

VIII

Parent company financial statements – Credit Suisse (Bank)

- 431 Report of the Statutory Auditor**
- 433 Financial review**
- 434 Parent company financial statements**
- 437 Notes to the financial statements**
(see the following page for a detailed list)
- 444 Proposed appropriation of retained earnings**

Parent company financial statements

433	Financial review
434	Statements of income
435	Balance sheets
436	Off-balance sheet business

Notes to the financial statements

437	1	Description of business activities	441	11	Amounts receivable from and payable to affiliated companies and loans to members of the Bank parent company's governing bodies
437	2	Accounting and valuation policies	441	12	Significant transaction with related parties
438	3	Additional information on the parent company statements of income	442	13	Fire insurance value of tangible fixed assets
438	4	Pledged assets and assets under reservation of ownership	442	14	Liabilities for future payments in connection with operating leases
439	5	Securities borrowing and securities lending, repurchase and reverse repurchase agreements	442	15	Fiduciary transactions
439	6	Liabilities due to own pension plans	442	16	Number of employees
439	7	Valuation adjustments and provisions	443	17	Foreign currency translation rates
440	8	Composition of share and participation capital and authorized capital	443	18	Outsourcing of services
440	9	Major shareholders and groups of shareholders	443	19	Risk assessment
441	10	Shareholder's equity			



KPMG AG
Audit Financial Services
Badenerstrasse 172
CH-8004 Zurich

P.O. Box
CH-8026 Zurich

Telephone +41 44 249 31 31
Fax +41 44 249 23 19
Internet www.kpmg.ch

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

Credit Suisse AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Credit Suisse AG (the "Bank"), which comprise the balance sheet, income statement and notes for the year ended December 31, 2009.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2009 comply with Swiss law and the Bank's articles of incorporation.



Report on Other Legal and Regulatory Requirements

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

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

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

KPMG AG

A handwritten signature in black ink, appearing to read 'P. Rickert'.

Philipp Rickert
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'M. Suppan'.

Manfred Suppan
Licensed Audit Expert

Zurich, Switzerland
March 25, 2010

Financial review

The Credit Suisse AG (Bank) parent company (the Bank parent company) recorded net operating income of CHF 8,675 million in 2009, compared to CHF 9,175 million in 2008. After deduction of operating expenses totaling CHF 7,333 million, representing an increase of 35% in comparison with 2008, gross operating profit was CHF 2,421 million, or 64%, lower than in 2008 and amounted to CHF 1,342 million.

Depreciation of non-current assets of CHF 661 million, and valuation adjustments, provisions and losses of CHF 861 million resulted in an operating loss of CHF 180 million. The Bank parent company recorded a net profit of CHF 378 million in 2009, compared to a net loss of CHF 2,240 million in 2008.

Net interest income for 2009 decreased CHF 1,878 million, or 37%, to CHF 3,172 million compared to 2008. Net commission and service fee activities decreased CHF 327 million, or 7%, to CHF 4,267 million. The Bank parent company

reported a net trading income of CHF 70 million, compared to net trading loss of CHF 980 million in 2008. The Bank parent company reported net other ordinary income of CHF 1,166 million, an increase of CHF 655 million, or 128%, compared to 2008.

Operating expenses were up CHF 1,921 million, or 35%, to CHF 7,333 million compared to 2008. Personnel expenses increased by CHF 1,724 million, or 44%, to CHF 5,662 million. Property, equipment and administrative costs totaled CHF 1,671 million, an increase of CHF 197 million, or 13%, compared to 2008. Extraordinary income of CHF 618 million were recorded in 2009, of which CHF 512 million related to prior period.

At the Annual General Meeting on April 30, 2010, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 3,000 million.

Parent company financial statements

Statements of income

	Reference to notes	in
		2009 2008
Net interest income (CHF million)		
Interest and discount income		10,134 21,946
Interest and dividend income from trading portfolio		1,157 2,144
Interest and dividend income from financial investments		244 254
Interest expense		(8,363) (19,294)
Net interest income		3,172 5,050
Net commission and service fee activities (CHF million)		
Commission income from lending transactions		715 509
Securities and investment commissions		3,346 4,072
Other commission and fee income		791 681
Commission expense		(585) (668)
Net commission and service fee activities		4,267 4,594
Net trading income/(loss)	3	70 (980)
Net other ordinary income (CHF million)		
Income from the disposal of financial investments		52 91
Income from participations		486 311
Income from real estate		31 32
Other ordinary income		1,047 637
Other ordinary expenses		(450) (560)
Net other ordinary income		1,166 511
Net operating income		8,675 9,175
Operating expenses (CHF million)		
Personnel expenses		5,662 3,938
Property, equipment and administrative costs		1,671 1,474
Total operating expenses		7,333 5,412
Gross operating profit		1,342 3,763
Depreciation of noncurrent assets		661 4,753
Valuation adjustments, provisions and losses		861 1,179
Operating loss		(180) (2,169)
Extraordinary income	3	618 19
Extraordinary expenses	3	0 (363)
Taxes		(60) 273
Net profit/(loss)		378 (2,240)

Balance sheets

	Reference to notes	2009	end of 2008
Assets (CHF million)			
Cash and other liquid assets		34,546	68,010
Money market papers		3,454	5,310
Due from banks		173,781	208,964
Due from customers		198,696	201,661
Mortgages		93,804	94,386
Securities and precious metals trading portfolio		37,592	41,140
Financial investments		5,626	6,113
Participations		18,629	16,361
Tangible fixed assets		3,087	3,042
Intangible assets		1,111	1,052
Accrued income and prepaid expenses		3,041	3,155
Other assets		23,888	37,707
Total assets		597,255	686,901
of which subordinated amounts receivable		744	614
of which amounts receivable from group companies and qualified shareholders		271,865	305,378
Liabilities and shareholder's equity (CHF million)			
Liabilities in respect of money market papers		12,758	38,210
Due to banks		127,536	220,203
Due to customers, savings and investment deposits		42,422	34,754
Due to customers, other deposits		246,500	237,754
Medium-term notes		1,499	1,105
Bonds and mortgage-backed bonds		102,426	79,617
Accrued expenses and deferred income		6,187	5,888
Other liabilities		19,797	31,435
Valuation adjustments and provisions	7	1,375	1,548
Total liabilities		560,500	650,514
Share and participation capital	8	4,400	4,400
General legal reserves		22,063	22,063
Other reserves		610	610
Retained earnings carried forward		9,304	11,554
Net profit/(loss)		378	(2,240)
Total shareholder's equity	10	36,755	36,387
Total liabilities and shareholder's equity		597,255	686,901
of which subordinated amounts payable		25,289	27,091
of which amounts payable to group companies and qualified shareholders		133,695	186,556

Off-balance sheet business

end of	2009	2008
CHF million		
Contingent liabilities	217,625	198,100
Irrevocable commitments	60,627	71,490
Liabilities for calls on shares and other equity instruments	27	16
Confirmed credits	0	428
Fiduciary transactions	8,951	15,679
Derivative financial instruments (CHF million)		
Gross positive replacement values	64,856	138,582
Gross negative replacement values	62,421	133,777
Contract volume	4,653,242	4,097,689

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

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

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

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

Notes to the financial statements

1 Description of business activities

The Bank parent company is a Swiss Bank with total assets of CHF 597.3 billion and shareholder's equity of CHF 36.8 billion as of December 31, 2009.

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

2 Accounting and valuation policies

Basis for accounting

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

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

For significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view), refer to Note 36 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP (true and fair view) in VII – Consolidated financial statements – Credit Suisse (Bank). Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank).

Foreign currency translations

For US GAAP purposes, foreign currency translation adjustments for available-for-sale securities are reported in accumulated other comprehensive income/(loss) (AOCI), which is part of total shareholder's equity, whereas for Swiss GAAP statutory they are included in the statements of income.

Share-based compensation

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

Derivatives used for hedging purposes

Cash flow hedges

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

Fair value hedges

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

Deferred taxes

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

Participations

The portfolio valuation method is applied to the participation positions.

Undisclosed reserves

Unlike US GAAP, Swiss GAAP statutory financial statements may include and be influenced by undisclosed reserves. Undisclosed reserves arise from economically unnecessary write-downs on fixed assets and participations or through market-related price increases, which are not reflected in the statements of income. Such undisclosed reserves arise from recording excessive provisions and loan loss reserves. In addition, such undisclosed reserves arise if provisions and loan reserves, which are no longer necessary, are not written back to income.

Valuation adjustments on financial investments

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

Notes on risk management

For information on the Bank parent company's policy with regard to risk management and the use of financial derivatives, refer to III – Treasury, Risk, Balance sheet and Off-balance sheet and Note 28 – Derivatives and hedging activities in VII – Consolidated financial statements – Credit Suisse (Bank).

3 Additional information on the parent company statements of income

in	2009	2008
Net trading income/(loss) (CHF million)		
Income/(loss) from trading in interest-related instruments	442	(3,452)
Income/(loss) from trading in equity instruments	766	(610)
Income from foreign exchange and banknote trading	132	3,265
Income from precious metals trading	22	60
Other gain/(loss) from trading	(1,292)	(243)
Total net trading income/(loss)	70	(980)

in	2009	2008
Extraordinary income and expenses (CHF million)		
Gains realized on the disposal of participations	106	19
Other extraordinary income	512	0
Extraordinary income	618	19
Losses realized on the disposal of participations	0	(2)
Other extraordinary expenses	0	(361)
Extraordinary expenses	0	(363)
Total net extraordinary income and expenses	618	(344)

4 Pledged assets and assets under reservation of ownership

end of	2009	2008
Pledged assets and assets under reservation of ownership (CHF million)		
Assets pledged and assigned as collateral	17,531	11,617
Actual commitments secured	12,827	6,529

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

end of	2009	2008
Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)		
Due from banks	25,168	10,388
Due from customers	2,282	4,860
Cash collateral paid for securities borrowed and reverse repurchase agreements	27,450	15,248
Due to banks	22,861	21,154
Due to customers	297	674
Cash collateral received for securities lent and repurchase agreements	23,158	21,828
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	5,379	5,252
of which transfers with the right to resell or repledge	5,379	4,999
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	95,121	75,085
of which resold or repledged	78,276	68,178

6 Liabilities due to own pension plans

Liabilities due to the Bank parent company's own pension plans as of December 31, 2009 and 2008 of CHF 1,102 million and CHF 1,220 million, respectively, are reflected in vari-

ous liability accounts in the Bank parent company's balance sheets.

7 Valuation adjustments and provisions

in	Total 2008	Utilized for purpose	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2009
Valuation adjustments and provisions (CHF million)						
Provisions for deferred taxes	349	0	(10)	97	(13)	423
Valuation adjustments and provisions for default risks	1,484	(279)	45	482	(425)	1,307
Valuation adjustments and provisions for other business risks ¹	104	(13)	0	19	(26)	84
Other provisions ^{2,3}	1,095	(625)	(336)	815	(81)	868
Subtotal	2,683	(917)	(291)	1,316	(532)	2,259
Total valuation adjustments and provisions	3,032	(917)	(301)	1,413	(545)	2,682
Less direct charge-offs against specific assets	(1,484)					(1,307)
Total valuation adjustments and provisions as shown in the balance sheet	1,548					1,375

¹ Provisions are not discounted due to short-term nature. ² Provisions in respect of litigation claims were CHF 40 million and CHF 49 million as of December 31, 2009 and 2008, respectively. ³ No provisions for defined benefit pension cost included.

8 Composition of share and participation capital and authorized capital

	2009		2008	
	Quantity	Total nominal value CHF million ¹	Quantity	Total nominal value CHF million ¹
Registered shares (at CHF 100)				
Capital on January 1	43,996,652	4,400	43,996,652	4,400
Capital on December 31	43,996,652	4,400	43,996,652	4,400
Participation certificates (at CHF 0.01)				
Participation certificates on January 1	750,000	0	0	0
Participation certificates on December 31	750,000	0	750,000	0

¹ The dividend eligible capital equals the total nominal value.

9 Major shareholders and groups of shareholders

end of	2009			2008		
	Quantity	Total nominal value CHF million	Share %	Quantity	Total nominal value CHF million	Share %
Major shareholders and groups of shareholders						
Credit Suisse Group AG	43,996,652	4,400	100%	43,996,652	4,400	100%

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.

10 Shareholder's equity

	2009	2008
Shareholder's equity (CHF million)		
Share and participation capital	4,400	4,400
General legal reserves	22,063	18,849
Other reserves	610	610
Retained earnings	9,314	14,393
of which carried forward from previous year	11,554	10,768
of which net profit/(loss)	(2,240)	3,625
Total shareholder's equity as of January 1	36,387	38,252
Issuance of participation certificates (including premium)	0	2,962
Other changes	0	13
Dividend	(10)	(2,600)
Net profit/(loss)	378	(2,240)
Total shareholder's equity as of December 31 (before profit allocation)	36,755	36,387
Share and participation capital	4,400	4,400
General legal reserves	22,063	22,063
Other reserves	610	610
Retained earnings	9,682	9,314
of which carried forward from previous year	9,304	11,554
of which net profit/(loss)	378	(2,240)
Total shareholder's equity as of December 31 (before profit allocation)	36,755	36,387

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

end of	2009	2008
Amounts receivable from and amounts payable to affiliated companies and loans to members of the Bank parent company's governing bodies (CHF million)		
Amounts receivable from affiliated companies	5,453	6,840
Amounts payable to affiliated companies	18,790	22,903
Loans to members of the Bank parent company's governing bodies	43	37

12 Significant transactions with related parties

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

13 Fire insurance value of tangible fixed assets

end of	2009	2008
Fire insurance value of tangible fixed assets (CHF million)		
Real estate	3,367	3,226
Other fixed assets	349	369

14 Liabilities for future payments in connection with operating leases

end of	2009	2008
Liabilities for future payments in connection with operating leases (CHF million)		
Total	929	714

15 Fiduciary transactions

end of	2009	2008
Fiduciary transactions (CHF million)		
Fiduciary placements with third-party institutions	8,949	15,677
Fiduciary loans and other fiduciary transactions	2	2
Total fiduciary transactions	8,951	15,679

16 Number of employees

end of	2009	2008
Number of employees (full-time equivalents)		
Switzerland	17,600	17,800
Abroad	4,600	5,100
Total number of employees	22,200	22,900

17 Foreign currency translation rates

		End of	Average in	
	2009	2008	2009	2008
1 USD / 1 CHF	1.03	1.06	1.08	1.08
1 EUR / 1 CHF	1.49	1.49	1.51	1.58
1 GBP / 1 CHF	1.66	1.53	1.68	2.00
100 JPY / 1 CHF	1.12	1.17	1.16	1.05

18 Outsourcing of services

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

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

19 Risk assessment

For information on the Bank parent company's risk assessment in accordance with the Swiss Code of Obligations, refer to Note 37 – Risk assessment in VII – Consolidated financial statements – Credit Suisse (Bank).

Proposed appropriation of retained earnings

end of	2009
Retained earnings (CHF million)	
Retained earnings carried forward	9,304
Net profit	378
Retained earnings available for appropriation	9,682
Dividend	3,000
Allocations to general legal reserves	278
Balance to be carried forward	6,404