	374,771
Investment Banking	819,081	976,713
Asset Management	19,289	21,580
Corporate Center	(161,826)	(217,147)
Noncontrolling interests without significant economic interest	9,395	14,433
Total assets	1,031,427	1,170,350

Net revenues and income/(loss) from continuing operations before taxes by geographic location

in	2009	2008	2007
Net revenues (CHF million)			
Switzerland	10,383	12,869	11,656
EMEA	6,641	(3,774)	10,594
Americas	13,876	(751)	14,565
Asia Pacific	2,394	924	2,506
Net revenues	33,294	9,268	39,321
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	2,383	5,387	4,166
EMEA	649	(10,137)	3,646
Americas	5,234	(8,307)	5,975
Asia Pacific	(189)	(1,845)	(47)
Income/(loss) from continuing operations before taxes	8,077	(14,902)	13,740

The designation of net revenues and income/(loss) from continuing operations before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Group is managed.

Total assets by geographic location

end of	2009	2008
Total assets (CHF million)		
Switzerland	178,026	177,712
EMEA	271,640	329,072
Americas	495,950	581,432

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Asia Pacific	85,811	82,134
Total assets	1,031,427	1,170,350

The designation of total assets by region is based upon customer domicile.

6 Net interest income in	2009	2008	2007
Net interest income (CHF million)			
Loans	6,275	8,989	9,007
Investment securities	243	639	743
Trading assets	13,333	18,213	22,974
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	3,079	13,533	22,471
Other	2,358	6,565	7,355
Interest and dividend income	25,288	47,939	62,550
Deposits	(2,970)	(10,365)	(15,931)
Short-term borrowings	(248)	(498)	(971)
Trading liabilities	(7,362)	(8,516)	(8,665)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(2,261)	(12,521)	(21,132)
Long-term debt	(5,031)	(4,920)	(4,736)
Other	(525)	(2,583)	(2,673)
Interest expense	(18,397)	(39,403)	(54,108)
Net interest income	6,891	8,536	8,442

7 Commissions and fees in	2009	2008	2007
Commissions and fees (CHF million)			
Lending business	1,048	815	2,054
Investment and portfolio management	4,289	5,263	5,821
Other securities business	136	215	231
Fiduciary business	4,425	5,478	6,052
Underwriting	2,375	1,049	1,810
Brokerage	4,102	4,925	5,848
Underwriting and brokerage	6,477	5,974	7,658
Other services	1,800	2,545	3,165
Commissions and fees	13,750	14,812	18,929

8 Other revenues			
in	2009	2008	2007
Other revenues (CHF million)			
Noncontrolling interests without significant economic interest	(523)	(2,750)	4,674
Loans held-for-sale	(287)	(269)	(638)
Long-lived assets held-for-sale	24	56	59
Equity method investments	120	(82)	196
Other investments	549	(1,540)	1,049
Other	619	385	464
Other revenues	502	(4,200)	5,804
9 Provision for credit losses			
in	2009	2008	2007
Provision for credit losses (CHF million)			
Provision for loan losses	315	585	40
Provision for lending-related and other exposures	191	228	200
Provision for credit losses	506	813	240
10 Compensation and benefits			
in	2009	2008	2007
Compensation and benefits (CHF million)			
Salaries and variable compensation	13,412	11,683	14,400
Social security	1,015	771	859
Other	586	800	839
Compensation and benefits	15,013	13,254	16,098
11 General and administrative expenses			
in	2009	2008	2007
General and administrative expenses (CHF million)			
Occupancy expenses	1,190	1,156	1,156
IT, machinery, etc.	1,230	1,215	1,117
Provisions and losses	1,457	955	113
Travel and entertainment	448	583	618
Professional services	1,835	2,140	2,348
Goodwill impairment	0	82	0
Amortization and impairment of other intangible assets	49	121	36

Other	1,492	1,557	1,445
General and administrative expenses	7,701	7,809	6,833
12 Earnings per share in	2009	2008	2007
Net income/(loss) attributable to shareholders (CHF million)			
Income/(loss) from continuing operations	6,555	(7,687)	7,754
Income/(loss) from discontinued operations, net of tax	169	(531)	6
Net income/(loss) attributable to shareholders	6,724	(8,218)	7,760
Preferred securities dividends	(131)	(60)	0
Net income/(loss) attributable to shareholders for basic earnings per share	6,593	(8,278)	7,760
Available for common shares	6,204	(8,459)	7,388
Available for unvested share-based payment awards ¹	389	181	372
Net income/(loss) attributable to shareholders for diluted earnings per share	6,593	(8,278)	7,760
Available for common shares	6,214	(8,459)	7,399
Available for unvested share-based payment awards ¹	379	181	361
Weighted-average shares outstanding (million)			
Weighted-average shares outstanding for basic earnings per share available for common shares	1,174.2	1,056.6	1,044.6
Dilutive share options and warrants	6.3	0.0	10.4
Dilutive share awards	29.5	0.0	35.9
Weighted-average shares outstanding for diluted earnings per share available for common shares ²	1,210.0	1,056.6₃	1,090.9
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	73.9	75.7	53.7
Basic earnings per share available for common shares (CHF)			
Basic earnings/(loss) per share from continuing operations	5.14	(7.51)	7.06

Basic earnings/(loss) per share from discontinued operations	0.14	(0.50)	0.01
Basic earnings/(loss) per share available for common shares	5.28	(8.01)	7.07
Diluted earnings per share available for common shares (CHF)			
Diluted earnings/(loss) per share from continuing operations	5.01	(7.51)	6.77
Diluted earnings/(loss) per share from discontinued operations	0.13	(0.50)	0.01
Diluted earnings/(loss) per share available for common shares	5.14	(8.01)	6.78

1 Losses are not allocated to unvested share-based payment awards. 2 Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 57.3 million, 66.8 million and 31.2 million for 2009, 2008 and 2007, respectively. 3 Due to the net loss in 2008, 6.9 million weighted-average share options and warrants outstanding and 22.1 million weighted-average share awards outstanding, were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

13 Securities borrowed, lent and subject to repurchase agreements end of	2009	2008
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	120,951	158,873
Deposits paid for securities borrowed	88,548	110,155
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	209,499	269,028
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	163,615	211,196
Deposits received for securities lent	28,072	32,174
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	191,687	243,370

Repurchase and reverse repurchase agreements represent collateralized financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or

unspecified period of time.

In the event of counterparty default, the repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. In the Group's normal course of business, substantially all of the collateral received that may be sold or repledged has been sold or repledged as of December 31, 2009 and 2008.

14 Trading assets and liabilities end of	2009	2008
Trading assets (CHF million)		
Debt securities	159,415	153,259
Equity securities ¹	100,531	73,145
Derivative instruments ²	55,131	105,275
Other	17,161	11,099
Trading assets	332,238	342,778
Trading liabilities (CHF million)		
Short positions	76,946	60,016
Derivative instruments ²	56,535	94,449
Trading liabilities	133,481	154,465

1 Including convertible bonds. 2 Amounts shown net of cash collateral receivables and payables.

Cash collateral receivables and payables

end of	2009	2008
Cash collateral receivables (CHF million)		
Receivables netted against derivative positions	32,231	51,737
Receivables not netted ¹	16,025	16,994
Total	48,256	68,731
Cash collateral payables (CHF million)		
Payables netted against derivative positions	28,808	36,176
Payables not netted ¹	18,905	27,699
Total	47,713	63,875

1 Recorded as cash collateral on derivative instruments in Note 21 - Other assets and other liabilities.

15 Investment securities end of	2009	2008
Investment securities (CHF million)		
Debt securities held-to-maturity	439	804
Securities available-for-sale	10,793	13,019

	11,232			13,823
Total investment securities				
Investment securities by type				
	Amortized	Gross	Gross	Fair
end of	cost	unrealized	unrealized	value
		gains	losses	
2009 (CHF million)				
Debt securities issued by foreign governments	410	0	0	410
Other debt securities	29	0	0	29
Debt securities held-to-maturity	439	0	0	439
Debt securities issued by the Swiss federal, cantonal or local governmental entities	291	14	0	305
Debt securities issued by foreign governments	8,718	277	2	8,993
Corporate debt securities	975	21	7	989
Collateralized debt obligations	321	19	0	340
Other debt securities	59	0	0	59
Debt securities available-for-sale	10,364	331	9	10,686
Banks, trust and insurance companies	84	9	0	93
Industry and all other	13	1	0	14
Equity securities available-for-sale	97	10	0	107
Securities available-for-sale	10,461	341	9	10,793
2008 (CHF million)				
Debt securities issued by foreign governments	775	0	0	775
Other	29	0	1	28
Debt securities held-to-maturity	804	0	1	803
Debt securities issued by the Swiss federal, cantonal or local governmental entities	331	13	0	344
Debt securities issued by foreign governments	10,839	103	40	10,902
Corporate debt securities	1,398	7	30	1,375
Other	288	9	0	297
Debt securities available-for-sale	12,856	132	70	12,918
Equity securities available-for-sale	98	3	0	101
Securities available-for-sale	12,954	135	70	13,019

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2009 (CHF million)						
Debt securities issued by foreign governments	203	1	29	1	232	2
Corporate debt securities	0	0	138	7	138	7
Debt securities available-for-sale	203	1	167	8	370	9
2008 (CHF million)						
Debt securities held-to-maturity	28	1	0	0	28	1
Debt securities issued by foreign governments	0	0	5,090	40	5,090	40
Corporate debt securities	145	6	215	24	360	30
Debt securities available-for-sale	145	6	5,305	64	5,450	70

Management determined that the unrealized losses on debt securities are primarily attributable to general market interest rate, credit spread or exchange rate movements. No significant impairment charges were recorded as the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	Debt securities			Equity securities		
	2009	2008	2007	2009	2008	2007
Additional information (CHF million)						
Proceeds from sales	723	2	2,878	168	53	26
Realized gains	17	3	24	22	0	8
Realized losses	(14)	0	(7)	(1)	0	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities held-to-maturity			Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)	Amortized cost	Fair value	Average yield (in %)
2009 (CHF million)						
Due within 1 year	439	439	0.46	1,950	1,962	2.51

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Due from 1 to 5 years	0	0	–	6,574	6,820	3.31
Due from 5 to 10 years	0	0	–	1,659	1,714	3.33
Due after 10 years	0	0	–	181	190	4.30
Total debt securities	439	439	0.46	10,364	10,686	3.18

16 Other investments
end of

2009 2008

Other investments (CHF million)

Equity method investments	3,679	2,787
Non-marketable equity securities ¹	17,795	21,778
Real estate held for investment	420	445
Life finance instruments ²	2,099	1,992
Total other investments	23,993	27,002

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee. ² Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities held by subsidiaries that are considered investment companies are held by separate legal entities that are within the scope of ASC Topic 946 – Financial Services – Investment Companies. In addition, non-marketable equity securities held by subsidiaries that are considered broker-dealer entities are held by separate legal entities that are within the scope of ASC Topic 940 – Financial Services – Broker and Dealers. Non-marketable equity securities include investments in entities that regularly calculate NAV per share or its equivalent. For further information on such investments, refer to Note 32 – Financial instruments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Group performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired properties were written down to their respective fair values, establishing new cost bases. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. In 2009 and 2007, no impairment charges were recorded. Impairment charges of CHF 22 million were recorded in 2008.

The accumulated depreciation related to real estate held for investment amounted to CHF 375 million, CHF 368 million and CHF 367 million for 2009, 2008 and 2007, respectively.

17 Loans
end of

2009 2008

Loans (CHF million)

Banks	95	1
Commercial	43,893	44,370
Consumer	89,045	86,911
Public authorities	1,036	1,092
Lease financings	2,620	2,532

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Switzerland	136,689	134,906
Banks	7,836	8,440
Commercial	69,036	70,384
Consumer	19,765	20,116
Public authorities	4,161	2,319
Lease financings	1,113	1,298
Foreign	101,911	102,557
Gross loans	238,600	237,463
Net (unearned income)/deferred expenses	(25)	(27)
Allowance for loan losses	(1,395)	(1,639)
Net loans	237,180	235,797
Impaired loan portfolio (CHF million)		
Gross impaired loans	2,297	2,725
of which loans with a specific allowance	1,946	2,533
of which loans without a specific allowance	351	192

Allowance for loan losses

in	2009	2008	2007
Allowance for loan losses (CHF million)			
Balance at beginning of period	1,639	1,234	1,484
Change in accounting	0	0	(61) ¹
Net movements recognized in statements of operations	315	585	40
Gross write-offs	(674)	(230)	(295)
Recoveries	63	89	93
Net write-offs	(611)	(141)	(202)
Provisions for interest	43	19	1
Foreign currency translation impact and other adjustments, net	9	(58)	(28)
Balance at end of period	1,395	1,639	1,234
of which a specific loan loss allowance	984	1,167	850
of which an inherent loan loss allowance	411	472	384

1 Related to the adoption of the fair value option.

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As of December 31, 2009 and 2008, the Group did not have any material commitments to lend additional funds to debtors whose loan terms have been modified in troubled debt restructurings.

Additional loan information

in / end of	2009	2008	2007
Additional loan information (CHF million)			
Average balance of impaired loans	2,319	2,467	1,909
Interest income recognized	32	12	29
Interest income recognized on a cash basis	32	12	29
Net gains/(losses) on the sale of loans	(287)	(269)	(638)
Total non-performing and non-interest-earning loans	1,633	1,912	1,350

18 Premises and equipment
end of

	2009	2008
Premises and equipment (CHF million)		
Buildings and improvements	3,766	3,830
Land	867	860
Leasehold improvements	1,920	1,874
Software	3,233	2,592
Equipment	3,216	3,056
Premises and equipment	13,002	12,212
Accumulated depreciation	(6,566)	(5,862)
Total premises and equipment, net	6,436	6,350

The depreciation expenses for 2009, 2008 and 2007 were CHF 1,019 million, CHF 871 million and CHF 856 million, respectively. The carrying value of the Group's premises and equipment is tested for impairment on a regular basis. This revaluation process identifies premises and equipment to be written down to their fair values, establishing a new cost base. In 2009 and 2008, impairment charges of CHF 45 million and CHF 100 million, respectively, were recorded. The impairment charges in 2008 included CHF 92 million on software and were primarily in connection with the accelerated implementation of the Group's strategic plan. No significant impairment charges were recorded in 2007.

19 Goodwill and other intangible assets
Goodwill

end of 2009	Private Banking	Investment Banking	Asset Manage- ment	Credit Suisse Group
Gross amount of goodwill (CHF million)				
Balance at beginning of period	765	7,054	1,593	9,412
Foreign currency translation impact	24	(129)	(10)	(115)

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Other	0	0	52 ₁	52
Balance at end of period	789	6,925	1,635	9,349
Accumulated impairment losses (CHF million)				
Balance at beginning of period	0	82	0	82
Balance at end of period	0	82	0	82
Net book value (CHF million)				
Net book value	789	6,843	1,635	9,267

1 Final purchase price adjustment in connection with the acquisition of AMF in 2008.

	Private Banking	Investment Banking	Asset Manage- ment	Credit Suisse Group
end of 2008				
Gross amount of goodwill (CHF million)				
Balance at beginning of period	975	7,465	2,442	10,882
Goodwill acquired during the year	1	15	76	92
Discontinued operations	0	0	(577)	(577)
Foreign currency translation impact	(126)	(391)	(258)	(775)
Other	(85)	(35)	(90)	(210)
Balance at end of period	765	7,054	1,593	9,412
Accumulated impairment losses (CHF million)				
Balance at beginning of period	0	0	0	0
Impairment losses	0	82	0	82
Balance at end of period	0	82	0	82
Net book value (CHF million)				
Net book value	765	6,972	1,593	9,330

In accordance with US GAAP, the Group continually assesses whether or not there has been a triggering event. As of December 31, 2009 and 2008, the Group's market capitalization was above book value.

In estimating the fair value of its reporting units the Group applied a market approach where consideration is given to price to projected earning multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries.

In determining the estimated fair value, the Group relied upon its three-year strategic business plan which included significant management assumptions and estimates based on its view of current and future economic conditions.

The Group determined that the fair value of its reporting units substantially exceeded their carrying values, and concluded that no impairment of its remaining goodwill was necessary as of December 31, 2009 and 2008.

As a result of acquisitions, the Group has recorded goodwill as an asset in its consolidated balance sheets, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. During 2009, there were no acquisitions that generated goodwill upon consolidation. During 2008, the Group completed several acquisitions that generated goodwill upon consolidation. The most significant was the acquisition of over 80% of

AMF for USD 384 million (CHF 423 million) of newly issued Group shares.

In 2008, the Group recorded CHF 82 million of goodwill impairment charges, which are recorded in Corporate Center. The impairment charges were in connection with the accelerated implementation of its strategy and its decision to exit its non-integrated mortgage origination businesses in Investment Banking.

In 2008, the Group recorded a charge on the allocated goodwill of CHF 577 million, which is included in discontinued operations. The charge was in connection with its agreement to sell part of its traditional investment strategies business. For further information, refer to Note 4 – Discontinued operations.

Goodwill was also negatively impacted by foreign exchange fluctuations in goodwill denominated in US dollars in both 2009 and 2008.

Other intangible assets

end of	2009			2008		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets (CHF million)						
Tradenames/trademarks	28	(22)	6	29	(22)	7
Client relationships	569	(314)	255	527	(266)	261
Other	108	(108)	0	109	(109)	0
Total amortizing other intangible assets	705	(444)	261	665	(397)	268
Non-amortizing other intangible assets	67	–	67	155	–	155
Total other intangible assets	772	(444)	328	820	(397)	423

As of December 31, 2009 and 2008, the fair value of mortgage servicing rights was CHF 30 million and CHF 113 million, respectively.

The aggregate amortization expenses for 2009, 2008 and 2007 were CHF 42 million, CHF 61 million and CHF 30 million, respectively. No significant impairment charges were recorded in 2009 and 2007. In 2008, the Group recorded an impairment charge of CHF 60 million as the carrying amount of certain client relationships in Asset Management and Private Banking exceeded the expected future cash flows. In connection with the Group's agreement to sell part of its traditional investment strategies business, CHF 17 million of non-amortizing intangible assets were reclassified to discontinued operations in 2008.

Estimated amortization expenses (CHF million)

2010	35
2011	33
2012	31

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2013	29
2014	28

20 Life settlement contracts

	within 1 year	within 1-2 years	within 2-3 years	within 3-4 years	within 4-5 years	Thereafter	Total
2009							
Fair value method ¹							
Number of contracts	493	909	451	933	1,720	4,312	8,818
Carrying value (CHF million)	49	33	25	37	106	581	831
Face value (CHF million)	23	41	39	55	263	3,813	4,234
Investment method							
Number of contracts	–	–	–	–	–	8	8
Carrying value (CHF million)	–	–	–	–	–	51	51
Face value (CHF million)	–	–	–	–	–	75	75
2008							
Fair value method ¹							
Number of contracts	350	322	898	386	762	5,725	8,443
Carrying value (CHF million)	18	16	38	20	44	998	1,134
Face value (CHF million)	19	16	43	25	65	5,102	5,270
Investment method							
Number of contracts	–	–	–	–	–	8	8
Carrying value (CHF million)	–	–	–	–	–	50	50
Face value (CHF million)	–	–	–	–	–	76	76

¹ Time bands reflect life expectancy.

On life settlement contracts accounted for under the fair value method in 2009, 2008 and 2007, a realized loss of CHF 39 million and realized gains of CHF 47 million and CHF 241 million, respectively, were recognized. On contracts that were held as of December 31, 2009 and 2008, unrealized losses of CHF 8 million and CHF 130 million, respectively, were recognized.

No life insurance premiums are anticipated to be paid for those contracts accounted for under the investment method as of December 31, 2009, for each of the next five years.

Central to the calculation of \geq fair value for life settlement contracts is the estimate of mortality rates. Individual mortality rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual-specific multipliers are determined based on data obtained from third-party life expectancy data providers, which examine insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

21 Other assets and other liabilities

end of	2009	2008
Other assets (CHF million)	16,025	16,994

Cash collateral on derivative instruments		
Cash collateral on non-derivative transactions	1,827	3,152
Derivative instruments used for hedging	2,022	3,345
Assets held-for-sale	14,570	23,330
of which loans	14,287	23,166
of which real estate	270	164
Interest and fees receivable	5,755	7,515
Deferred tax assets	9,137	10,627
Prepaid expenses	970	533
Failed purchases	172	2,045
Other	18,266	18,256
Other assets	68,744	85,797
Other liabilities (CHF million)		
Cash collateral on derivative instruments	18,905	27,699
Cash collateral on non-derivative transactions	29	1,333
Derivative instruments used for hedging	1,198	359
Provisions ¹	1,770	1,802
of which off-balance sheet risk	603	484
Interest and fees payable	7,028	9,629
Current tax liabilities	1,519	1,902
Deferred tax liabilities	318	857
Failed sales	9,258	9,251
Other	31,507	31,966
Other liabilities	71,532	84,798

¹ Includes provisions for bridge commitments.

As of December 31, 2009, the Group held CHF 14.3 billion of loans held-for-sale, including CHF 8.8 billion in restricted loans, which represented collateral on secured borrowings, and CHF 0.7 billion in loans held in trusts, which are consolidated as a result of failed sales under US GAAP.

22 Deposits

end of	2009			2008		
	Switzer-land	Foreign	Total	Switzer-land	Foreign	Total
Deposits (CHF million)						

Non-interest-bearing demand deposits	9,035	2,541	11,576	7,464	1,657	9,121
Interest-bearing demand deposits	89,862	19,965	109,827	55,990	21,282	77,272
Savings deposits	50,011	37	50,048	41,584	38	41,622
Time deposits	26,407	125,050	151,457	46,095	181,059	227,154
Total deposits	175,315	147,593	322,908	151,133	204,036	355,169
of which due to banks	–	–	36,214	–	–	58,183
of which customer deposits	–	–	286,694	–	–	296,986

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

As of December 31, 2009 and 2008, CHF 21 million and CHF 174 million, respectively, of overdrawn deposits were reclassified as loans. As of December 31, 2009 and 2008, the Group had CHF 150.9 billion and CHF 224.2 billion, respectively, of individual time deposits issued in Switzerland and in foreign offices in the Swiss franc equivalent amounts of USD 100,000 or more.

23 Long-term debt		
end of	2009	2008
Long-term debt (CHF million)		
Senior	134,806	125,081
Subordinated	24,559	25,633
Long-term debt	159,365	150,714
of which reported at fair value	74,513	79,456

Total long-term debt is comprised of debt issuances managed by Treasury which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives, which are issued as part of the Group's structured product activities. Long-term debt includes both Swiss franc and foreign exchange denominated fixed and variable rate bonds.

The interest rate ranges presented in the table below are based on the contractual terms of the Group's vanilla debt. Interest rate ranges for future coupon payments on structured products for which \geq fair value has been elected are not included in the table below as these coupons are dependent upon the embedded derivative and prevailing market conditions at the time each coupon is paid. In addition, the effects of derivatives used for hedging are not included in the interest rate ranges on the associated debt.

Long-term debt by maturities

end of	2010	2011	2012	2013	2014	Thereafter	Total
Parent company (CHF million)							
Senior debt							
Fixed rate	–	–	1,289	–	–	424	1,713
Variable rate	–	–	–	–	–	–	–
Interest rates (range in %) ¹	–	–	3.1	–	–	7.3	–
Subordinated debt							

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Fixed rate	1,295	594	158	–	–	2,698	4,745
Interest rates (range in %) ¹	6.6-8.3	6.3	3.2	–	–	3.6-8.5	–
Subtotal - Parent company	1,295	594	1,447	–	–	3,122	6,458
Subsidiaries (CHF million)							
Senior debt							
Fixed rate	8,496	11,363	10,217	14,421	8,146	17,946	70,589
Variable rate	16,419	11,917	11,138	8,006	4,191	10,833	62,504
Interest rates (range in %) ¹	0.5-6.4	0.5-7.0	0.8-11.5	0.5-8.5	1.4-6.1	0.4-8.8	–
Subordinated debt							
Fixed rate	1,070	611	124	1,234	158	15,773	18,970
Variable rate	–	–	–	–	–	844	844
Interest rates (range in %) ¹	2.2-8.3	4.3-6.9	6.9-7.1	6.6	5.1	1.0-11.0	–
Subtotal - Subsidiaries	25,985	23,891	21,479	23,661	12,495	45,396	152,907
Total long-term debt	27,280	24,485	22,926	23,661	12,495	48,518	159,365
of which structured notes	9,710	8,382	7,500	3,597	3,287	8,472	40,948

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

The Group maintains a shelf registration statement with the SEC, which allows it to issue, from time to time, senior and subordinated debt securities, trust preferred securities and warrants to purchase equity, debt or other securities. The shelf registration statement also allows the Group to guarantee securities issued by certain subsidiaries, on a senior and subordinated basis. The Group amended its shelf registration statement at the end of March 2007 to add the Bank as an issuer of non-convertible debt securities. For further information on the subsidiary guarantees, refer to Note 38 – Supplementary subsidiary guarantee information.

The Group maintains a euro medium-term note program that allows it, certain finance subsidiaries (guaranteed by the Group) and the Bank to issue senior and subordinated debt securities notes up to EUR 35 billion.

Credit Suisse Group Finance (Guernsey) Limited, a finance subsidiary of the Group, maintains a JPY 500 billion Samurai shelf registration statement that allows it to issue, from time to time, senior and subordinated debt securities, guaranteed by the Group.

There are no significant restrictions on the ability of the Group to obtain funds from its subsidiaries by dividends or loans.

24 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumu- lated other compre- hensive income
2009 (CHF million)						
Balance at beginning of period	(145)	(8,211)	63	(2,543)	(103)	(10,939)
Increase/(decrease)	30	(609)	62	(368)	30	(855)

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Increase due to equity method investments	87	0	0	0	0	87
Reclassification adjustments, included in net income	(13)	50	(15)	20	27	69
Balance at end of period	(41)	(8,770)	110	(2,891)	(46)	(11,638)
2008 (CHF million)						
Balance at beginning of period	(74)	(4,661)	116	(942)	(131)	(5,692)
Increase/(decrease)	(14)	(3,550)	(62)	(1,643)	(7)	(5,276)
Decrease due to equity method investments	(57)	0	0	0	0	(57)
Reclassification adjustments, included in net income	0	0	9	34	28	71
Cumulative effect of accounting changes, net of tax	0	0	0	8	7	15
Balance at end of period	(145)	(8,211)	63	(2,543)	(103)	(10,939)
2007 (CHF million)						
Balance at beginning of period	(42)	(2,878)	114	(2,110)	(117)	(5,033)
Increase/(decrease)	8	(1,783)	9	1,075	(39)	(730)
Decrease due to equity method investments	(41)	0	0	0	0	(41)
Reclassification adjustments, included in net income	(5)	0	(11)	93	25	102
Cumulative effect of accounting changes, net of tax	6	0	4	0	0	10
Balance at end of period	(74)	(4,661)	116	(942)	(131)	(5,692)

For income tax expense/(benefit) on the movements of accumulated other comprehensive income, refer to Note 25 - Tax and Note 28 - Pension and other post-retirement benefits.

25 Tax

Income/(loss) from continuing operations before taxes in Switzerland and foreign countries

in	2009	2008	2007
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	2,383	5,387	4,166
Foreign	5,694	(20,289)	9,574
Income/(loss) from continuing operations before taxes	8,077	(14,902)	13,740

Details of current and deferred taxes

in	2009	2008	2007
Current and deferred taxes (CHF million)			

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Switzerland	203	113	795
Foreign	757	226	1,529
Current income tax expense/(benefit)	960	339	2,324
Switzerland	87	(220)	204
Foreign	788	(4,715)	(1,280)
Deferred income tax expense/(benefit)	875	(4,935)	(1,076)
Income tax expense/(benefit)	1,835	(4,596)	1,248
Income tax expense/(benefit) on discontinued operations	(19)	21	2
Income tax expense/(benefit) reported in shareholders' equity related to:			
Gains/(losses) on cash flow hedges	0	1	1
Cumulative translation adjustment	(164)	(132)	(97)
Unrealized gains/(losses) on securities	16	(41)	4
Actuarial gains/(losses)	(116)	(461)	358
Net prior service credit/(cost)	15	7	(3)
Dividends	0	0	1
Cumulative effect of accounting changes	0	0	(288)
Share-based compensation and treasury shares	(176)	158	(42)

Reconciliation of taxes computed at the Swiss statutory rate

in	2009	2008	2007
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense/(benefit) computed at the statutory tax rate of 22%	1,777	(3,278)	3,023
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	882	(2,697)	(294)
Non-deductible amortization of other intangible assets and goodwill impairment	3	29	8
Other non-deductible expenses	540	273	375
Additional taxable income	71	226	296
Lower taxed income ¹	(694)	(1,770)	(1,130)
	313	1,000	(1,050)

Income taxable to noncontrolling interests

Changes in tax law and rates	3	3	31
Changes in deferred tax valuation allowance ²	(123)	1,756	690
Other ^{3,4}	(937)	(138)	(701)
Income tax expense/(benefit)	1,835	(4,596)	1,248

1 Included in 2008 was a tax benefit of CHF 588 million in respect of the Swiss tax effect of the valuation reduction in the investment in subsidiaries. 2008 also included a tax benefit of CHF 290 million in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank. 2 Included in 2009 was a tax benefit of CHF 567 million resulting from the release of valuation allowances on deferred tax assets for one of the Group's operating entities in the US. This benefit was partially offset by a net increase to the valuation allowance on deferred tax assets on net tax loss carry-forwards of CHF 433 million. In 2008 and 2007 there was a tax benefit of CHF 125 million and CHF 39 million, respectively, resulting from the release of valuation allowance on deferred tax assets on net tax loss carry-forwards, offset by additions. 3 Included in 2009 and 2008 are foreign exchange translation gains of CHF 460 million and foreign exchange translation losses of CHF 467 million, respectively, relating to deferred tax assets on tax loss carry-forwards recorded in UK entities. The foreign exchange movements arose due to tax loss carry-forwards denominated in British pounds, which differs from the functional currency of the reporting entities. UK tax law was enacted during 2009 which had the effect of removing these foreign exchange movements going forward. Included in 2009 and 2008 is an amount of CHF 156 million and CHF 163 million, respectively, relating to the release of tax contingency accruals following the favorable resolution of tax matters. 4 2009 included a tax benefit of CHF 91 million relating to the increase of deferred tax assets on net operating loss carry-forwards, which was offset by an equivalent increase of valuation allowance on deferred tax assets on net operating losses carried forward. 2008 and 2007 included a charge of CHF 25 million and CHF 11 million, respectively, relating to the reversal of deferred tax assets on net operating loss carry-forwards, which was offset by an equivalent release of valuation allowance on deferred tax assets on net operating loss carry-forwards. Included in 2007 is a CHF 512 million benefit related to previously unrecognized deferred tax assets due to changes in the assessment of certain US state and local tax positions.

As of December 31, 2009, the Group had accumulated undistributed earnings from foreign subsidiaries of CHF 7.0 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2009	2008
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,293	2,614

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Loans	660	1,583
Investment securities	39	30
Provisions	1,368	836
Derivatives	104	456
Real estate	200	136
Net operating loss carry-forwards	8,574	9,658
Other	103	102
Gross deferred tax assets before valuation allowance	13,341	15,415
Less valuation allowance	(2,799)	(2,976)
Gross deferred tax assets net of valuation allowance	10,542	12,439
Compensation and benefits	(144)	(47)
Loans	(9)	(10)
Investment securities	(294)	(1,272)
Business combinations	(650)	(469)
Derivatives	(263)	(447)
Leasing	(80)	(79)
Real estate	(80)	(77)
Other	(203)	(268)
Gross deferred tax liabilities	(1,723)	(2,669)
Net deferred tax assets	8,819	9,770

The most significant net deferred tax assets arise in the US and UK and these decreased from CHF 9,328 million as of the end of 2008 to CHF 8,438 million, net of a valuation allowance of CHF 1,097 million in respect of the deferred tax assets held in a US entity, as of the end of 2009. During 2009 and 2008, CHF 460 million of foreign exchange translation gains and CHF 467 million of foreign exchange translation losses, respectively, arose on deferred tax assets on tax loss carry-forwards recorded in UK entities. The foreign exchange movements arose due to tax loss carry-forwards denominated in British pounds, which differs from the functional currency of the reporting entities. UK tax law was enacted during 2009, which had the effect of removing these foreign exchange movements going forward.

Amounts and expiration dates of net operating loss carry-forwards

end of 2009	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	71
Due to expire within 2 to 5 years	244
Due to expire within 6 to 10 years	10,258
Due to expire within 11 to 20 years	8,908
Amount due to expire	19,481

Amount not due to expire	13,730
Total net operating loss carry-forwards	33,211

Movements in the valuation allowance

	2009	2008	2007
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	2,976	1,384	728
Discontinued operations	0	(13)	0
Net changes	(177)	1,605	656
Balance at end of period	2,799	2,976	1,384

The Group has concluded that, with one exception noted below, no valuation allowance is needed against the deferred tax assets of its major operating entities. As part of its normal practice, the Group has conducted a detailed evaluation of its expected future results. This evaluation is dependent on management estimates and assumptions in developing the expected future results, which are based on a strategic business planning process influenced by current economic conditions and assumptions of future economic conditions that are subject to change. This evaluation has taken into account both positive and negative evidence related to expected future taxable income, the Group's commitment to the integrated bank model and the importance of the Investment Banking segment within the integrated bank, as well as the changes in the Group's core businesses and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant deferred tax assets, such as the US and UK. The Group has then compared those expected future results with the applicable law governing utilization of deferred tax assets; US tax law allows for a 20 year carry-forward period for net operating losses and UK tax law allows for an unlimited carry-forward period for net operating losses. The Group has concluded, based on the above analysis, that a partial valuation allowance against deferred tax assets is appropriate for one of its operating entities in the US.

Tax benefits associated with share-based compensation

Tax benefits associated with share-based compensation recorded in the consolidated statements of operations were CHF 632 million, CHF 951 million and CHF 825 million in 2009, 2008 and 2007, respectively. For further information on share-based compensation, refer to Note 26 – Employee share-based compensation and other compensation benefits.

If, upon settlement of share-based compensation, the tax deduction exceeds the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the utilized tax benefit associated with any excess deduction is considered a "windfall" and recognized in shareholders' equity as additional paid-in capital and reflected as a financing cash inflow in the consolidated statements of cash flows. If, upon settlement the tax deduction is lower than the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the tax charge associated with the lower deduction is considered a "shortfall". Tax charges arising on shortfalls are recognized in shareholders' equity to the extent that any shortfalls are lower than the cumulative windfalls, otherwise the tax charge is recognized in the consolidated statements of operations. The Group realized windfall tax benefits of CHF 179 million and CHF 73 million in 2009 and 2007, respectively, and incurred a shortfall tax charge of CHF 93 million in 2008 upon settlement of share-based compensation. In 2009 and 2008, zero and CHF 16 million, respectively of tax benefits were recognized in respect of tax on dividend equivalent payments. However, windfall deductions and dividend equivalents aggregating CHF 0.3 billion and CHF 1.6 billion for 2009 and 2008, respectively, did not result

in a reduction of income taxes payable because certain entities were in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 131 million tax benefit will be recorded in additional paid-in capital.

Uncertain tax positions

US GAAP requires a two-step process in evaluating uncertain income tax positions. In the first step, an enterprise determines whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions meeting the more-likely-than-not recognition threshold are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each income tax position is measured at the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement.

Interest and penalties are reported as tax expense. The amount of interest and penalties recognized in the consolidated statements of operations was a benefit of CHF 15 million and charges of CHF 4 million and CHF 30 million for 2009, 2008 and 2007, respectively. The amount of interest and penalties recognized in the consolidated balance sheets was CHF 272 million and CHF 250 million as of the end of 2009 and 2008, respectively.

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

	2009	2008
Movements in gross unrecognized tax benefits (CHF million)		
Balance at beginning of period	1,177	1,385
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	17	63
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(198)	(206)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	17	75
Decreases in unrecognized tax benefits relating to settlements with tax authorities	(58)	(19)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(6)	(12)
Other (including foreign currency translation)	15	(109)
Balance at end of period	964	1,177

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was CHF 915 million and CHF 1,098 million on December 31, 2009 and December 31, 2008, respectively.

The Group is currently subject to ongoing tax audits and inquiries with the tax authorities in a number of jurisdictions, including the US, the UK and Switzerland. Although the timing of the completion of these audits is uncertain, it is reasonably possible that some of these audits and inquiries will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 240 million in unrecognized tax benefits within 12 months of the reporting date.

The Group remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2007; Japan – 2005; the US – 1999; and the UK –1999.

26 Employee share-based compensation and other compensation benefits

Payment of share-based compensation and other compensation benefits is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting share-based compensation and other compensation benefits is solely at the discretion of senior management. Variable compensation granted as part of a contractual obligation is typically used to compensate new senior employees in a single year for forfeited awards from previous employers upon joining the Group. It is the Group's policy not to make multi-year guarantees.

Compensation and benefits for a given year include salaries, benefits and variable compensation. Variable compensation reflects the performance-based and retention compensation for the current year, the expense from share-based and other deferred compensation from prior-year awards and mark-to-market adjustments on certain fully vested awards. The portion of the variable compensation for the current year deferred through share-based and other awards is expensed in future periods and subject to restrictive features such as continued employment with the Group, vesting, forfeiture and blocking rules.

Compensation expense in any year includes expenses for share-based and other awards granted in prior years (including grants in 2009 for performance in 2008), which are recognized over the terms of the awards. Recognition of expense in the consolidated statements of operations relating to awards granted in prior years is dependent primarily upon the vesting period, which is determined by the plan, retirement eligibility of employees, moratorium periods and certain other terms.

Total compensation expense for share-based compensation and other awards granted in 2009 and prior years recognized in compensation and benefits in the consolidated statements of operations was CHF 3,356 million (including CHF 629 million of Partner Asset Facility (PAF)), CHF 3,539 million (including CHF 457 million of PAF) and CHF 2,669 million for 2009, 2008 and 2007, respectively. As of December 31, 2009, the total estimated unrecognized compensation expense of CHF 1,875 million related to non-vested share-based compensation and other compensation benefits relating to awards granted in 2009 and prior years will be recognized over the remaining weighted-average requisite service period of 1.4 years.

The Group generally repurchases its own shares in the open market to satisfy obligations in connection with share-based compensation but it can also issue new shares out of available conditional capital. For 2009, 2008 and 2007, the Group delivered 39.1 million, 17.2 million and 22.1 million Group shares, respectively, to employees.

Share-based compensation

Fair value assumptions for share-based compensation

In estimating the fair value for share-based compensation, where an observable independent quoted market price is not available, the fair value is calculated on the grant date based on valuation techniques and/or option-pricing models that most accurately reflect the substantive characteristics of the instrument being valued. The underlying assumptions used in the models are determined based on management's assessment of the current market and historical information

available as of the date of grant that marketplace participants would likely use in determining an exchange price for the instruments.

The inputs for expected volatility and dividend yield used in estimating fair values are based upon the implied market volatility and dividend yield of traded options on Group shares, the historical volatility and dividend yield of the Group shares and other relevant factors that indicate how the future is expected to differ from the past. Beginning in 2009, the Group changed from a dividend yield assumption to a future dividend cash flow assumption based on market expectations. The expected risk-free interest rate is based on the current London Interbank Offered Rate (LIBOR) rate as of the date of grant that corresponds with the expected term of the award. LIBOR rates are used as a proxy for risk-free interest rates because zero-coupon government issues do not exist in Switzerland. The expected term represents the period of time that the awards are expected to be outstanding and is generally based on the contractual term of each instrument.

The following table illustrates the significant assumptions used to estimate the fair value of Incentive Share Units (ISUs), Performance Incentive Plan (PIP) awards, share awards and share options granted in 2009 and prior years based on the annual variable compensation process.

Significant fair value assumptions

	2009	2008	2007
Significant assumptions			
Expected volatility, in %	62.97	32.04	22.95
Expected dividend yield, in %	–	5.46	2.41
Expected dividend cash flows, in CHF			
2009	0.10	–	–
2010	0.60	–	–
2011	1.00	–	–
Expected risk-free interest rate, in %	1.24	2.45	2.63
Expected term, in years	3	3	3

Incentive Share Unit

ISUs have been the main form of share-based deferred variable compensation for all employees since 2006. For 2009, ISUs were used for the deferred variable compensation awards for employees up to and including vice presidents. An ISU is similar to a share, but offers additional upside depending on the development of the Group share price. For each ISU granted, the employee will receive at least one Group share (ISU base unit) over a three-year period and could receive additional shares (ISU leverage unit) at the end of the three-year period. The number of ISU leverage units to be converted to additional shares is calculated by multiplying the total number of ISU base units granted, less forfeitures, by a share price multiplier. The share price multiplier is determined based on the actual increase in the weighted-average monthly share price versus the share price at grant date. One third of the ISU base units vests at the first anniversary of the grant date, one third at the second anniversary of the grant date and one third at the third anniversary. The ISU leverage units vest only on the third anniversary of the grant date. Group shares are delivered shortly after the ISU base units and the ISU leverage units vest. ISUs include a two-year moratorium on early retirement, determined after the grant date.

On January 21, 2010, the Group granted 6.0 million ISUs with a total value of CHF 325 million. The fair value of the ISU base unit was CHF 50.30 and the fair value of the ISU leverage unit was CHF 13.45. The fair value of the ISU leverage unit was based on a valuation using an expected volatility of 33.5%, expected dividend cash flows for 2010, 2011 and 2012 of CHF 1.45, CHF 1.55 and CHF 1.65, respectively, an expected risk-free rate of 1.0% and an expected term of three years. For the ISUs granted in January 2010, the number of additional shares per ISU was capped at a maximum of three times the grant value, with the delivery of no more than five shares. The recognition of compensation expense for the ISUs granted in January 2010 began in 2010 and thus had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 360 million was determined based on the fair value of the award at the date of grant, taking into account management's best estimate on that date of the projected outcome of the increase in the Group's average share price and future forfeitures over the three-year vesting period. The estimated unrecognized compensation expense will be recognized over the three-year vesting period, subject to early retirement rules.

On January 21, 2009, January 22, 2008 and January 23, 2007, the Group granted 26.1 million, 46.4 million and 26.7 million ISUs, respectively. The fair value of the 2009, 2008 and 2007 ISU base units were CHF 23.70, CHF 54.90 and CHF 87.30, respectively, and the fair value of the 2009, 2008 and 2007 ISU leverage units were CHF 6.98, CHF 10.69 and CHF 20.85, respectively. For the ISUs granted in January 2009, the number of additional shares per ISU was capped at a maximum of three times the grant value, with a delivery of no more than five shares. For the ISUs granted in January 2008, the number of additional shares per ISU was limited to a maximum of ten shares. For the ISUs granted in January 2007, the total payout per ISU was subject to a cap of three times the value of a Group share at grant date.

The compensation expense recognized in 2009, 2008 and 2007 related to ISUs granted in 2009 and prior years was CHF 1,645 million, CHF 2,375 million and CHF 1,159 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2009 was CHF 799 million and will be recognized over the term of the award, subject to early retirement rules.

Incentive Share Unit activities

	2009	2008	2007
Number of awards (million)			
Balance at beginning of period	59.8	25.4	–
Granted ¹	26.4	47.1	27.2
Settled	(43.6)	(10.0)	(0.4)
Forfeited	(1.1)	(2.7)	(1.4)
Balance at end of period	41.5	59.8	25.4
of which vested	2.7	1.4	0.0
of which unvested	38.8	58.4	25.4

¹ Includes ISUs granted in January and through out the year.

Scaled Incentive Share Unit

The Scaled Incentive Share Unit (SISU) plan is a new share-based long-term incentive plan for managing directors and directors. SISUs were granted for the first time in January 2010 as part of 2009 variable compensation and comprised 50% of the deferred variable compensation awarded to managing directors and directors for 2009. SISUs are similar to ISUs except with four-year vesting and the leverage component contains an additional performance condition which could increase or decrease the number of any additional shares. The base component of the SISUs awarded on the grant date will vest equally over the four-year vesting period whereas the leverage component will only vest on the fourth anniversary of the grant date. The new performance condition links the final delivery of

additional shares to the Group average ROE and if the Group average ROE over the four-year period is higher than a pre-set target established at the date of grant, the number of additional shares calculated by reference to the average Group share price increase will be adjusted positively, and if it is below the target, the number of additional shares will be adjusted negatively, but not below zero. The final number of additional shares to be delivered at the end of the four-year period is therefore determined first on the basis of the Group share price development (share price multiplier) and then on the basis of the Group average ROE development (ROE multiplier). Group shares are delivered after the SISUs vest. SISUs include a two-year moratorium on early retirement, determined from the date of grant.

On January 21, 2010, the Group granted 21.1 million SISUs with a total value of CHF 1,188 million. The fair value of the SISU base unit was CHF 50.30 and the fair value of the SISU leverage unit was CHF 13.44. The fair value of the SISU leverage unit was based on a valuation using an expected volatility of 33.42%, expected dividend cash flows for 2010, 2011, 2012 and 2013 of CHF 1.45, CHF 1.55, CHF 1.65 and CHF 1.75, respectively, an expected risk-free rate of 1.26% and an expected term of four years. For the SISUs granted in January 2010, the number of additional shares per SISU was capped at a maximum of three times the grant value, with the delivery of no more than three shares, prior to the application of the scaling factor, which can be as high as up to 2.5. The recognition of compensation expense for the SISUs granted in January 2010 began in 2010 and thus had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 1,397 million was determined based on the fair value of the award at the date of grant, taking into account management's best estimate on that date of the projected outcome of the increase in the Group's average share price, the Group average ROE and future forfeitures over the four-year vesting period. The estimated unrecognized compensation expense will be recognized over the four-year vesting period, subject to early retirement rules.

Adjustable Performance Plan Awards

The Adjustable Performance Plan (APP) is a new cash-based plan for managing directors and directors. APP awards were granted for the first time in January 2010 as part of 2009 variable compensation and comprised 50% of the deferred variable compensation awarded to managing directors and directors. These awards are subject to a three-year, pro-rata vesting schedule, and the final value of the APP awards paid out to individual employees may be adjusted positively or negatively from the initial amount awarded on the grant date, and the value paid out each year for vested awards will reflect these adjustments as described below.

For revenue-generating employees in the divisions, outstanding APP awards can be adjusted positively or negatively depending on the financial performance of the specific business areas in which the employees work. The adjustments are determined on an annual basis by calculating the profit or loss before variable compensation expense and taxes (adjusted profit or adjusted loss) of the business area in which the employee worked at the time of grant and in consideration of the Group ROE. In the case of a business area adjusted profit and a positive Group ROE for the year, all outstanding APP awards will be positively adjusted using the Group ROE percentage for that year as a multiplier. In the case of a business area adjusted profit but a negative Group ROE for the year, there will be no adjustment to all outstanding APP awards. In the case of a business area adjusted loss during any of the three years in the vesting period, a negative adjustment will be applied to all outstanding APP awards, irrespective of the Group ROE.

For employees in Shared Services and other support functions, as well as for all Executive Board members, all outstanding APP awards are linked to the Group's adjusted profit or loss and the Group ROE, but are not dependent upon the adjusted profit or loss of the business areas that they support. Only an adjusted loss of the Group will trigger a negative adjustment of all outstanding APP awards. This link to Group performance is intended to ensure that the compensation of employees in support functions is not directly linked to the performance of the businesses they support.

On January 21, 2010, the Group granted APP awards with a total value of CHF 1,187 million. The recognition of compensation expense for the APP awards granted in January 2010 began in 2010 and thus had no impact on the 2009 consolidated financial statements. The estimated unrecognized compensation expense of CHF 1,621 million was

determined based on the fair value of the award at the date of grant, taking into account management's best estimate on that date of the projected outcome of the relevant business area performance, Group ROE and future forfeitures over the three-year vesting period. The estimated unrecognized compensation expense will be recognized over the three-year vesting period, subject to early retirement rules.

Performance Incentive Plan

As part of its annual variable compensation process for 2004 and 2005, the Group granted performance incentive plan share units (PIP units) during 2005 (PIP I) and 2006 (PIP II), respectively. PIP units are long-term retention incentive awards requiring continued employment with the Group, subject to restrictive covenants and cancellation provisions, and vest evenly over a five-year period. Each PIP unit will settle for a specified number of Group shares subsequent to the fifth anniversary of the grant date based on the achievement of: (i) earnings performance as compared to predefined targets (performance conditions); and (ii) Group share price performance compared to predefined targets and relative to peers (market conditions). The performance conditions will determine the multiplier, ranging between zero and three, for the final number of PIP units. The market conditions will determine the number of Group shares that each PIP unit will convert into at settlement. This will range between zero and three Group shares for PIP I and zero and two Group shares for PIP II. The PIP I units granted in 2005 will ultimately settle for between zero and nine Group shares and the PIP II units granted in 2006 will ultimately settle for between zero and six Group shares.

The achievement of the Group share price targets and relative share price performance for PIP I is measured based on the average Group share price over a three-month period prior to settlement and can result in the delivery of a minimum of zero shares at a Group share price below CHF 30 and a maximum of three shares at a Group share price of CHF 90 or higher. The achievement of the Group share price targets and the relative Group share price performance for PIP II is measured based on the average Group share price over a three-month period prior to settlement and can result in the delivery of a minimum of zero Group shares at a Group share price below CHF 47 and a maximum of two Group shares at a Group share price of CHF 160 or higher.

PIP II includes a two-year moratorium period for early retirement eligibility.

Compensation expense for employees who are eligible for retirement at the grant date, or who become eligible for retirement during the scheduled vesting period, is determined by taking the number of PIP units expected to vest, multiplied by their grant date fair value. The fair values of the PIP I and PIP II units granted to these employees were CHF 83.75 and CHF 145.36, respectively. These fair values were determined taking into account the estimated outcome of both the performance and market conditions, are fixed at the grant date and are not remeasured or adjusted subsequent to the grant date unless the terms and conditions of the award are modified.

Compensation expense for employees who do not become eligible for retirement during the scheduled vesting period is determined by taking the number of PIP units expected to vest, multiplied by both their grant date fair value and estimated outcome of the performance condition. The grant date fair values of the PIP I and PIP II units granted to these employees were CHF 51.70 and CHF 79.87, respectively. These fair values consider an estimated outcome for the market conditions, are fixed at the grant date and are not remeasured or adjusted subsequent to the grant date unless the terms and conditions of the award are modified. Management reassesses its estimate of the outcome of the performance conditions annually and adjusts compensation expense accordingly. Based on the estimated outcome of the performance conditions as of December 31, 2009, the compensation expense reflected a conversion of each initial PIP I and PIP II award into 1.98 and 1.17 units, respectively, at the end of the vesting period. For December 31, 2008, the compensation expense reflected a conversion of each initial PIP I and PIP II award into 1.86 and 1.52 units, respectively, at the end of the vesting period. For December 31, 2007, the compensation expense reflected a conversion of each initial PIP I and PIP II into 3.00 units. These estimates depend upon the market environment and the Group's financial performance over the remainder of the vesting periods and, therefore, management cannot predict whether the number of PIP units will be the maximum of three or a lesser amount.

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The compensation (income)/expense recognized in 2009, 2008 and 2007 related to PIP I and PIP II was CHF (22) million, CHF 114 million and CHF 451 million, respectively. The reversal of the accrued expense in 2009 reflected forfeitures. PIP I was fully expensed as of December 31, 2009. The estimated unrecognized compensation expense related to PIP II as of December 31, 2009 was CHF 7 million and will be recognized over a period of one year. None of the PIP units were due for settlement as of December 31, 2009. Settlement of the PIP I awards is due in April 2010.

Performance Incentive Plan activities

	2009		2008		2007	
	PIP II	PIP I	PIP II	PIP I	PIP II	PIP I
Number of awards (million)						
Balance at beginning of period	6.4	12.2	6.5	12.3	6.3	12.4
Granted	-	-	0.1	-	0.4	-
Settled	0.0	0.0	0.0	0.0	0.0	0.0
Forfeited	(0.2)	(0.3)	(0.2)	(0.1)	(0.2)	(0.1)
Balance at end of period	6.2	11.9	6.4	12.2	6.5	12.3
of which vested	4.5	10.2	3.4	8.3	1.7	5.6
of which unvested	1.7	1.7	3.0	3.9	4.8	6.7

Share awards

The Group's share-based compensation as part of the yearly discretionary variable compensation in prior years included four different types of share awards: phantom shares, blocked shares, longevity premium awards (LPA) and special awards. These share awards entitle the holder to receive one Group share subject to continued employment with the Group, restrictive covenants and cancellation provisions, and generally vest between zero and five years. In 2006, the Group introduced the ISU share-based plan described above to replace the PIP, phantom shares, blocked shares and LPA awards granted in prior years.

Phantom shares and blocked shares vest in three equal installments on each of the first, second and third anniversaries of the grant date and convert to Group shares within 120 days of vesting or are blocked for a period of one year after the shares vest, depending on the location of the grant recipient.

LPA vest in full on the third anniversary of the grant date and either convert to Group shares within 120 days of vesting or are blocked for a period of one year after the shares vest, depending on the location of the grant recipient.

Special awards are generally shares, which may be granted to new employees. These special awards may contain vesting conditions, depending on the terms of employment.

The compensation expense recognized in 2009, 2008 and 2007 related to shares awarded under phantom share, blocked shares, LPA and special awards was CHF 282 million, CHF 593 million and CHF 1,059 million, respectively. The estimated unrecognized compensation expense related to these awards as of December 31, 2009 was CHF 481 million and the majority thereof will be recognized over a period of five years.

Share award activities

2009		2008		2007	
Weighted- Number	average	Weighted- Number	average	Weighted- Number	average

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	of share awards in million	grant-date fair value in CHF	of share awards in million	grant-date fair value in CHF	of share awards in million	grant-date fair value in CHF
Share award activities						
Balance at beginning of period	20.8	61.83	28.8	67.20	50.9	60.65
Granted	8.3	40.37	8.6	46.97	4.8	81.00
Settled	(12.8)	69.07	(15.1)	61.57	(24.6)	56.81
Forfeited	(0.8)	53.33	(1.5)	82.82	(2.3)	62.32
Balance at end of period	15.5	45.67	20.8	61.83	28.8	67.20
of which vested	1.2	–	0.2	–	0.3	–
of which unvested	14.3	–	20.6	–	28.5	–

Share options

Options were a substantial component of the Group's share-based program prior to 2004. The Group discontinued the practice of issuing options and the majority of the original grants have since vested. Share options were granted with an exercise price equal to the market price of Group shares on the date of grant and expire after ten years.

Share options granted to employees entitle the holder to purchase one Group share at a stated exercise price subject to continued employment with the Group through the vesting period, restrictive covenants and cancellation provisions.

Share options granted as compensation awards generally vest on the grant date, whereas share options granted as retention incentive awards generally vest between one and five years.

There were no options granted during 2009, 2008 and 2007. As of December 31, 2009, the aggregate intrinsic value of options outstanding and exercisable was CHF 156 million and the weighted-average remaining contractual term was 1.8 years. As of the exercise date, the total intrinsic value of options exercised during 2009, 2008 and 2007 was CHF 10 million, CHF 7 million and CHF 318 million, respectively. Cash received from option exercises during 2009, 2008 and 2007 was CHF 30 million, CHF 17 million and CHF 350 million, respectively.

Share option activities

	2009		2008		2007	
	Number of share options in million	Weighted- average exercise price in CHF	Number of share options in million	Weighted- average exercise price in CHF	Number of share options in million	Weighted- average exercise price in CHF
Share options						
Balance at beginning of period	39.0	62.19	39.6	61.86	49.0	59.64
Exercised	(0.7)	40.80	(0.5)	37.97	(7.8)	47.50
Settled	(0.3)	68.36	0.0	0.00	(0.7)	60.19
Forfeited	0.0	70.95	0.0	0.00	(0.7)	75.31
Expired	(3.1)	52.05	(0.1)	41.99	(0.2)	35.52
Balance at end of period	34.9	63.49	39.0	62.19	39.6	61.86

Exercisable at end of period	34.8	63.49	37.9	61.56	38.2	61.12
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As of December 31, 2009, there were 1.6 million fully vested and exercisable options outstanding containing a cash settlement feature. These options had a weighted-average exercise price of CHF 74 and a weighted-average remaining contractual term of 0.2 years. During 2009, 0.3 million options with a cash settlement feature were settled and 0.6 million expired.

As of December 31, 2009, 2.5 million additional options expired.

Other compensation benefits

Partner Asset Facility

As part of the 2008 annual compensation process, the Group granted employees in Investment Banking with a corporate title of managing director or director the majority of the deferred portion of their variable compensation in the form of PAF awards, denominated in US dollars. The PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking.

The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool on December 31, 2008, and those assets will remain static throughout the contractual term of the award or until liquidated. The PAF holders will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool. As a result, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

The contractual term of the PAF award is eight years. 66.7% of the PAF awards were fully vested upon grant and attributed to services performed in 2008 and 33.3% of the PAF awards vested over the first three months of 2009. All PAF awards remain subject to non-compete/non-solicit provisions that expire in respect of one third of the awards on each of the three anniversaries of the grant date. Each PAF holder will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the date of grant, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market value of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less any related losses on the liquidation of the Asset Pool.

On January 21, 2009, the Group granted PAF awards to employees with a total notional value of CHF 686 million. The compensation expense recognized in 2009 related to PAF was CHF 629 million, including the vesting of the remaining 33.3% and the change in the underlying fair value of the awards during 2009. The compensation expense recognized in 2008 was CHF 457 million. There was no estimated unrecognized compensation expense as of December 31, 2009. In addition, compensation expense will be updated at each reporting period date to reflect any change in the underlying fair value of the PAF awards until the awards are finally settled.

Cash Retention Awards

For 2008, managing directors across all divisions, all directors in Investment Banking and, to the extent the cash component of variable compensation exceeded CHF 300,000, directors in Private Banking, Asset Management and Shared Services received deferred variable compensation in the form of Cash Retention Awards (CRA). These CRA payments, which were made in the first quarter of 2009, are subject to vesting ratably over a two-year period and other conditions, and any unvested CRA will have to be repaid if a triggering event, such as voluntary termination of

employment, occurs. Compensation expense relating to CRA in 2009 was CHF 822 million. There was no impact on the 2008 consolidated financial statements. The estimated unrecognized compensation expense as of December 31, 2009 was CHF 588 million and will be recognized over a period of one year.

Hedging of awards

The Group economically hedges its estimated obligation to deliver Group shares under its employee share-based compensation programs through a combination of purchasing treasury shares in the market and entering into third-party hedge instruments. Additionally, in very limited circumstances, the Group may use its approved conditional capital to obtain shares for delivery of its share-based awards. The Group periodically revises its estimate of the expected number of shares to be delivered and adjusts its hedges accordingly.

27 Related parties

Board and Executive Board Compensation

For information on compensation to members of the Board of Directors (Board) and the Executive Board, refer to Note 3 – Compensation to members of the Board of Directors and the Executive Board in VI – Parent company financial statements – Credit Suisse Group.

Loans to members of the Board of Directors and the Executive Board

in	2009	2008	2007
Loans to members of the Board (CHF million)			
Balance at beginning of period	24	25	32
Additions	11	1	0
Reductions	(10)	(2)	(7)
Balance at end of period	25	24	25
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	24	22	17
Additions	4	11	6
Reductions	(9)	(9)	(1)
Balance at end of period	19	24	22

A large majority of loans outstanding to members of the Board and the Executive Board are mortgages or loans against securities. Such loans are made to Board and Executive Board members on the same terms available to third-party customers or, in case of loans to members of the Executive Board, pursuant to widely available employee benefit plans.

Members of the Board are not granted employee conditions on any loans extended to them, but such loans are subject to conditions applied to customers with a comparable credit standing. Members of the Board who were previously employees of the Group may still have outstanding loans, which were extended to them at the time at employee conditions. In addition to the loans listed above, the Group or any of its banking subsidiaries have entered into financing and other banking agreements with companies in which current members of the Board have a significant influence as defined by the SEC. As of December 31, 2009, 2008 and 2007, the total exposure to such related parties amounted to CHF 50,000, CHF 6 million and CHF 8 million, respectively, including all advances and contingent

liabilities, and was in the ordinary course of business and granted at arm's length. The highest exposure to such related parties for any of the years in the three-year period ended December 31, 2009 did not exceed in aggregate CHF 10 million.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. Interest rates applied are based on refinancing costs plus a margin. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees. The number of individuals with outstanding loans at the beginning and at the end of the year was seven.

The Group, together with its subsidiaries, is a global financial services provider and has major corporate banking operations in Switzerland. The Group, therefore, typically has relationships with many large companies including those in which its Board members assume management functions or board member responsibilities. All relationships between the Group or its banking subsidiaries and members of the Board and their affiliated companies are in the ordinary course of business and at arm's length.

Liabilities due to own pension funds

Liabilities due to the Group's own pension funds as of December 31, 2009 and 2008 of CHF 1,485 million and CHF 1,484 million, respectively, are reflected in various liability accounts in the Group's consolidated balance sheets.

Loans outstanding made by the Group or any subsidiaries to equity method investees

in	2009	2008	2007
Loans outstanding made by the Group or any subsidiaries to equity method investees (CHF million)			
Balance at beginning of period	575	160	181
Borrowings (repayments)	(492)	415	(21)
Balance at end of period	83	575	160

28 Pension and other post-retirement benefits

Pension plans

The Group has defined benefit pension plans, defined contribution pension plans and other post-retirement defined benefit plans. The Group's principal plans are located in Switzerland, the US and the UK. In 2008, the Group changed the measurement date used to perform the actuarial valuation from September 30 to December 31.

Defined benefit pension plans are pension plans that define specific benefits for an employee upon that employee's retirement. These benefits are determined by taking into account the employee's pay, years of service and age of retirement. A defined benefit pension plan does not provide participants with an individual account and generally pay the benefits as an annuity. Retirees neither bear the actuarial risk (that is, the risk that the PBO will be higher than expected and/or that the retiree may outlive their retirement income), or bear the investment risk (that is, that assets invested and associated returns will be insufficient to meet the expected benefits due to low or negative returns on contributions).

Defined contribution plans provide each participant with an individual account. The benefits to be provided to a participant are solely based on the contributions made to that employee's account and are affected by income, expenses and gains and losses allocated to the account. As such, there are no stipulations of a defined annuity benefit at retirement and the participants bear the full actuarial as well as investment risk.

Swiss pension plans

The Group's Swiss pension plans cover its employees in Switzerland and are defined benefit plans set up as trusts domiciled in Zurich. The plans provide benefits in the event of retirement, death and disability and meet or exceed the minimum benefits required under Swiss law. The defined benefit plans in Switzerland comprise 84% of all the Group's employees participating in defined benefit plans and 86% of the \geq fair value of plan assets and 85% of the pension benefit obligation of the Group's defined benefit plans.

Employee contributions are calculated as a percentage of the employees' salary level and age, varying between 7.5% and 12.5%. The Group's contributions are 167% of the employees' contributions for the Group's main pension plan.

In 2009, the Group announced a partial changeover from defined benefit to defined contribution for the Swiss pension plan, effective January 1, 2010.

International pension plans

Various pension plans, including both defined benefit and defined contribution pension plans, cover the Group's employees in non-Swiss locations. These plans provide benefits in the event of retirement, death, disability or employment termination. Retirement benefits under the plans depend on age, contributions and salary. The Group's funding policy with respect to these plans is consistent with local government and tax requirements. The assumptions used are based on local economic conditions.

Other post-retirement defined benefit plans

In the US, the Group's plans provide post-retirement benefits other than pension benefits primarily focus on health and welfare benefits for certain retired employees. In exchange for the current services provided by the employee, the Group promises to provide health and welfare benefits after the employee retires. The Group's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Pension costs

The net periodic pension cost for defined benefit pension and other post-retirement defined benefit plans is the cost of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using an actuarial formula which considers, among others, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial gains or losses recognized in AOCI.

Components of total pension costs

	Switzerland			Defined benefit pension plans			Other post-retirement defined benefit plans		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
in									
Total pension costs (CHF million)									

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Service costs on benefit obligation	217	217	264	33	45	49	1	1	1
Interest costs on benefit obligation	471	461	394	129	141	152	9	8	9
Expected return on plan assets	(610)	(607)	(575)	(166)	(172)	(159)	-	-	-
Amortization of recognized prior service cost/(credit)	35	36	35	1	1	1	(2)	(2)	(3)
Amortization of recognized actuarial losses	6	2	47	17	40	75	8	9	11
Net periodic pension costs	119	109	165	14	55	118	16	16	18
Settlement (gains)/losses	6	-	-	1	-	-	-	-	-
Curtailment (gains)/losses	-	3	-	(2)	-	-	-	-	-
Special termination benefits	7	-	-	0	-	-	-	-	-
Total pension costs	132	112	165	13	55	118	16	16	18

Total pension costs reflected in compensation and benefits – other in the consolidated statements of operations for 2009, 2008 and 2007 were CHF 161 million, CHF 183 million and CHF 301 million, respectively.

On December 4, 2008, the Group announced the accelerated implementation of its strategic plan and, as part of this plan, a headcount reduction. This resulted in a curtailment loss in 2008 of CHF 3 million, mainly related to the Swiss pension plans, and special termination benefits of CHF 7 million and settlement payments of CHF 7 million in 2009, mainly in connection with the Swiss and US pension plans. The curtailment gain of CHF 2 million in 2009 related to the reduction in the benefit obligation in connection with the discontinuance of a Japanese plan.

Benefit obligation

As of December 31, 2008, the Group adopted the measurement date provisions that required the Group to measure the plan assets and the benefit obligations as of the date of the employer's fiscal year-end statement of financial position. For further information on this guidance, refer to Note 2 – Recently issued accounting standards.

The benefit obligation is expressed as either accumulated benefit obligation (ABO) or PBO. While the ABO refers to the actuarial present value based upon employee services rendered prior to that date and takes into account current and past compensation levels, the PBO also applies an assumption as to future compensation levels.

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the defined benefit pension and other post-retirement defined benefit plans as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

	Defined benefit pension plans		Other post-retirement defined benefit plans			
	Switzerland	International	International	International		
in	2009	2008	2009	2008		
PBO (CHF million) ¹	12,452	11,780	1,971	2,610	134	145

Beginning of the measurement period

Plan participant contributions	240	270	-	-	-	-
Service cost	217	217	33	45	1	1
Interest cost	471	461	129	141	9	8
Plan amendments	(38)	10	-	-	-	-
Change in measurement date	-	170	-	41	-	2
Settlements	(30)	-	(8)	-	-	-
Curtailments	-	(30)	(5)	(8)	-	(1)
Special termination benefits	7	-	3	-	-	-
Actuarial (gains)/losses	560	194	185	(193)	9	(2)
Benefit payments	(555)	(620)	(67)	(85)	(8)	(10)
Exchange rate (gains)/losses	-	-	58	(580)	(4)	(9)
End of the measurement period	13,324	12,452	2,299	1,971	141	134

Fair value of plan assets (CHF million)

Beginning of the measurement period

	11,504	12,116	1,833	2,579	-	-
Actual return on plan assets	997	(1,133)	30	(249)	-	-
Employer contributions	438	719	169	188	8	10
Plan participant contributions	240	270	-	-	-	-
Change in measurement date	-	152	-	36	-	-
Settlements	(30)	-	(8)	-	-	-
Benefit payments	(555)	(620)	(67)	(85)	(8)	(10)
Exchange rate gains/(losses)	-	-	79	(636)	-	-
End of the measurement period	12,594	11,504	2,036	1,833	-	-

Funded status recognized (CHF million)

Funded status of the plan – over/(underfunded)	(730)	(948)	(263)	(138)	(141)	(134)
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Total funded status recognized in the consolidated balance sheet at December 31

	(730)	(948)	(263)	(138)	(141)	(134)
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Total amount recognized (CHF million)

Noncurrent assets	9	0	84	201	-	-
Current liabilities	0	0	(9)	(9)	(8)	(8)
Noncurrent liabilities	(739)	(948)	(338)	(330)	(133)	(126)

Total amount recognized in the consolidated balance sheet at December 31

	(730)	(948)	(263)	(138)	(141)	(134)
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ABO (CHF million) ²

End of the measurement period	12,186	11,221	2,235	1,905	-	-
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- 1 Including estimated future salary increases. 2 Exclusive of estimated future salary increases.

US GAAP requires an employer to recognize the funded status of the defined benefit pension and other post-retirement defined benefit plans on the balance sheet. The funded status of these plans is determined as the difference between the fair value of plan assets and the PBO and may vary from year to year following any changes in the fair value of plan assets and variations of the PBO following changes in the underlying assumptions and census data. In 2009, the Group announced a partial changeover from defined benefit to defined contribution for the Swiss pension plan. This resulted in a reduction in the PBO of CHF 38 million, which was recorded as a prior service credit in AOCI. The 2009 PBO was impacted by settlements of CHF 38 million and special termination benefits of CHF 10 million in the Swiss and US pension plans in connection with the headcount reduction announced on December 4, 2008.

The total net amount recognized in other assets – other and other liabilities – other in the consolidated balance sheets as of December 31, 2009 and 2008 was an underfunding of CHF 1,134 million and CHF 1,220 million, respectively.

In 2009, the Group made a special contribution of CHF 130 million to the UK defined benefit plans. In 2008, the Group made special contributions of CHF 250 million and CHF 140 million to the Swiss and UK defined benefit plans, respectively. In 2010, the Group expects to contribute CHF 480 million to the Swiss and international defined benefit pension plans and CHF 8 million to other post-retirement defined benefit plans.

PBO and ABO in excess of plan assets

The following table discloses the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2009 and 2008, respectively.

Defined benefit pension plans in which PBO and ABO were in excess of plan assets

	PBO exceeds fair value of plan assets ¹				ABO exceeds fair value of plan assets ¹			
	Switzerland		International		Switzerland		International	
	2009	2008	2009	2008	2009	2008	2009	2008
December 31								
CHF million								
PBO	12,677	12,452	1,138	1,061	7	7	1,076	1,024
ABO	11,573	11,221	1,100	1,024	7	7	1,049	997
Fair value of plan assets	11,937	11,504	791	722	7	6	729	686

- 1 Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table discloses the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic pension cost.

Amounts recognized in AOCI, net of tax

Defined benefit pension plans	Other post-retirement defined benefit plans	Total
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in	2009	2008	2009	2008	2009	2008
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(2,853)	(2,506)	(38)	(37)	(2,891)	(2,543)
Prior service credit/(cost)	(53)	(111)	7	8	(46)	(103)
Total	(2,906)	(2,617)	(31)	(29)	(2,937)	(2,646)

The following tables disclose the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2009 and 2008 and the amortization of the aforementioned items as components of net periodic pension cost for these periods as well as the amounts expected to be amortized in 2010.

Amounts recognized in other comprehensive income

in	Defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2009 (CHF million)							
Actuarial gains/(losses)	(494)	124	(370)	(9)	3	(6)	(376)
Prior service credit/(cost)	38	(8)	30	–	–	–	30
Amortization of actuarial losses/(gains)	23	(8)	15	8	(3)	5	20
Amortization of prior service cost/(credit)	36	(8)	28	(2)	1	(1)	27
Immediate recognition due to curtailment/settlement	10	(2)	8	–	–	–	8
Total amounts recognized in other comprehensive income	(387)	98	(289)	(3)	1	(2)	(291)
2008 (CHF million)							
Actuarial gains/(losses)	(2,162)	488	(1,674)	2	(1)	1	(1,673)
Prior service credit/(cost)	(10)	1	(9)	–	–	–	(9)
Amortization of actuarial losses/(gains)	42	(14)	28	9	(3)	6	34
Amortization of prior service cost/(credit)	37	(8)	29	(2)	1	(1)	28
Immediate recognition due to curtailment	41	(10)	31	1	0	1	32
Total amounts recognized in other comprehensive income	(2,052)	457	(1,595)	10	(3)	7	(1,588)

Amounts in AOCI, net of tax, expected to be amortized in 2010

in 2010	Defined benefit pension plans	Other post- retirement defined benefit plans
CHF million		
Amortization of actuarial (gains)/losses	73	4
Amortization of prior service cost/(credit)	14	(1)
Total	87	3

Assumptions

The measurement of both the net periodic pension cost as well as the benefit obligation is determined using explicit assumptions, each of which individually represents the best estimate of a particular future event. Where applicable, they should be in line with the expected market averages and benchmarks, the trend in the market and with historical rates.

Weighted-average assumptions used to determine net periodic pension cost and benefit obligation

	Switzerland		International		Other post-retirement defined benefit plans	
December 31	2009	2008	2009	2008	2009	2008
Net benefit pension cost (%)						
Discount rate	3.9	4.0	6.3	5.9	6.4	6.2
Salary increases	2.6	2.6	4.0	4.5	–	–
Expected long-term rate of return on plan assets	4.8	5.0	7.5	7.6	–	–
Benefit obligation (%)						
Discount rate	3.5	3.9	6.0	6.3	6.1	6.4
Salary increases	2.6	2.6	4.3	4.0	–	–

Net periodic pension cost and benefit obligations assumptions

The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date. The discount rate is one of the factors used to determine the present value as of the measurement date of the future cash outflows currently expected to be required to satisfy the benefit obligations when due. The assumption pertaining to salary increases is used to calculate the PBO,

which is measured using an assumption as to future compensation levels.

The expected long-term rate of return on plan assets, which is used to calculate the expected return on assets as a component of the net periodic pension cost, reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the PBO. In estimating that rate, appropriate consideration should be given to the returns being earned by the plan assets in the fund and the rates of return expected to be available for reinvestment.

The expected long-term rate of return on plan assets is based on total return forecasts and volatility and correlation estimates. Where possible, similar, if not related, approaches are followed to forecast returns for the various asset classes. For most asset classes, clearly specified multi-linear regression models to forecast returns are used or reliance is put on traditional models such as dividend discount and fair value models.

The expected long-term rate of return on debt securities reflects both accruing interest and price returns. The likely long-term relation existing between the total return and certain exogenous variables pre-defined by economic theory is explicitly used, which directly linked the debt securities total return forecasts to the macro-forecasts.

The expected long-term rate of return on equity securities is based on a two-stage dividend discount model, which considers analyst consensus earnings to compute a market-implied equity risk premium. Dividends are estimated using market consensus earnings and the historical payout ratio. A subsequent scenario analysis was used to stress test the level of the return.

The expected long-term rate of return on real estate is based on error correction models. The underlying economic models reflect both the rental and the capital market side of the direct real estate market. This allows for a replicable and robust forecasting methodology for expected returns on real estate equity, fund and direct market indices.

The expected long-term rate of return on private equity and hedge funds is estimated by using private equity and hedge fund benchmarks and indices. In both private equity and hedge funds, a set of factors drives or explains returns. To capture these, multiple linear regression models with lagged returns are utilized. This methodology also lends itself to the fact that these alternative investments tended to be positively correlated with current and lagged equity securities returns.

Health care assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate of 9.75% and 11% in the cost of covered health care benefits was assumed for 2009 and 2008, respectively. The rate is assumed to decrease gradually to 5% by 2013 and remain at that level thereafter. A 1% increase or decrease in the health care cost trend rate assumption would not have had a material impact on the amount of the accumulated post-retirement defined benefit obligation or expense in 2009 or 2008.

Plan assets and investment strategy

Plan assets, which are assets that have been segregated and restricted to provide for plan benefits, are measured at their fair value as of the measurement date.

The Group's defined benefit pension plans employ a total return investment approach, whereby a diversified mix of debt and equity securities and alternative investments, specifically hedge funds and private equity, are used to maximize the long-term return of plan assets while incurring a prudent level of risk. The intent of this strategy is to

outperform plan liabilities over the long-term in order to minimize plan expenses. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity securities are diversified across Swiss and non-Swiss stocks as well as among growth, value and small and large capitalization stocks. Real estate and alternative investments, such as private equity and hedge funds, are used to enhance long-term returns while improving portfolio diversification. Derivatives may be used to hedge market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through periodic asset/liability studies and quarterly investment portfolio reviews. To limit investment risk, the Group pension plans follow defined strategic asset allocation guidelines. Depending on the market conditions, these guidelines are even more limited on a short-term basis.

As of December 31, 2009 and 2008, the total fair value of Group debt securities included in plan assets was CHF 238 million and CHF 168 million, respectively, and the total fair value of the Group equity securities and options was CHF 34 million and CHF 23 million, respectively.

Fair value hierarchy of plan assets

For discussion of the fair value hierarchy, refer to Note 32 – Financial instruments – Fair value hierarchy.

Qualitative disclosures of valuation techniques used to measure fair value

Cash and cash equivalents

Cash and cash equivalents includes money market instruments such as bankers' acceptances, certificates of deposit, ≥commercial paper (CP), book claims, treasury bills and other rights. Valuations of money market instruments are generally based on observable inputs.

Debt securities

Debt securities include government and corporate bonds which are generally quoted in active markets. Debt securities for which market prices are not available, are valued based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modeling techniques, which may involve judgment.

Equity securities

Equity securities held include common equity shares, convertible bonds and separately managed funds. The common equity shares are generally traded on public stock exchanges for which quoted prices are regularly available. Convertible bonds are generally valued using observable pricing sources. Separately managed funds, that is, mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Derivatives

Derivatives include both OTC and exchange-traded derivatives. The fair value of OTC derivatives is determined on the basis of inputs that included those characteristics of the derivative that had a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity since the required inputs are generally observable in the marketplace. Other more complex derivatives may use unobservable inputs. Such inputs would include long-dated volatility assumptions on OTC option transactions and recovery rate assumptions for credit derivative transactions. The fair value of exchange-traded derivatives is typically derived from the observable exchange prices and/or observable inputs.

Real estate

Real estate includes direct real estate as well as investments in real estate funds or mutual funds. Direct real estate is initially measured at their transaction price, which is the best estimate of fair value. Thereafter, direct real estate is individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. Real estate funds and mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Alternative investments

Private equity includes direct investments, investments in partnerships that make private equity and related investments in various portfolio companies and funds and fund of funds partnerships. Private equity consists of both publicly traded securities and private securities. Publicly traded investments that are restricted or that are not quoted in active markets are valued based upon publicly available quotes with appropriate adjustments for liquidity or trading restrictions made. Private equity is valued taking into account a number of factors, such as the most recent round of financing involving unrelated new investors, earnings multiple analyses using comparable companies or discounted cash flow analyses. Private equity for which a fair value is not readily determinable is measured at fair value using NAV provided by the general partner.

Hedge funds that are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, is measured at fair value using NAV provided by the fund administrator.

Fair value of plan assets

In December 2008, the FASB amended and expanded the disclosure requirements for the Group's reporting of plan assets measured at fair value on a recurring basis for December 31, 2009, but did not require retrospective application. The following tables present the new disclosures. Comparable data was not presented for prior periods.

Plan assets measured at fair value on a recurring basis

end of 2009	Level 1	Level 2	Level 3	Total at fair value
Plan assets (CHF million)				
Cash and cash equivalents	804	1,710	0	2,514
Debt securities	1,789	3,651	176	5,616
of which governments	1,757	58	0	1,815
of which corporates	32	3,593	176	3,801
Equity securities	715	2,224	0	2,939
Real estate	0	401	996	1,397
of which direct	0	0	982	982
of which indirect	0	401	14	415
Alternative investments	0	1,550	572	2,122
of which private equity	0	0	527	527
of which hedge funds	0	1,572	45	1,617
of which other	0	(22) ¹	0	(22)

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Other investments	0	42	0	42
Total plan assets at fair value	3,308	9,578	1,744	14,630

1 Primarily related to derivative instruments.

Plan assets measured at fair value on a recurring basis for level 3

	Actual return on plan assets				Balance at end of period
	Balance at beginning of period	On assets still held at reporting date	On assets sold during the period	Purchases, sales, settlements	
2009					
Plan assets (CHF million)					
Debt securities - corporates	103	20	(2)	55	176
Real estate	1,004	36	1	(45)	996
of which direct	970	55	1	(44)	982
of which indirect	34	(19)	0	(1)	14
Alternative investments	499	(23)	(1)	97	572
of which private equity	461	(35)	3	98	527
of which hedge funds	38	12	(4)	(1)	45
Other investments	25	0	16	(41)	0
Total plan assets at fair value	1,631	33	14	66	1,744

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset's category.

Weighted-average plan asset allocation as of the measurement date

	Switzerland		International	
	2009	2008	2009	2008
December 31				
Weighted-average plan asset allocation (%)				
Cash and cash equivalents	18.6	22.6	8.4	0.9
Debt securities	39.5	38.9	31.7	34.7
Equity securities	13.8	9.4	58.8	39.2
Real estate	11.0	11.1	0.7	2.1
Alternative investments	17.1	17.9	(3.5) ¹	21.0
Insurance	0.0	0.1	3.9	2.1
Total	100.0	100.0	100.0	100.0

1 Negative asset allocation was primarily related to derivative instruments.

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The following table shows the target plan asset allocation for 2010 in accordance with the Group's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic pension costs for 2010.

Weighted-average target plan asset allocation to be applied prospectively

	Switzerland	International
2010 (%)		
Cash and cash equivalents	10	0
Debt securities	45	43
Equity securities	20	43
Real estate	10	0
Alternative investments	15	10
Insurance	0	4
Total	100	100

Estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans

	Defined benefit pension plans	Other post- retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2010	784	1
2011	781	1
2012	790	1
2013	798	1
2014	810	1
Thereafter	4,218	6

Defined Contribution Pension Plans

The Group contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2009, 2008 and 2007, the Group contributed to these plans and recognized as expense CHF 235 million, CHF 249 million and CHF 256 million, respectively.

29 Derivatives and hedging activities

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Group's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, cross-currency and credit default swaps (CDS), interest rate and

foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The Group also enters into contracts that are not considered derivatives in their entirety but include embedded derivative features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index or third-party credit risk, or that have non-standard interest or foreign exchange terms.

On the date the derivative contract is entered into, the Group designates it as belonging to one of the following categories:

- trading activities;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge);
- a hedge of the fair value of a recognized asset or liability;
- a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction; or
- a hedge of a net investment in a foreign operation.

Trading activities

The Group is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products, such as custom transactions using combinations of >>derivatives, in connection with its sales and trading activities. Trading activities include market making, positioning and arbitrage activities. The majority of the Group's derivatives held as of December 31, 2009 and 2008, respectively, were used for trading activities.

Economic hedges

Economic hedges arise when the Group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under US GAAP. These economic hedges include the following types:

- interest rate >>>derivatives to manage net interest rate risk on certain core banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain core banking business revenue and expense items, as well as on core banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and
- futures to manage risk on equity positions including convertible bonds.

Derivatives used in economic hedges are included as trading assets or trading liabilities in the consolidated balance sheets.

Hedge accounting

Fair value hedges

The Group designates fair value hedges as part of an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility. In addition to hedging changes in >>>fair value due to interest rate risk associated with fixed rate loans, >>>repurchase agreements and long-term debt instruments, the Group uses:

- cross-currency swaps to convert foreign-currency-denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities; and
- foreign exchange forward contracts to hedge the foreign exchange risk associated with available-for-sale securities.

Cash flow hedges

The Group designates cash flow hedges as part of its strategy to mitigate its risk to variability of cash flows on loans, deposits and other debt obligations by using interest rate swaps to convert variable rate assets or liabilities to fixed rates. The Group also uses cross-currency swaps to convert foreign-currency-denominated fixed and floating rate assets or liabilities to fixed rate assets or liabilities based on the currency profile that the Group elects to be exposed to. This includes, but is not limited to, Swiss francs and US dollars. Further, the Group uses >>>derivatives to hedge its cash flows associated with forecasted transactions.

Net investment hedges

The Group designates net investment hedges as part of its strategy to hedge selected net investments in foreign operations against adverse movements in foreign exchange rates, typically using forward foreign exchange contracts.

Hedge effectiveness assessment

The Group assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis, and requires the Group to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the Group to determine whether or not the hedging relationship has actually been effective. If the Group concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognized in earnings.

Fair value of derivative instruments

The table below presents gross derivative replacement values by type of contract and balance sheet location and whether the >>>derivative is used for trading purposes or in a qualifying hedging relationship. Notional amounts have been provided as an indication of the volume of derivative activity within the Group.

Information on bifurcated embedded derivatives has not been included in this table. Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at >>>fair value.

Fair value of derivative instruments

	Trading		Hedging ¹	
	Positive	Negative	Positive	Negative
end of 2009	Notional replacement replacement		Notional replacement replacement	

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	amount	value	value	amount	value	value
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	7,956.7	6.4	6.2	0.0	0.0	0.0
Swaps	22,671.5	473.6	464.5	58.6	1.8	1.3
Options bought and sold (OTC)	2,461.2	43.6	46.1	0.0	0.0	0.0
Futures	1,900.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	926.5	0.1	0.2	0.0	0.0	0.0
Interest rate products	35,916.5	523.7	517.0	58.6	1.8	1.3
Forwards	1,682.1	18.9	21.0	22.4	0.2	0.0
Swaps	995.8	31.7	34.0	0.0	0.0	0.0
Options bought and sold (OTC)	866.8	14.8	15.8	0.0	0.0	0.0
Futures	22.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	17.1	0.2	0.4	0.0	0.0	0.0
Foreign exchange products	3,584.4	65.6	71.2	22.4	0.2	0.0
Forwards	12.3	1.6	1.0	0.0	0.0	0.0
Options bought and sold (OTC)	22.3	0.6	1.1	0.0	0.0	0.0
Futures	3.0	0.0	0.0	0.0	0.0	0.0
Precious metals products	37.6	2.2	2.1	0.0	0.0	0.0
Forwards	6.3	1.6	0.1	0.0	0.0	0.0
Swaps	210.6	5.1	8.2	0.0	0.0	0.0
Options bought and sold (OTC)	337.4	17.9	21.1	0.0	0.0	0.0
Futures	124.3	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	502.5	1.2	1.4	0.0	0.0	0.0
Equity/index-related products	1,181.1	25.8	30.8	0.0	0.0	0.0
Credit derivatives²	2,414.0	68.2	61.9	0.0	0.0	0.0
Forwards	28.3	1.7	2.0	0.0	0.0	0.0
Swaps	142.6	17.4	17.8	0.0	0.0	0.0
Options bought and sold (OTC)	66.7	3.5	3.5	0.0	0.0	0.0
Futures	313.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	147.5	3.0	2.7	0.0	0.0	0.0
Other products³	698.7	25.6	26.0	0.0	0.0	0.0
Total derivative instruments	43,832.3	711.1	709.0	81.0	2.0	1.3

The notional amount for derivative instruments (trading and hedging) was CHF 43,913.3 billion as of December 31, 2009.

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1 Relates to derivative contracts that qualify for hedge accounting under US GAAP. 2 Primarily credit default swaps. 3 Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of 2008	Trading			Hedging ¹		
	Notional amount	Positive replacement value	Negative replacement value	Notional amount	Positive replacement value	Negative replacement value
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	6,314.5	16.2	17.8	0.0	0.0	0.0
Swaps	20,169.7	638.5	628.2	181.4	1.5	1.0
Options bought and sold (OTC)	2,564.3	59.5	62.7	0.0	0.0	0.0
Futures	1,985.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	1,320.7	0.3	0.3	0.0	0.0	0.0
Interest rate products	32,354.2	714.5	709.0	181.4	1.5	1.0
Forwards	1,416.2	46.2	50.3	24.7	1.9	0.1
Swaps	814.8	46.1	46.2	0.0	0.0	0.0
Options bought and sold (OTC)	874.0	28.7	29.7	0.0	0.0	0.0
Futures	22.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	7.6	0.4	0.6	0.0	0.0	0.0
Foreign exchange products	3,135.2	121.4	126.8	24.7	1.9	0.1
Forwards	9.7	0.9	1.1	0.0	0.0	0.0
Swaps	0.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (OTC)	21.8	1.2	1.0	0.0	0.0	0.0
Futures	2.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	0.2	0.0	0.0	0.0	0.0	0.0
Precious metals products	33.8	2.1	2.1	0.0	0.0	0.0
Forwards	11.3	2.3	0.0	0.0	0.0	0.0
Swaps	246.2	17.0	13.3	0.0	0.0	0.0
Options bought and sold (OTC)	326.8	29.4	30.2	0.0	0.0	0.0
Futures	42.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	490.4	2.4	2.0	0.0	0.0	0.0
Equity/index-related products	1,117.5	51.1	45.5	0.0	0.0	0.0
Credit derivatives²	3,244.7	197.1	176.0	0.0	0.0	0.0
Forwards	40.9	5.0	4.9	0.0	0.0	0.0

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Swaps	205.6	25.1	25.1	0.0	0.0	0.0
Options bought and sold (OTC)	78.9	7.5	7.6	0.0	0.0	0.0
Futures	156.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	49.2	4.5	4.4	0.0	0.0	0.0
Other products ³	530.6	42.1	42.0	0.0	0.0	0.0
Total derivative instruments	40,416.0	1,128.3	1,101.4	206.1	3.4	1.1

The notional amount for derivative instruments (trading and hedging) was CHF 40,622.1 billion as of December 31, 2008.

1 Relates to derivative contracts that qualify for hedge accounting under US GAAP. 2 Primarily credit default swaps. 3 Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of	2009		2008	
	Positive replacement value (PRV)	Negative replacement value (NRV)	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)				
Replacement values (trading and hedging) before netting agreements	713.1	710.3	1,131.7	1,102.5
Replacement values (trading and hedging) after netting agreements ¹	57.1	57.7	108.6	94.8
of which recorded in trading assets (PRV) and trading liabilities (NRV)	55.1	56.5	105.3	94.4
of which recorded in other assets (PRV) and other liabilities (NRV) ¹	2.0	1.2	3.3	0.4

1 Taking into account legally enforceable netting agreements.

Derivatives in fair value hedging relationships

	Gains/ (losses) recognized in income on derivatives ¹	Gains/ (losses) recognized in income on hedged items ¹
in 2009		
Derivatives in fair value hedging relationships (CHF million)		
Interest rate products	(664)	644
Foreign exchange products	3	(3)
Total	(661)	641

1 Included in trading revenues.

Details of fair value hedges

in	2009	2008	2007
Fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portion	(20)	65	15

Derivatives in cash flow hedging relationships

in 2009	Gains/ (losses) recognized in AOCI on derivatives ¹	Gains/ (losses) reclassified from AOCI into income ¹
Derivatives in cash flow hedging relationships (CHF million)		
Foreign exchange products	117	13 ²

1 Effective portion. 2 Included in total operating expenses.

Details of cash flow hedges

in	2009	2008	2007
Cash flow hedges (CHF million)			
Net gains/(losses) on the ineffective portion	0	(1)	0
Expected reclassification of net gains/(losses) from AOCI into earnings during the next 12 months	(6)	(20)	0

Derivatives in net investment hedging relationships

in 2009	Gains/ (losses) recognized in AOCI on derivatives ¹	Gains/ (losses) reclassified from AOCI into income ¹
Derivatives in net investment hedging relationships (CHF million)		
Interest rate products	12	0
Foreign exchange products	(1,401)	(21) ²
Total	(1,389)	(21)

1 Effective portion. 2 Primarily included in discontinued operations.

Details of net investment hedges

in	2009	2008	2007
Net investment hedges (CHF million)			
Net gains/(losses) on hedges included in AOCI	(1,389)	3,029	121

The Group includes all derivative instruments not included in hedge accounting relationships in its trading activities. The information below relates to all trading activities and not just those relating to derivative instruments.

Trading revenues

Trading revenues includes revenues from trading financial assets and liabilities as follows:

- Equities;
- Commodities;
- Listed and OTC derivatives;
- Derivatives linked to funds of hedge funds and providing financing facilities to funds of hedge funds;
- Market making in the government bond and associated OTC derivative swap markets;
- Domestic, corporate and sovereign debt, convertible and non-convertible preferred stock and short-term securities such as floating rate notes and CP;
- Market making and positioning in foreign exchange products;
- Credit derivatives on investment grade and high yield credits;
- Trading and securitizing all forms of securities that are based on underlying pools of assets; and
- Life settlement contracts.

Trading revenues also includes changes in the fair value of financial assets and liabilities elected to fair value under US GAAP. The main components include certain instruments from the following categories:

- Central bank funds purchased/sold;
- Securities purchased/sold under resale/repurchase agreements;
- Securities borrowing/lending transactions;
- Loans and loan commitments; and
- Customer deposits, short-term borrowings and long-term debt.

Trading revenues

in	2009
Trading revenues (CHF million)	

Interest rate products	9,850
Foreign exchange products	314
Equity/index-related products	4,427
Credit products	(3,971)
Commodity, emission and energy products	560
Other products	971
Total	12,151

Managing the risks

As a result of the Group's broad involvement in financial products and markets, its trading strategies are correspondingly diverse and exposures are generally spread across a diversified range of risk factors and locations. The Group uses an economic capital limit structure to limit overall risk taking. The level of risk incurred by its divisions is further restricted by a variety of specific limits, including consolidated controls over trading exposures. Also, as part of its overall risk management, the Group holds a portfolio of economic hedges. Hedges are impacted by market movements, similar to trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designed to economically hedge. The Group manages its trading risk with regard to both market and credit risk. For market risk, it uses tools capable of calculating comparable exposures across its many activities, as well as focused tools that can specifically model unique characteristics of certain instruments or portfolios.

The principal measurement methodology for trading assets, as well as most instruments for which the fair value option was elected, is >>>value-at-risk. The Group holds securities as collateral and enters into CDS to mitigate the credit risk on these products.

Disclosures relating to contingent credit risk

Certain of the Group's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below that specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Group or the counterparty, at the existing mark-to-market of the derivative contract.

Bilateral counterparties

The aggregate >>>fair value of derivative instruments with credit-risk-related contingent features that were in a net liability position as of December 31, 2009 was CHF 10.5 billion, for which the Group posted collateral of CHF 9.0 billion. If the credit-risk-related contingent features underlying these agreements were triggered as of December 31, 2009, the Group would have been required to post additional collateral of CHF 0.2 billion in the event of a one-notch downgrade. A two-notch downgrade would have required additional aggregate collateral posting of CHF 0.5 billion.

Special purpose entities

The current exposure, which by contract may include amounts other than or in addition to the >>>negative replacement value, of derivative instruments with credit-risk-related contingent features as of December 31, 2009 was CHF 3.3 billion, for which the Group posted collateral of CHF 3.4 billion. If the credit-risk-related contingent features underlying these agreements were triggered as of December 31, 2009, the Group would have been required to post

additional collateral of CHF 2.4 billion in the event of a one-notch downgrade. A two-notch downgrade would have required additional aggregate collateral posting of CHF 4.4 billion.

Credit derivatives

Credit derivatives are contractual agreements in which the buyer generally pays a fee in exchange for a contingent payment by the seller if there is a credit event on the underlying referenced entity or asset. Credit derivatives are generally privately negotiated OTC contracts. Most credit derivatives are structured so that they specify the occurrence of an identifiable credit event, which can include bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet obligations when due.

The credit derivatives most commonly transacted by the Group are CDS and credit swaptions. A CDS is a contractual agreement in which the buyer of the swap pays an upfront and/or a periodic fee in return for a contingent payment by the seller of the swap following a credit event of the referenced entity or asset. Credit swaptions are options with a specified maturity to buy or sell protection under a CDS on a specific referenced credit event.

The Group enters into credit derivative contracts in the normal course of business, buying and selling protection to facilitate client transactions and as a market maker. This includes providing structured credit products for its clients to enable them to hedge their credit risk. The referenced instruments of these structured credit products are both investment grade and high yield underlyings and could include corporate bonds, sovereign debt, asset-backed securities (ABS) and loans. These referenced instruments can form a single item or be combined on a portfolio basis. The Group purchases protection to economically hedge various forms of credit exposure, for example, the economic hedging of loan portfolios or other cash positions. Finally, the Group also takes proprietary positions which can take the form of either purchased or sold protection.

The following tables reflect the maximum potential amount of future payments that the Group would be required to make under the credit derivatives as a result of credit-risk-related events for which it has sold protection. The segregation of the future payments by maturity range and underlying risk gives an indication of the current status of the potential for performance under the derivative contracts. The fair values of the derivatives also give an indication of the amount of payment risk, as the negative fair values increase when the potential payment under the derivative contracts becomes more probable. To reflect the quality of the payment risk on credit protection sold, the Group assigns an internally generated rating to those instruments referenced in the contracts. Internal ratings are assigned by experienced credit analysts based on expert judgment that incorporates analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed, and their relative importance, are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial fundamentals, and making use of peer analysis, industry comparisons and other quantitative tools. External ratings and market information are also used in the analysis process where available.

The tables also include the estimated recoveries that would be received if the specified credit event occurred, including the anticipated value of the underlying referenced asset that would, in most instances, be transferred to the Group and the impact of any purchased protection with an identical reference instrument and product type. In the normal course of business, the Group also purchases protection to offset the risk of sold protection that may have similar, but not identical, reference instruments, and may use similar, but not identical, products. The impacts of these transactions have not been included in the estimate of recoveries. In addition, to reduce its credit risk, the Group enters into legally enforceable netting agreements with its derivative counterparties. Collateral on these derivative contracts is usually posted on a net counterparty basis and cannot be allocated to a particular derivative contract, and, therefore, have not been included in the estimate of recoveries.

Credit derivative maximum potential payout by maturity

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end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2009 (CHF million)				
Single-name instruments	100,387	592,575	137,856	830,818
Multi-name instruments	31,154	256,008	63,297	350,459
Total	131,541	848,583	201,153	1,181,277
2008 (CHF million)				
Single-name instruments	97,483	675,467	164,932	937,882
Multi-name instruments	11,578	477,487	151,306	640,371
Total	109,061	1,152,954	316,238	1,578,253

Credit derivative exposure on sold protection

end of	2009			2008		
	Maximum potential payout	Fair value	Recoveries	Maximum potential payout	Fair value	Recoveries
Single-name instruments (CHF million)						
Investment grade ¹	608,416	8,709	598,908	706,033	(47,541)	688,360
Non-investment grade	222,402	(12,790)	215,675	231,849	(48,822)	225,008
Total single-name instruments	830,818	(4,081)	814,583	937,882	(96,363)	913,368
of which sovereigns	128,760	(782)	128,141	123,702	(13,274)	121,276
of which non-sovereigns	702,058	(3,299)	686,442	814,180	(83,089)	792,092
Multi-name instruments (CHF million)						
Investment grade ¹	291,880	(9,271)	285,683	527,971	(49,471)	519,432
Non-investment grade	58,579	494	56,144	112,400	(19,225)	109,399
Total multi-name instruments	350,459	(8,777)	341,827	640,371	(68,696)	628,831
of which sovereigns	347	(58)	111	299	(139)	89
of which non-sovereigns	350,112	(8,719)	341,716	640,072	(68,557)	628,742

¹ Based on internal ratings BBB and above.

The above maximum potential payout relates only to sold protection. The Group also purchases protection, which reduces total credit derivative exposure. As of December 31, 2009 and 2008, 93% and 87%, respectively, of the notional amount of credit protection purchased by counterparty was comprised of banks and broker-dealers, 6% and 13%, respectively, was comprised of other financial institutions, primarily hedge funds, and 1% and 0%, respectively, was comprised of other counterparties.

The above tables do not include all credit derivatives and differ from the balance for credit derivatives in the fair value of derivative instruments table. This is due to the exclusion of certain credit derivative instruments under US GAAP,

which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit-risk-related events specified in the contract. \geq Total return swaps (TRS) are excluded because a TRS does not expose the seller to potential loss from credit-risk-related events specified in the contract. A TRS only provides protection against a loss in asset value, and not against additional amounts as a result of specific credit events. Collateralized debt obligations (CDOs) are also excluded because the derivative embedded in a CDO does not require bifurcation under US GAAP as it relates to the creditworthiness of the securitized financial assets and liabilities. As a result, they are not subject to this disclosure.

30 Guarantees and commitments

Guarantees

In the ordinary course of business, guarantees are provided that contingently obligate Credit Suisse to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing or other contractual arrangement. The total gross amount disclosed within the Guarantees table reflects the maximum potential payment under the guarantees. The carrying value represents the Group's current best estimate of payments that will be required under existing guarantee arrangements.

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount	Carrying value	Collateral received
2009 (CHF million)								
Credit guarantees and similar instruments	3,290	1,589	1,533	1,655	8,067	7,309	543	4,521
Performance guarantees and similar instruments	6,342	4,004	1,008	806	12,160	10,707	96	3,995
Securities lending indemnifications	22,644	0	0	0	22,644	22,644	0	22,644
Derivatives	129,868	49,784	18,853	15,225	213,730	213,730	6,388	z
Other guarantees	3,836	564	200	275	4,875	4,807	10	2,181
Total guarantees	165,980	55,941	21,594	17,961	261,476	259,197	7,037	33,341
2008 (CHF million)								
Credit guarantees and similar instruments	3,397	1,598	1,307	1,191	7,493	6,311	464	4,245
Performance guarantees and similar instruments	6,058	4,083	1,324	1,063	12,528	10,785	99	3,834
Securities lending indemnifications	28,541	0	0	0	28,541	28,541	0	28,541
Derivatives	142,377	47,275	13,988	10,696	214,336	214,336	16,404	z
Other guarantees	3,902	463	226	240	4,831	4,751	7	2,232
Total guarantees	184,275	53,419	16,845	13,190	267,729	264,724	16,974	38,852

1 Total net amount is computed as the gross amount less any participations. 2 Collateral for derivatives accounted for as guarantees is not considered significant.

Credit guarantees and similar instruments

Credit guarantees and similar instruments are contracts that require the Group to make payments should a third party fail to do so under a specified existing credit obligation. The total net amount of CHF 7.3 billion included the following products: standby letters of credit, commercial and residential mortgage guarantees and other guarantees associated with VIEs.

Standby letters of credit are made in connection with the corporate lending business and other corporate activities, where the Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparties fail to fulfill their obligations under a borrowing arrangement or other contractual obligation.

Commercial and residential mortgage guarantees are made in connection with the Group's commercial mortgage activities in the US, where the Group sells certain commercial and residential mortgages to the Federal National Mortgage Association (FNMA) and agrees to bear a percentage of the losses triggered by the borrowers failing to perform on the mortgage. The Group also issues guarantees that require it to reimburse the FNMA for losses on certain whole loans underlying mortgage-backed securities issued by the FNMA, which are triggered by borrowers failing to perform on the underlying mortgages.

The Group also provides guarantees to VIEs and other counterparties under which it may be required to buy assets from such entities upon the occurrence of certain triggering events such as rating downgrades and/or substantial decreases in fair value of those assets.

Performance guarantees and similar instruments

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance guarantees are frequently executed as part of project finance transactions. The total net amount of CHF 10.7 billion was made up of private equity fund guarantees and guarantees related to residential mortgage securitization activities.

For private equity fund guarantees, the Group has provided investors in private equity funds sponsored by a Group entity guarantees on potential obligations of certain general partners to return amounts previously paid as carried interest to those general partners if the performance of the remaining investments declines. To manage its exposure, the Group generally withholds a portion of carried interest distributions to cover any repayment obligations. In addition, pursuant to certain contractual arrangements, the Group is obligated to make cash payments to certain investors in certain private equity funds if specified performance thresholds are not met.

Further, as part of the Group's residential mortgage securitization activities in the US, the Group may guarantee the collection by the servicer and remittance to the securitization trust of prepayment penalties. The Group will have to perform under these guarantees in the event the servicer fails to remit the prepayment penalties.

Securities lending indemnifications

The total net amount of CHF 22.6 billion for securities lending indemnifications included arrangements in which the Group agreed to indemnify securities lending customers against losses incurred in the event that security borrowers do not return securities subject to the lending agreement and the collateral held is insufficient to cover the market value of the securities borrowed. As indicated in the Guarantees table, the Group was fully collateralized in respect of securities lending indemnifications.

Derivatives

The total net amount of CHF 213.7 billion of derivatives were issued in the ordinary course of business, generally in the form of written put options. Derivative contracts that may be cash settled, and for which the Group has no basis for concluding that it is probable that the counterparties held the underlying instruments at the inception of the contracts, are not considered guarantees under US GAAP. For derivative contracts executed with counterparties that generally act as financial intermediaries, such as investment banks, hedge funds and security dealers, the Group has concluded that there is no basis to assume that these counterparties hold the underlying instruments related to the derivative contracts and, therefore, does not report such contracts as guarantees.

The Group manages its exposure to these derivatives by engaging in various hedging strategies to reduce its exposure. For some contracts, such as written interest rate caps or foreign exchange options, the maximum payout is not determinable as interest rates or exchange rates could theoretically rise without limit. For these contracts, notional amounts were disclosed in the table above in order to provide an indication of the underlying exposure. In addition, the Group carries all derivatives at fair value in the consolidated balance sheets and has considered the performance triggers and probabilities of payment when determining those fair values. It is more likely than not that written put options that are in-the-money to the counterparty will be exercised, for which the Group's exposure was limited to the fair value reflected in the table.

Other guarantees

The total net amount of CHF 4.8 billion for other guarantees included bankers' acceptances, residual value guarantees, deposit insurance, contingent considerations in business combinations, the minimum value of an investment in mutual funds or private equity funds and all other guarantees that were not allocated to one of the categories above.

Deposit-taking banks in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Markets Supervisory Authority (FINMA) or by compulsory liquidation of another deposit taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. These deposit insurance guarantees were reflected in other guarantees.

Disposal-related contingencies and other indemnifications

The Group has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees are not reflected in the table above and are discussed below.

Disposal-related contingencies

In connection with the sale of assets or businesses, the Group sometimes provides the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax and intellectual property matters, from the acquirer to the seller. The Group closely monitors all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in the Group's consolidated financial statements.

Other indemnifications

The Group provides indemnifications to certain counterparties in connection with its normal operating activities, for which it is not possible to estimate the maximum amount that it could be obligated to pay. As a normal part of issuing its own securities, the Group typically agrees to reimburse holders for additional tax withholding charges or assessments resulting from changes in applicable tax laws or the interpretation of those laws. Securities that include these agreements to pay additional amounts generally also include a related redemption or call provision if the obligation to pay the additional amounts result from a change in law or its interpretation and the obligation cannot be avoided by the issuer taking reasonable steps to avoid the payment of additional amounts. Since such potential

obligations are dependent on future changes in tax laws, the related liabilities the Group may incur as a result of such changes cannot be reasonably estimated. In light of the related call provisions typically included, the Group does not expect any potential liabilities in respect of tax gross-ups to be material.

The Group is a member of numerous securities exchanges and clearing houses and may, as a result of its membership arrangements, be required to perform if another member defaults. The Group has determined that it is not possible to estimate the maximum amount of these obligations and believes that any potential requirement to make payments under these arrangements is remote.

Lease commitments

Lease commitments (CHF million)

2010	590
2011	524
2012	447
2013	405
2014	355
Thereafter	2,225
Future operating lease commitments	4,546
Less minimum non-cancellable sublease rentals	480
Total net future minimum lease commitments	4,066

Rental expense for operating leases

in	2009	2008	2007
Rental expense for operating leases (CHF million)			
Minimum rental expense	599	475	695
Sublease rental income	(125)	(119)	(146)
Total net expenses for operating leases	474	356	549

Other commitments

	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
end of 2009 (CHF million)							
Irrevocable commitments under documentary credits	4,543	15	25	0	4,583	4,183	2,037
Loan commitments	175,656	33,888	10,064	8,876	228,484	222,128	159,349

Forward reverse repurchase agreements	43,481	0	0	0	43,481	43,481	43,481
Other commitments	6,377	1,529	757	302	8,965	8,965	6
Total other commitments	230,057	35,432	10,846	9,178	285,513	278,757	204,873
2008 (CHF million)							
Irrevocable commitments under documentary credits	4,144	21	1	54	4,220	3,529	1,716
Loan commitments	186,694	19,972	23,925	7,537	238,128	231,994	160,262
Forward reverse repurchase agreements	28,139	0	0	0	28,139	28,139	28,139
Other commitments	4,641	517	921	714	6,793	6,793	185
Total other commitments	223,618	20,510	24,847	8,305	277,280	270,455	190,302

1 Total net amount is computed as the gross amount less any participations.

Irrevocable commitments under documentary credits

Irrevocable commitments under documentary credits include exposures from trade finance related to commercial letters of credit under which the Group guarantees payments to exporters against presentation of shipping and other documents.

Loan commitments

Loan commitments include unused credit facilities that can be revoked at our sole discretion upon notice to the client. A small portion of total loan commitments is related to the leveraged finance business. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes and are not included in this disclosure. Such commitments are reflected as derivatives in the consolidated balance sheets.

Forward reverse repurchase agreements

Forward \geq reverse repurchase agreements represent transactions in which the initial cash exchange of the reverse repurchase transactions takes place on specified future dates.

Other commitments

Other commitments include private equity commitments, firm commitments in underwriting securities, commitments arising from deferred payment letters of credit and from acceptances in circulation and liabilities for calls on shares and other equity instruments.

31 Transfers of financial assets and variable interest entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity and Group tax or regulatory purposes. SPEs typically qualify either as QSPEs or VIEs. QSPEs have significant limitations on the types of assets and derivative instruments they may own and the types and extent of activities and decision-making in which they may engage. At each balance sheet date, QSPEs and VIEs are reviewed for events that may trigger reassessment of the entities' classification.

Transfers of financial assets

Securitizations

The majority of the Group's securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using QSPEs. In order to qualify as a QSPE, the permitted activities of the entity must be limited to passively holding financial assets and distributing cash flows to investors based on pre-set terms. QSPEs may not actively manage their assets through discretionary sales and are generally limited to making decisions inherent in servicing activities and issuance of liabilities. Entities that qualify as QSPEs are not consolidated at inception and the risk of subsequent consolidation is minimal under US GAAP as of December 31, 2009.

The Group originates and/or purchases commercial and residential mortgages for the purpose of securitization and sells these mortgage loans to QSPEs. These QSPEs issue >>commercial mortgage-backed securities (CMBS), >>residential mortgage-backed securities (RMBS) and ABS that are collateralized by the assets transferred to the QSPE and that pay a return based on the returns on those assets. Investors in these mortgage-backed securities or ABS typically have recourse to the assets in the QSPEs. The investors and the QSPEs have no recourse to the Group's assets. The Group is typically an underwriter of, and makes a market in, these securities.

In 2009, the Group began transacting in re-securitizations of previously issued RMBS securities. Typically, certificates are reissued out of an existing securitization vehicle into a newly created and separate securitization vehicle. Often, these re-securitizations are initiated in order to repackage an existing security to give the investor a higher rated tranche.

The Group also purchases loans and other debt obligations from clients for the purpose of securitization that are sold by the Group directly or indirectly through affiliates to QSPEs that issue CDOs. The Group structures, underwrites and may make a market in these CDOs. CDOs are collateralized by the assets transferred to the CDO vehicle and pay a return based on the returns on those assets. Investors typically only have recourse to the collateral of the CDO and do not have recourse to the Group's assets.

Securitization transactions are assessed for appropriate treatment of the assets transferred by the Group. The Group's and its clients' investing or financing needs determine the structure of each transaction, which in turn determines whether sales accounting and subsequent derecognition of the transferred assets applies. Certain transactions may be structured to include derivatives or other provisions that prevent sales accounting.

Gains and losses on securitization transactions depend, in part, on the carrying values of mortgages and CDOs involved in the transfer and are allocated between the assets sold and any beneficial interests retained according to the relative >>fair values at the date of sale.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2009 and 2008 securitizations of financial assets treated as sales, along with the cash flows between the Group and the QSPEs or SPEs used in any securitizations in which the Group still has continuing involvement, regardless of when the securitization occurred. Only those transactions that qualify for sales accounting and subsequent derecognition of the transferred assets and in which the Group has continuing involvement with the entity as of December 31, 2009 and 2008 are included in the table.

In December 2008, the FASB issued guidance that changed and expanded the disclosure requirements for the Group's involvement with transfers of financial assets for December 31, 2008, but did not require retrospective application of the new disclosure. The disclosures for 2007 have not been restated for the new disclosure requirements and are therefore not comparable to the 2009 and 2008 disclosures.

Securitizations

2009	2008
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in	QSPE	SPE	QSPE	SPE
Gains/(losses) and cash flows (CHF million)				
CMBS				
Net gain/(loss) ¹	0	0	(4)	36
Proceeds from transfer of assets	144	0	674	463
Purchases of previously transferred financial assets or its underlying collateral	0	0	(173)	0
Servicing fees	1	0	2	0
Cash received on interests that continue to be held	239	5	273	0
RMBS				
Net gain ¹	194	0	56	0
Proceeds from transfer of assets	34,246	0	20,998	0
Purchases of previously transferred financial assets or its underlying collateral	(46)	0	(3)	0
Servicing fees	6	0	4	0
Cash received on interests that continue to be held	329	0	230	1
ABS ²				
Net gain ¹	0	19	0	0
Proceeds from transfer of assets	0	104	0	0
Purchases of previously transferred financial assets or its underlying collateral	0	(18)	0	0
Cash received on interests that continue to be held	6	12	3	19
CDO				
Net gain ¹	73	34	7	56
Proceeds from transfer of assets	380	1,994	929	683
Purchases of previously transferred financial assets or its underlying collateral	(392)	(1,458)	0	0
Cash received on interests that continue to be held	0	13	0	44

1 Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. 2 Primarily home equity loans.

Securitizations (continued)

in 2007

Gains/(losses) and proceeds from transfer of assets (CHF million)

CMBS

Net gain ¹ 527

Proceeds from transfer of assets 24,735

RMBS

Net gain ¹ 79

Proceeds from transfer of assets 37,562

ABS ²

Net gain ¹ 11

Proceeds from transfer of assets 3,844

CDO

Net gain ¹ 60

Proceeds from transfer of assets 3,758

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to securitization.

The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. ² Primarily home equity loans.

Other asset-backed financing activities

The Group also uses SPEs for other client-driven activity and for Group tax or regulatory purposes. These activities include energy structures (which include certain carbon securitization vehicles), life insurance structures, emerging market structures (set up for financing, loan participation or loan origination purposes) and other alternative investment structures (created for the purpose of investing in venture capital-like investments for capital appreciation).

Conduits are occasionally formed to act as an SPE to fund securitization transactions. The SPE is typically independently owned by a third party and is not a subsidiary of the Group. Rather, the Group acts as the sponsor and provides liquidity and credit enhancement, along with other parties.

The Group may be involved in arranging leveraged synthetic leases. These structures are third-party SPEs established for the securitization of lease receivables. The Group typically receives an upfront fixed arrangement fee and its only other involvement is financing to and loan repayments from the SPE.

The Group also sets up structures that hold various collateralized commercial loans as part of normal business.

The following table provides the gains or losses relating to 2009 and 2008 transfers of financial assets treated as sales which were not securitizations, along with the cash flows between the Group and the SPEs used in such transfers in which the Group had continuing involvement as of December 31, 2009 and 2008, regardless of when the transfer of assets occurred.

Other asset-backed financing activities

2009 2008

in	SPE	SPE
Gains/(losses) and cash flows (CHF million)		
Net gain ¹	12	22
Proceeds from transfer of assets	3,494	6,063
Purchases of previously transferred financial assets or its underlying collateral	(219)	0
Cash received on interests that continue to be held	1,422	1,315

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the QSPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the other asset-backed financing activity. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the other asset-backed financing activity pricing date and the sale price of the loans.

The Group does not retain material servicing responsibilities from securitizations or other asset-backed financing activities.

Continuing involvement in transferred financial assets

The Group may have continuing involvement in the financial assets that are transferred to an SPE, regardless of whether the transfer was accounted for as a sale or a secured borrowing, which may take several forms, including, but not limited to, servicing, recourse and guarantee arrangements, agreements to purchase or redeem transferred assets, derivative instruments, pledges of collateral and beneficial interests as recorded on the Group's consolidated balance sheets. Beneficial interests include rights to receive all or portions of specified cash inflows received by an SPE, including, but not limited to, senior and subordinated shares of interest, principal, or other cash inflows to be "passed through" or "paid through," premiums due to guarantors, CP obligations, and residual interests, whether in the form of debt or equity.

The Group's exposure resulting from continuing involvement in transferred financial assets is generally limited to beneficial interests typically held by the Group in the form of instruments issued by SPEs that are senior, subordinated or residual tranches. These instruments are held by the Group typically in connection with underwriting or market-making activities and are included in trading assets in the consolidated balance sheets. Any changes in the fair value of these beneficial interests are recognized in the consolidated statements of operations.

Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as a collateral account, or from a liquidity facility, such as a line of credit or the liquidity put option of an asset purchase agreement. The SPE may also enter into a derivative contract in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors, or to limit or change the credit risk of the SPE. The Group may be the provider of certain credit enhancements as well as the counterparty to any related derivative contact.

The following table provides the outstanding principal balance of assets to which the Group continues to be exposed after the transfer of the financial assets to any QSPE or SPE and the total assets of the QSPE or SPE, as of December 31, 2009 and 2008, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of QSPEs or SPEs resulting from continuing involvement

	2009		2008	
end of	QSPE	SPE	QSPE	SPE

CHF million

CMBS

Principal amount outstanding	47,884 ₁	970 ₁	57,606 ₁	2,247
Total assets of QSPE/SPE	63,088	8,389	70,769	2,247

RMBS

Principal amount outstanding	90,930 ₁	1,153	102,515	1,515
Total assets of QSPE/SPE	97,966	1,153	102,515	1,515

ABS

Principal amount outstanding	6,316	928	6,282	1,614
Total assets of QSPE/SPE	6,316	928	6,282	1,614

CDO

Principal amount outstanding	1,179	36,295 ₁	1,624	36,807 ₁
Total assets of QSPE/SPE	1,179	36,773	1,624	37,404

Other asset-backed financing activities

Principal amount outstanding	1,379	10,882 ₁	1,456	22,412 ₁
Total assets of QSPE/SPE	1,379	12,483	1,456	24,278

1 Does not include principal amounts for assets transferred from third parties.

Sensitivity analysis

The fair values of the assets or liabilities that result from any continuing involvement are determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Group may utilize to hedge the inherent risks.

The following tables provide the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of December 31, 2009 and 2008.

Sensitivity analysis of key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of 2009	CMBS ₁	RMBS	ABS	CDO ₂	Other asset-backed financing activities
CHF million, except where indicated					
Fair value of beneficial interests	1,216	1,831	93	1,230	2,636
of which non-investment grade	403	673	86	956	1,527
Weighted-average life, in years	2.7	5.0	4.3	3.7	3.9
Prepayment speed assumption (rate per annum), in % ³	–	0.0-32.4	1.7-4.5	–	–
Impact on fair value from 10% adverse change	–	(31.9)	(0.3)	–	–
	–	(66.0)	(0.5)	–	–

Impact on fair value from 20% adverse change					
Cash flow discount rate (rate per annum), in % ⁴	5.6-51.6	2.2-53.5	5.1-48.2	0.5-41.3	0.2-7.8
Impact on fair value from 10% adverse change	(24.2)	(48.3)	(0.8)	(2.1)	(6.1)
Impact on fair value from 20% adverse change	(46.6)	(91.6)	(1.5)	(4.0)	(11.7)
Expected credit losses (rate per annum), in %	3.3-48.1	3.3-49.5	3.4-47.5	1.0-39.3	0.5-9.7
Impact on fair value from 10% adverse change	(17.9)	(27.4)	(0.6)	(1.3)	(5.0)
Impact on fair value from 20% adverse change	(34.7)	(51.4)	(1.2)	(2.5)	(8.8)

1 To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. 2 CDOs are generally structured to be protected from prepayment risk. 3 Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. 4 The rate is based on the weighted-average yield on the beneficial interests.

Sensitivity analysis of key economic assumptions used in measuring fair value of beneficial interests held in SPEs (continued)

end of 2008	CMBS ₁	RMBS	ABS	CDO ₂	Other asset-backed financing activities
CHF million, except where indicated					
Fair value of beneficial interests	1,581	810	32	548	5,311
of which non-investment grade	44	65	2	40	4,230
Weighted-average life, in years	2.2	3.5	3.0	9.0	3.3
Prepayment speed assumption (rate per annum), in % ³	–	0.1-60.4	8.0	5.0-20.0	–
Impact on fair value from 10% adverse change	–	(14.3)	(3.8)	(0.4)	–
Impact on fair value from 20% adverse change	–	(28.5)	(4.4)	(0.7)	–
Cash flow discount rate (rate per annum), in % ⁴	5.1-55.2	2.2-51.8	21.6-50.5	2.7-59.3	0.8-10.4
	(27.7)	(19.5)	(4.3)	(3.3)	(14.1)

Impact on fair value from 10% adverse change					
Impact on fair value from 20% adverse change	(54.8)	(38.9)	(5.2)	(6.6)	(27.7)
Expected credit losses (rate per annum), in %	2.8-52.3	2.9-46.1	4.5	4.6-56.7	4.6-15.8
Impact on fair value from 10% adverse change	(25.3)	(15.5)	(4.0)	(2.2)	(17.1)
Impact on fair value from 20% adverse change	(50.0)	(30.9)	(4.2)	(4.2)	(26.9)

1 To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. 2 CDOs are generally structured to be protected from prepayment risk. 3 PSA is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the CPR assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. 4 The rate is based on the weighted-average yield on the beneficial interests.

These sensitivities are hypothetical and do not reflect economic hedging activities. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the beneficial interests is calculated without changing any other assumption. In practice, changes in one assumption may result in changes in other assumptions (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of December 31, 2009 and 2008.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

in	2009	2008
CHF million		
CMBS		
Other assets	940	0
Liability to SPE, included in Other liabilities	(940)	0
RMBS		
Other assets	296	768
Liability to SPE, included in Other liabilities	(296)	(768)
ABS		
Trading assets	116	19

Other assets	1,137	520
Liability to SPE, included in Other liabilities	(1,253)	(539)
CDO		
Trading assets	193	139
Other assets	195	1,868
Liability to SPE, included in Other liabilities	(388)	(2,007)
Other asset-backed financing activities		
Trading assets	1,575	430
Other assets	15	50
Liability to SPE, included in Other liabilities	(1,590)	(480)

Variable interest entities

As a normal part of its business, the Group engages in various transactions that include entities that are considered VIEs and are broadly grouped into three primary categories: CDOs, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that will absorb the majority of expected losses, receive the majority of the expected residual returns, or both. The Group consolidates all VIEs for which it is the primary beneficiary. VIEs may be sponsored by the Group, unrelated third parties or clients. At each balance sheet date, VIEs are reviewed for events that may trigger reassessment of the entities' classification and/or consolidation. These events include:

- a change in the VIEs governing documents, or contractual arrangements among the parties involved, in a manner that changes the characteristics of the Group's investment or involvement;
- the Group's acquisition of additional variable interests, whether newly issued or from other parties; or
- the Group's sale or disposal of variable interests to unrelated parties, or the issuance by the VIE of new variable interests to other unrelated parties.

Application of the accounting requirements for consolidation of VIEs may require the exercise of significant management judgment. In the event consolidation of a VIE is required, the exposure to the Group is limited to that portion of the VIE's assets attributable to any variable interest held by the Group prior to any risk management activities to hedge the Group's net exposure. Any interests held in the VIE by third parties, even though consolidated by the Group, will not typically impact its results of operations.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, the Group may hold interests in the VIEs. Securitization-related transactions with VIEs involve selling or purchasing assets and entering into related derivatives with those VIEs, providing liquidity, credit or other support. Other transactions with VIEs include derivative transactions in the Group's capacity as the prime broker for entities qualifying as VIEs. The Group also

enters into lending arrangements with VIEs for the purpose of financing projects or the acquisition of assets. Typically, the VIE's assets are restricted in nature in that they are held primarily to satisfy the obligations of the entity. Further, the Group is involved with VIEs which were formed for the purpose of offering alternative investment solutions to clients. Such VIEs relate primarily to private equity investments, fund-linked vehicles or funds of funds, where the Group acts as structurer, manager, distributor, broker, market maker or liquidity provider.

As a consequence of these activities, the Group holds variable interests in VIEs. Such variable interests consist of financial instruments issued by VIEs and which are held by the Group, certain derivatives with VIEs or loans to VIEs. Guarantees issued by the Group to or on behalf of VIEs may also qualify as variable interests. For such guarantees, including derivatives that act as guarantees, the notional amount of the respective guarantees are provided to represent the exposure. In general, investors in consolidated VIEs do not have recourse to the Group in the event of a default, except where a guarantee was provided to the investors or where the Group is the counterparty to a derivative transaction involving VIEs.

Except as described below, the Group has not provided financial or other support to consolidated or non-consolidated VIEs that it was not contractually required to provide.

In 2007, the Group repositioned its money market funds by purchasing securities from those funds with the intent to eliminate structured investment vehicle, ABS, CDO and US subprime exposure. The securities transactions were executed in order to address liquidity concerns caused by the US market's challenging conditions. The Group had no legal obligation to purchase these securities. The Group lifted out CHF 270 million, CHF 377 million and CHF 9,286 million of securities from its money market funds in 2009, 2008 and 2007, respectively. As of December 31, 2009 and 2008, the fair value of its balance sheet exposure from these purchased securities was CHF 260 million and CHF 567 million, respectively. Net gains/(losses) on securities purchased from the Group's money market funds were CHF 109 million, CHF (687) million and CHF (920) million in 2009, 2008 and 2007, respectively.

In the third quarter of 2008, one of the money market funds advised by the Group was under redemption pressure due to the deteriorating money and credit markets. In order to provide liquidity, the Group invested USD 2.2 billion (CHF 2.5 billion) in units issued by the fund. With redemptions totaling USD 0.7 billion (CHF 0.7 billion) in the fourth quarter, the Group decreased its investment in this money market fund to USD 1.5 billion (CHF 1.6 billion) as of the end of 2008. This fund was an SEC-registered Rule 2a-7 fund invested in CP and other short-term securities rated at least A1/P1.

At the end of 2008, in line with its strategy to focus on higher margin, scalable businesses, the Group decided to close these money market funds. Accordingly, these funds were consolidated as of December 31, 200