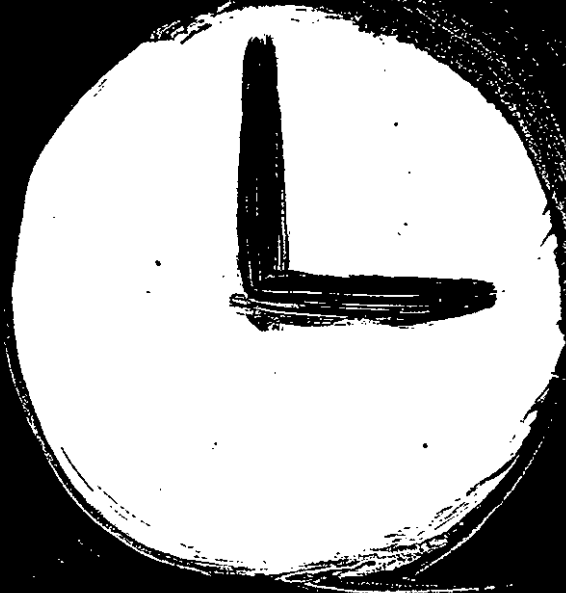


Credit Suisse

Annual Report 1994

Company Number: FC 007227

Branch Number: BR 000 469



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Founded in 1856 in Zurich, Credit Suisse is the oldest of the three big Swiss banks. Thanks to our sound

capital base and balance sheet strength, we can look back on almost 140 years of business during which we have never once failed to pay a dividend.

In Switzerland, Credit Suisse is one of the leading full-service banks with a range of services geared to the needs of all customer segments. In partnership with Swiss Volksbank we have one of the most extensive branch networks in Switzerland.

Outside Switzerland, we concentrate mainly on business with major corporate and private customers and correspondent banks. With over 90 branch and representative offices worldwide, Credit Suisse boasts a presence in all major financial centres, leading industrial nations and markets with high growth potential.

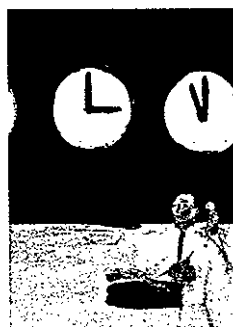


Credit Suisse is a group company of CS Holding, one of the leading financial service groups in the world. Operating from some 500 offices worldwide and employing more than 50,000 people, CS Holding is active in all five continents and in all the world's principal financial centres.

CS Holding's other group companies are: Swiss Volksbank (a bank with a deep-rooted local presence within Switzerland), Leu Holding Ltd (private banking, portfolio management, commercial banking), CS First Boston, Inc. (investment banking), Fides Informatik (information technology services), CS Life (life insurance in Switzerland) and Electrowatt Ltd (electric utilities, industry, real estate, engineering).

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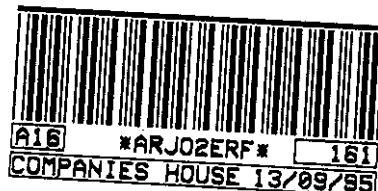
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Credit Suisse: around the world, round the clock

Technological progress and market deregulation have created a financial and banking environment which spans borders and cultures as never before. Opportunities arise today which would have been unimaginable a few years ago. And Credit Suisse is proud to be one of the few banks with the expertise and resources to exploit these opportunities to the full. Its aim is to be able to handle any transaction, of any size or complexity, anywhere in the world. At the same time it recognises that attention to detail at local level is as important as ever. This philosophy not only makes good business sense, it ensures the best possible service for all our customers, large and small.

Our global approach is the theme of the cover illustration of this Annual Report. In the following pages you will find further images symbolising the key qualities which have made our reputation: service, expertise, performance, efficiency, security and reliability. The artist, Marion Deuchars, based her watercolours on impressions gathered during visits to Credit Suisse.



Highlights of Group operations

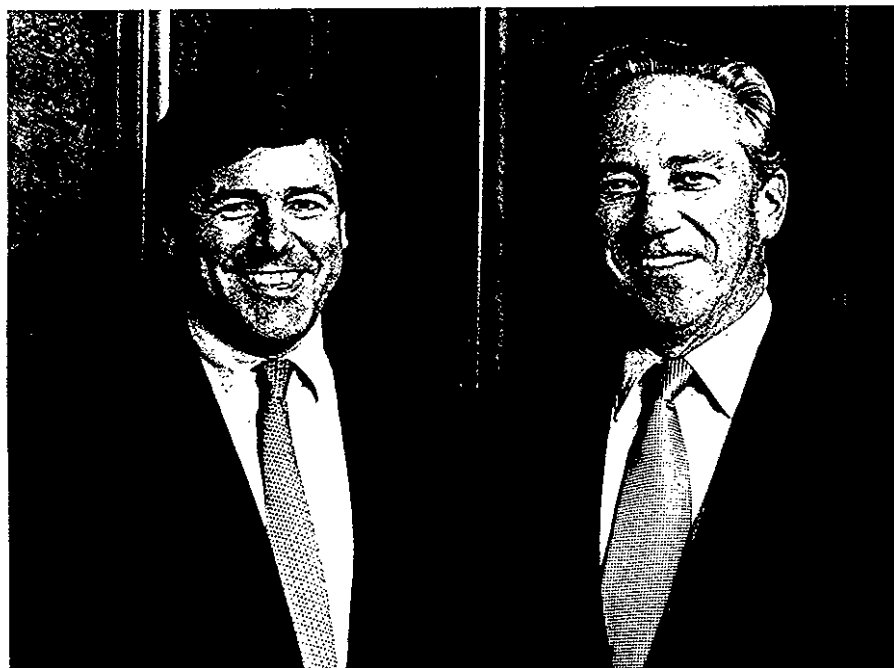
- 1994** Good profits despite difficult market conditions. Credit Suisse Financial Products, the Group's derivatives subsidiary, turns in strong performance.
- January** The investment fund operations of Credit Suisse and SVB are merged to form Credis. By 31 December 1994 assets under Credis management total Sfr 44.8 billion in more than 130 funds.
- March** The trust activities of the CS Holding Group are amalgamated under Credit Suisse. With this in mind, Credit Suisse takes over Fides Trust Ltd from CS Holding.
- As part of the reorganisation of the Credit Suisse-SVB branch network in Switzerland, in three locations the branches of both banks move into the same building and share back-office infrastructure.
- May** A year after setting up Switzerland's first telephone banking service for personal customers, Credit Suisse becomes the first Swiss bank to offer direct banking specifically for corporate clients with the launch of CS-Firstphone *Business*.
- Credit Suisse sets up CS Institutional Services, bringing all services for institutional clients together in one overall strategy. This combined approach means that our clients reap the full benefits of our expertise, global research and active presence in all the world's leading financial centres.
- The Group, which has been represented in Australia for 25 years, becomes the first Swiss bank to open a branch in Melbourne. The new office concentrates on wholesale banking, with particular emphasis on business involving precious metals, energy and natural resources.
- June** Credit Suisse and CS First Boston conclude an agreement providing for close co-ordination of their leveraged finance operations in the United States. This joint approach allows the two companies to pool their expertise in complex corporate financing arrangements for the benefit of US corporate clients.
- Credit Suisse sells Bank Neumünster and Affida Bank to Leu Holding.
- August** CS direct TEL comes on stream, providing Credit Suisse customers with a 24-hour automatic information service through which they can access account details and up-to-the-minute market data.
- Credit Suisse becomes the first Swiss bank to be granted a licence to establish a branch in Shanghai, People's Republic of China.
- September** Credit Suisse (Moscow) Ltd starts trading, becoming the first Swiss bank licensed to operate in Russia.
- Takeover offer made to the shareholders of New Bank of Argovie, Switzerland's biggest regional bank.
- October** The trade journal *Global Custodian* once again names Credit Suisse as Switzerland's leading provider of global custody services.
- November** New Bank of Argovie shareholders approve share exchange. The bank becomes a member of the Credit Suisse Group as from the end of 1994.
- December** Swiss Reinsurance Company takes a 20% stake in our subsidiary, Credit Suisse Financial Products.
- The Credit Suisse Group is number one lead-manager for Swiss franc bonds and equity issues in Switzerland.

Financial statement at a glance

Key figures

	Credit Suisse Group		Credit Suisse Sub-Group*	
	1994	Change on 1993	1994	Change on 1993
Profit and loss account	Sfr m	%	Sfr m	%
Total income	7 534	-18.0	6 598	-16.3
Total expenditure	4 279	4.4	3 597	9.4
Gross profit before tax	3 255	-36.1	3 001	-34.7
Write-downs and losses on fixed assets	568	2.5	459	-1.7
Write-downs, provisions and losses	1 342	-40.5	745	-53.9
Annual profit before tax and extraordinary items	1 345	-41.1	1 797	-28.5
Extraordinary income	388	-	358	-
Extraordinary expenditure	162	-	581	-
Taxes	369	-46.2	359	-46.7
Annual profit	1 202	-17.7	1 215	-19.1
<i>of which minority interests</i>	191	-21.1	192	-20.7
Balance sheet				
Total assets	231 557	-0.3	196 773	1.0
Lendings	126 824	2.3	99 620	3.2
Due to customers	163 513	5.6	132 401	8.5
Shareholders' equity (before allocation of profit)	14 233	0.9	14 294	1.2
<i>of which minority interests</i>	601	68.3	608	78.8
Performance benchmarks				
Return on equity %	9.06	12.36	9.22	12.71
BIS equity ratio %	10.20	10.30	-	-
Return on assets %	0.52	0.69	0.62	0.81
Total income per employee (Sfr 1,000)	316.36	413.55	345.01	455.76
Staff	1.1.1995	1.1.1994	1.1.1995	1.1.1994
Switzerland	21 747	20 316	16 580	14 807
Abroad	4 270	4 003	4 257	4 003
Total	26 017	24 319	20 837	18 810
<i>of which in training</i>	2 202	2 099	1 713	1 518
Offices (including agencies)	31.12.1994	31.12.1993	31.12.1994	31.12.1993
Switzerland	383	421	211	240
Abroad	102	93	98	87
Total	485	514	309	327

* Credit Suisse Sub-Group comprises Credit Suisse Group minus SVB.



*Rainer E. Gut (right),
Chairman of the Board of Directors,
and Josef Ackermann,
President of the Executive Board*

The Credit Suisse Group's business strategy once again proved its worth in 1994, a difficult year on the banking and finance front. The Group posted a profit of Sfr 1.2 billion, the second highest in Credit Suisse's 139-year history. Although we underperformed the exceptional earnings of 1993 by 18%, last year's business results showed that the Group is on a rising trend in the longer term.

The staff of all Group companies made a major contribution to our business results last year. Market developments and the implementation of efficiency measures called for great commitment and flexibility from all concerned.

**"The Credit Suisse Group's business strategy
once again proved its worth in a difficult year."**

On behalf of the Board of Directors and the Executive Board we would like to express our gratitude for the hard work done by all members of staff in 1994. We also wish to thank our customers; their loyalty and the

confidence they have shown in us are a major factor in our business success.

During 1994 we continued to work hard to attain the Group's long-term strategic objectives. As a full-service bank in Switzerland our goal is to become market and cost leader. Outside Switzerland, we focus on wholesale banking and business with private and institutional investors. The Group's aim is to be one of the world's foremost asset managers and one of the leading players in global forex and derivatives business. In corporate lending we distinguish ourselves from our rivals by providing services that satisfy even the most exacting requirements.

Last year we implemented a number of strategic measures. In Switzerland, we largely completed the strategic phase of the union between Credit Suisse and Swiss Volksbank, begun roughly two years ago. Last year we concentrated our forces in a number of important business areas by setting up three joint product centres. Firstly, the Group's investment fund operations were merged to form Credis, a Credit Suisse subsidiary with assets under management totalling Sfr 45 billion. Secondly, occupational pension activities were amalgamated with effect from 1 January 1995 to form CS Columna, Switzerland's largest collective pen-

sion foundation. And thirdly, the Group's leasing operations were combined at the start of 1995, making our leasing arm the leading player in the Swiss market.

In order to enhance the efficiency of our retail banking operations in Switzerland, last year we merged the Swiss franc funds transfer activities of Credit Suisse and SVB into three operations centres. In parallel, we set up ten

supra-regional Credit Suisse service centres which will ultimately cater to SVB's needs as well. Since the Credit Suisse-SVB union we have achieved a 20% cut in the cost of our operations and services within Switzerland. With further cost reductions in mind, we are in the process of setting up joint computing centres and have already harmonised the IT applications used by the two banking groups. To implement our ambitious plans in this area we have already invested some 600 person years.

With a view to further strengthening our market position in the Swiss regions, last year we acquired New Bank of Argovie, the country's largest regional bank, and integrated it into the Group. In line with our overall marketing strategy, New Bank of Argovie will continue to operate under its own identity. Its positioning within the Group will be evaluated in the course of this year. We are proud that this important Swiss regional bank should choose to join the Credit Suisse family of companies, and warmly welcome our colleagues at New Bank of Argovie to the Group.

On the Swiss capital market we achieved our strategic aim of consolidating the Group's leading position in the underwriting of bond and equity issues. In Switzerland we developed and refined our Retail Banking strategy, which we launched in 1993, and, to take account of changing market conditions, introduced a new customer service strategy for small and medium-sized businesses.

In asset management, all of the CS Holding Group's trust business was brought together under one roof last year to form Credit Suisse Fides Trust Holding Ltd, a subsidiary of Credit Suisse.

In worldwide foreign exchange trading and derivatives business, our London-based derivatives subsidiary Credit Suisse Financial Products (CSFP), which we own jointly with CS First Boston, plays a vital strategic role. Last year CSFP posted an annual profit of Sfr 334 million, its second-best result ever.

As part of a strategic alliance between the Group and Swiss Reinsurance Company, one of the world's leading reinsurance firms, Swiss Re acquired a 20% stake in CSFP. The avowed intent of both parties to this arrangement is to co-operate in specific areas of business.

Outside Switzerland, we fine-tuned our strategic approach and further developed our successful lines of business. Given our strong position in the US market and the greater range of business opportunities that are open to us thanks to our partnership with CS First Boston (CSFB), we regard the United States as the Credit Suisse Group's second home market. In 1994 a joint Credit Suisse-CSFB project involving lending to US firms was put in place.

In order to establish ourselves early on in the eastern European market, we became one of the first globally active banks to open a subsidiary in Moscow. Here, too, we are working closely with CS First Boston, which has been very successfully involved in the privatisation of many east European firms.

"In Switzerland, we largely completed the strategic phase of the union between Credit Suisse and Swiss Volksbank."

"As part of its strategic alliance with the Group, Swiss Re acquired a 20% stake in CSFP."

Following the strategic reorientation of our European operations in 1993, last year we carried out a similar reorientation in South-East Asia, China and Latin America.

Looking at the year as a whole, it is clear that we have taken another step towards achieving our ambitious strategic goals. In operational terms, business was satisfactory, despite unfavourable market conditions. Group results were affected by both positive and negative one-off influences; the positive being Swiss Reinsurance Company's purchase of a stake in CSFP, the negative being the restructuring costs stemming from the Credit Suisse-SVB union and from the adaptation of SVB's provisions policy to that of Credit Suisse. Two encouraging trends were the significant reduction in loan loss provisions and the success achieved in keeping costs under control. Once again, Credit Suisse's strong market position played a major part in generating healthy income in a difficult economic climate. SVB's results were marred by persistently high provisions for bad debts and by the weaknesses still apparent in the company's business structure.

In view of the Group's business results, the Annual General Meeting will be asked to approve a Sfr 2 reduction in the gross dividend to Sfr 25 per bearer and registered share from parent company results. At the same time, the Board of Directors will ask shareholders to approve the creation of Sfr 100 million (nominal) of authorised capital which would be available for use by the Board of Directors for up to two years, subject to the guarantee of subscription rights for existing shareholders. This move is designed to increase the Group's flexibility, enabling it to exploit market opportunities and expand its business activities more effectively.

This year promises to bring an improvement in the business environment. Stronger economic growth in Switzerland and other major industrial nations should stimulate demand for credit and allow a further reduction in provisions for bad and doubtful debts. Nonetheless, the persistent structural weakness displayed by certain Swiss industries will continue to have an adverse effect on provisioning. After the plunge in trading income last year, 1995 is likely

to be another difficult year on the markets.

**"1995 promises to bring an improvement
in the business environment."**

Our sound investment policy together with the concentration into single units of the Group's expertise in asset management and investment counselling will boost business

volume and earnings in this sector. The strict cost management which is part and parcel of the Group-wide co-ordination of back-office operations should enable us to improve the ratio between costs and earnings despite the fact that we are expanding our infrastructure. All in all, then, the year ahead will be a very challenging one.

Chairman of the Board of Directors



Rainer E. Gut

President of the Executive Board



Josef Ackermann

Zurich, 3 March 1995

Review of Group operations

The Credit Suisse Group implemented a number of major strategic measures in 1994. The union between Credit Suisse and Swiss Volksbank progressed as planned. We consolidated our leading position in the Swiss market with the takeover of New Bank of Argovie, the country's largest regional bank.

Swiss Reinsurance Company took a 20% stake in our subsidiary Credit Suisse Financial Products, opening up new opportunities for the development of high-quality services and products.

Trading results were adversely affected by interest rate movements. Commissions were the only source of income to buck this negative trend.

In balance sheet business, the general economic improvement was reflected in lower provisions for bad and doubtful loans.

Review of Group operations

Corporate developments

Collaboration with Swiss Re

Closer co-operation with Swiss Re, one of the world's biggest reinsurance companies, will create interesting opportunities for the development of banking-reinsurance hybrid products aimed at large multinational clients.

Credit Suisse-SVB union: forging ahead

All measures scheduled for 1994 as part of the union between Credit Suisse and Swiss Volksbank were carried out on time. As an essential precondition for the exploitation of synergies in back-office areas, a joint information technology infrastructure has been put in place in the space of a mere 18 months. Our objective is to have both banks using the same applications whilst running their own EDP systems.

We have made considerable progress in restructuring our back-office functions. After only eleven months' work on the project, ten Credit Suisse service centres, three scanning centres, which process domestic funds transfer operations, and two cheque processing centres are all up and running. The nine service centres planned for Swiss Volksbank will be set up in phases by the end of 1995 in parallel with the switch-over to the new EDP system.

Reorganisation of branch network largely complete

The reorganisation of the Credit Suisse and SVB branch networks announced in autumn 1993 is now nearing completion. The closure of 30 Credit Suisse and 24 SVB offices and the conversion of the SVB office in the famous holiday resort of Verbier into a Credit Suisse branch were implemented successfully.

More joint product centres

Following the creation of Credis, the Group's investment fund management

company, with effect from 1 January 1995 Credit Suisse and SVB operations were merged to form new product centres in occupational pension provision (CS Columna) and leasing (CS Leasing). The aim of this strategy is to unite in single organisations all the Group's expertise in a particular field.

Close co-operation between the human resources sections of both banks ensured that all projects in connection with the union were implemented smoothly in terms of personnel. As planned, around 1,900 jobs have been shed at the two companies since the beginning of 1993, but this process has been carried out without resort to redundancies.

All trust business within the CS Holding Group was brought together under one roof to form Credit Suisse Fides Trust Holding Ltd, a wholly owned Credit Suisse subsidiary. Fides Trust Ltd, formerly a direct subsidiary of CS Holding, now forms the new sub-holding's main constituent company.

Stronger position in Swiss market

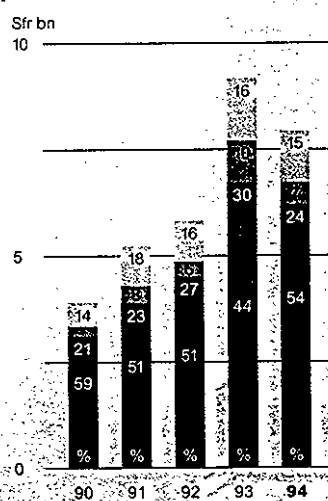
With the integration of New Bank of Argovie into the Credit Suisse Group, we significantly strengthened our market position within Switzerland. CS Holding sold New Bank of Argovie to Credit Suisse with effect from end-1994.

International organisation expanded

With the opening of our subsidiary in Moscow, we have taken up a strategic position in a market with significant long-term growth potential. Credit Suisse (Moscow) Ltd will provide Credit Suisse Group customers with support in their business dealings in Russia and the rest of the CIS, gearing its services primarily to local banks and large companies and to subsidiaries of Western firms.

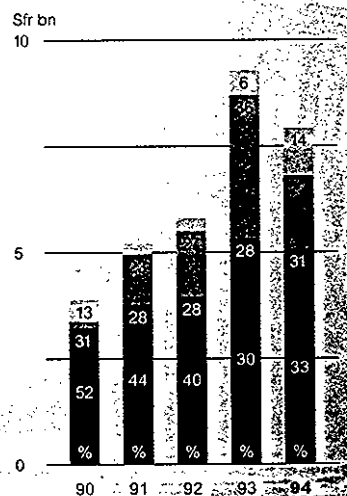
In Vienna, the representative offices of Credit Suisse and CS First Boston have taken up residence in shared premises. This move will enable us to offer all the services of a Swiss universal bank together with those of one of the world's

EXPENDITURE AND ANNUAL PROFIT



- Annual profit (15%)
- Taxes and extraordinary expenditure (7%)
- Write-downs and provisions (24%)
- Operating and staff expenses (54%)

STRUCTURE OF EARNINGS



- Other income (incl. extraordinary income) (14%)
- Trading income (22%)
- Commission income (31%)
- Income from balance sheet business (33%)

Figures on pages 60/85

leading investment banks from the same place. It also serves to strengthen our focus on corporate clients in Austria.

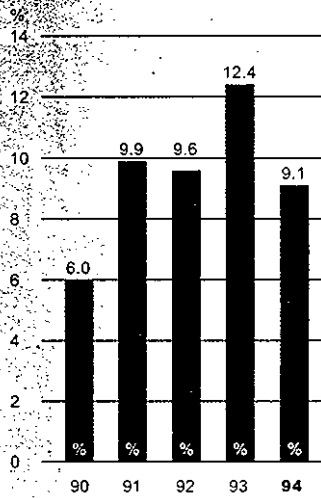
Credit Suisse became the first Swiss bank to obtain a licence to open a fully fledged branch office in Shanghai in the People's Republic of China. Due to open in 1995, the new branch will play a key role in the strategic expansion of our activities in the major high-growth economies of the Far East.

Quality and service

In the provision of its products and services, the Credit Suisse Group aims to maintain the highest levels of professionalism, trustworthiness, integrity, security, innovation and service quality. A survey of a representative sample of our customers throughout Switzerland emphasised the high level of customer satisfaction with our services. The results provide a springboard for further measures to improve service quality in our quest to attain the status of service leader.

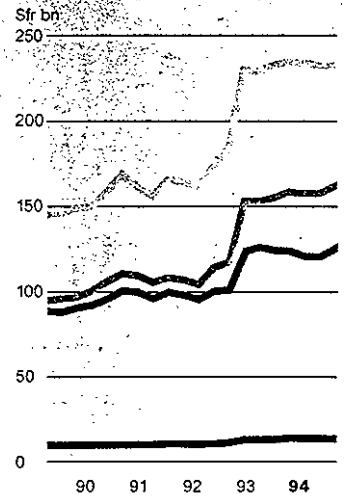
RETURN ON EQUITY

Annual profit as a percentage of average shareholders' equity



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TOTAL ASSETS, LENDINGS, DEPOSITS, SHAREHOLDERS' EQUITY



■ Total assets
■ Customer deposits
■ Lendings
■ Shareholders' equity

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Organisation of the Credit Suisse Group

The Credit Suisse Group comprises the two full-service banking groups, Credit Suisse and Swiss Volksbank, and their subsidiaries.

The Credit Suisse Sub-Group consists of Credit Suisse and its subsidiaries, including Credit Suisse Financial Products (CSFP) and Credis. CSFP is a joint venture with CS First Boston in which Credit Suisse holds 56% of the votes and 40% of the capital. Credis was formed in 1994 as a result of the amalgamation of Credit Suisse and SVB investment fund operations.

The SVB Sub-Group includes Swiss Volksbank and its subsidiaries.

See also the 'Subsidiaries and associated companies' chart on pages 50-53.

CREDIT SUISSE GROUP

Credit Suisse Sub-Group

Parent company
Credit Suisse

Credit Suisse
Financial
Products

Credis

Other
Credit Suisse
subsidiaries

SVB Sub-Group

Parent company
SVB

SVB
subsidiaries



Service

Banking is not just about providing basic financial services. It is about anticipating needs and forming close relationships with customers. Not just doing business, but caring about how the business is done. At Credit Suisse we call this *service quality*. **Credit Suisse: committed to service.**



Last year brought a visible improvement in the Swiss economy and, with it, a marked easing of the credit risk environment. Thus, although a high level of provisioning was still necessary, set-asides for problem loans were well down on the previous year. Demand for credit remained flat, and balance sheet business was also affected by narrower interest margins.

Having successfully restructured our retail banking operations, we began work on reshaping our corporate client services. The launch of CS-Firstphone *Business* for corporate clients constituted a highly effective expansion of our telephone banking strategy, first introduced in 1993.

By exploiting synergies within the CS Holding family of companies, the Credit Suisse Group offers its customers a higher quality of service. In Switzerland, Credit Suisse operates as a universal bank offering a comprehensive range of financial services tailored to its customers' specific needs. The Group's aim is to become market and cost leader within Switzerland, to be recognised as such and to build up close and lasting relationships with its customers.

Emerging from recession

After three years of recession, the Swiss economy climbed back onto a positive growth track last year. At 2% in real terms, the 1994 expansion rate was slightly above the economy's average long-term growth potential. Corporate investment in plant and machinery leapt by 9%, with imports and exports also posting hefty gains (+7.5% and +3.5% respectively). Although consumer confidence perked up, private spending continued to lag behind the economy as a whole.

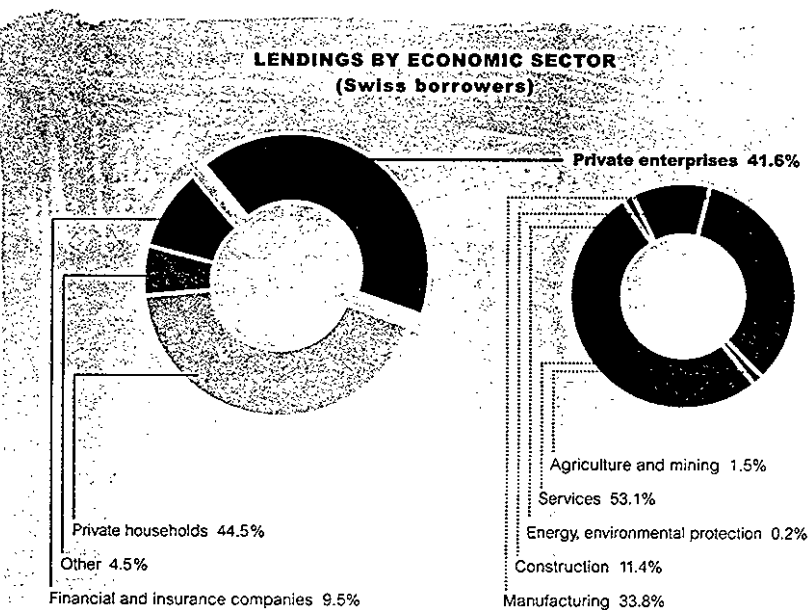
Given the generally healthy state of the world economy, we expect the Swiss economy to build on the recovery begun last year and achieve growth of around 2.5% in 1995.

Corporate clients:

subdued demand for credit

The brighter economic picture did little to whet industry's appetite for credit: total lendings to Swiss companies recorded an increase of only Sfr 6.8 billion (+8.4%). Indeed, if lendings totalling Sfr 7.8 billion by New Bank of Argovie were excluded, figures for this area of business would actually have experienced a slight decline. Although an improvement in export conditions for Switzerland's bigger companies was last year beginning to stimulate demand for credit, smaller firms geared primarily to the home market continued to finance most of their rationalisation spending from their own funds. Nevertheless, demand for capital investment loans is on the increase. Interest margins narrowed as a result of higher money market and capital market rates.

We are actively pursuing our strategy of tailoring our services to the needs of small and medium-sized business customers. This year will see the introduction of new product ranges together with measures to further enhance customer



care. Credit procedures will be redefined to make them more efficient. As in other areas, our aim in business with corporate clients is to constantly improve service quality while at the same time making our products and services available more cost-effectively.

The main influences on our business with Swiss-based multinational corporations were the worldwide variations in the business cycle, a series of surprising developments on the world's financial markets and the increasingly keen awareness of risk among market participants. Operations in this area once again underlined the importance of having a comprehensive, innovative range of products and services of the kind offered by the Credit Suisse Group in conjunction with its partner companies.

Mortgage lending:

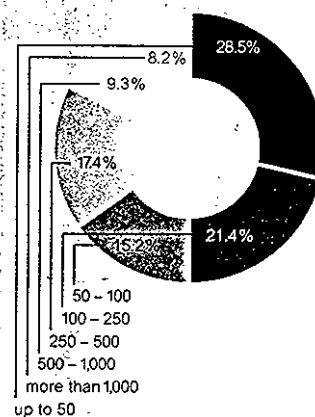
slight increase in volume

Mortgage lendings rose to Sfr 59.3 billion, an increase of Sfr 8.0 billion (+15.5%) on the previous year. Of this, Sfr 6.0 billion is accounted for by the first-time consolidation of New Bank of Argovie. The volume of fixed-rate mortgages surged early in the year, only to slow down later as interest rates

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STRUCTURE OF CREDIT LIMITS*

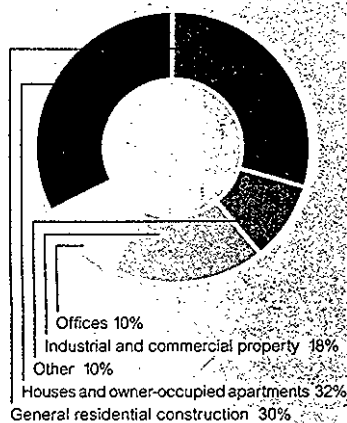
(Limits in Sfr 1,000)



Total number of customer credit limits, not including consumer loans.

*Total in Switzerland at 31.12.1994: Credit Suisse (parent company only), Switzerland, and SVB Sub-Group, Switzerland

MORTGAGES AND CONSTRUCTION LOANS BY TYPE OF PROPERTY*



*Total in Switzerland at 31.12.1994

moved rapidly higher. Over the year as a whole, fixed-rate mortgages were up Sfr 2.7 billion at Sfr 6.5 billion, of which Sfr 1.4 billion are due for repayment in 1995. At end-1994 this segment accounted for 11% of total mortgage lendings (1993: 7.4%).

Loan loss provisions: gradual improvement

Although well below the 1993 figure, provisions against doubtful loans remained at a high level in 1994. Once again, substantial set-asides had to be made to cover SVB financial problems which pre-date the union with Credit Suisse, the most troublesome of these being in the real estate sector. Despite the economic recovery, a cautious approach to provisioning in Swiss credit business is still in order.

Persistently difficult conditions on the Swiss real estate market made it necessary to repossess numerous properties. Over the year as a whole, the Group acquired at auction some Sfr 500 million worth of additional real estate, of which around Sfr 320 million was purchased by

Credit Suisse and the remaining Sfr 180 million by Swiss Volksbank.

Trade finance: brisk demand from Middle and Far East

Worldwide, turnover and profits on documentary credits and guarantee business were slightly down. The weakness of the dollar and the Group's cautious risk policy were inhibiting factors. Thanks to our tailor-made financing solutions we were able to conclude a greater number of deals in international commodities and transit trade. Towards the end of 1994 there were signs of a revival in trade finance, a trend which looks set to be sustained this year.

In capital goods export financing, both the number of transactions and the volume of new deals were up on the previous year. Once again, the Middle East and the Far East were the main sources of business. They are likely to remain so in 1995, although there is growing interest in Latin America.

Retail banking: on course for success

In 1994 we continued to implement our new retail banking strategy. The successful introduction of the 'Credit Suisse investment service' was another landmark in this respect. Both in terms of the number of customers and the volume of assets invested, the positive trend witnessed in 1993 was sustained last year.

In business with Universal Account customers (those with capital investments of less than Sfr 25,000), our main priority in 1994 was to optimise our cost structures without impairing the quality of service provided. With the launch of our fully automated telephone service, CS direct TEL, round-the-clock account information and account management facilities are now available to our Universal Account customers as well.

Lendings to personal customers continue to be affected by the 'wait-and-see' attitude prevalent amongst consumers. This had a dampening effect on both the number of credit applications and the volume of loans extended.

In 1994 Credit Suisse expanded its range of direct banking services with the addition of Europe's first telephone banking service specifically for companies. CS-Firstphone *Business* and CS-Firstphone *Private* were well received in the market, attracting a large number of new customers.

Customer deposits:

interest rate-induced shifts

Total customer deposits for the Credit Suisse Group (including New Bank of Argovie) expanded by Sfr 8.7 billion to Sfr 163.5 billion. This increase was largely due to the integration of New Bank of Argovie (+ Sfr 7.8 billion) and the weakening of the dollar (-Sfr 3.5 billion). Sight deposits were practically unchanged on the previous year, while time deposits advanced to Sfr 79.8 billion (end-1993: Sfr 77.1 billion) on the back of interest rate movements. At the end of 1994 deposits in savings accounts (Sfr 27.0 billion, with New Bank of Argovie contributing Sfr 2.9 billion) and transaction accounts (Sfr 9.6 billion, with New Bank of Argovie contributing Sfr 1.0 billion) were essentially unchanged on the year-back figures.

Investor interest in medium-term notes grew steadily keener. Rates for all maturities in 1994 were well above the rate on savings accounts. At the end of 1994 the volume of outstanding medium-term notes stood at Sfr 11.8 billion and the average interest rate at 6.2%, against 6.4% in 1993.

At 31 December 1994 the volume of funds in our 'Pillar 3' personal pension schemes stood at Sfr 1.9 billion. The

Group's 'Pillar 3' foundations contained 84,550 accounts.

Main Group companies

(See also 'Subsidiaries and associated companies', pages 50-53. Separate details on Swiss Volksbank's results are given on pages 36-37.)

New Bank of Argovie

The quickening shake-out of the Swiss banking industry was reflected in yet another increase in the number of bank takeovers and mergers in 1994. By acquiring a majority shareholding in New Bank of Argovie, Credit Suisse further strengthened its market position within Switzerland. New Bank of Argovie will continue to operate under its own market identity, but is now in a position to benefit from synergies in all areas of activity, most notably in information technology and back-office operations.

Gewerbebank Baden

Despite a decline in cash flow, profits at our subsidiary Gewerbebank Baden were maintained at 1993 levels. This success was primarily due to a decrease in loan loss provisions.

CS Columna

With effect from 1 January 1995 the occupational pension activities of Credit Suisse (formerly the VOSKA foundation) and Swiss Volksbank (formerly Columna) were combined to form a new product centre by the name of CS Columna. CS Columna caters to the occupational insurance needs of some 79,400 members. With assets under management totalling Sfr 4 billion and an annual premium income of Sfr 300 million, it is the biggest collective insurance foundation in the Swiss banking sector. Sale and distribution of CS Columna's pension products are carried

out by Credit Suisse and SVB client advisors, whilst responsibility for customer care lies with CS Columna's own specialists.

CS Leasing group

At the end of 1994 the CS Leasing group of companies was only just beginning to reap the benefits of last year's strong increase in capital spending in Switzerland. The group's leasing contracts registered a slight (1.1%) fall, with accumulated total assets down Sfr 130 million at Sfr 1,418 million.

However, the economic environment is now very propitious for leasing operations. In the short to medium term the ongoing recovery will favour high levels of capital spending, in particular among small and medium-sized businesses, many of which are only just finding their feet again after the recession.

With effect from 1 January 1995 Credit Suisse and Swiss Volksbank merged their capital goods leasing operations. With the integration of the former SVB subsidiary A&E Leasing AG, the Credit Suisse Group's new leasing arm, made up of the three companies CS Leasing Ltd, CS Car Leasing Ltd and CS Real Estate Leasing Ltd, now occupies pole position in the Swiss market.

Finanz AG, Zurich

Finanz AG, Zurich, which specialises in forfaiting and other forms of international trade finance, ended the year with total assets of Sfr 351 million (up 27% on 1993), thus maintaining its healthy earnings base and solid balance sheet structure. The company opened new representative offices in New York (October 1993) and Singapore (October 1994). This helped Finanz AG to broaden its client base in the Americas and the Asia-Pacific region and so boost its business volume and market share.

Bank for Commerce and Securities

Bank for Commerce and Securities Zurich, is mainly active in domestic business and international trading. The company put in a generally sound performance last year, maintaining earnings at the 1993 level.

City Bank

City Bank, Zurich, offers customised solutions to specific consumer credit requirements. In 1994 this niche policy once again proved its worth and the company posted good results.

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$$\frac{1}{2\pi}$$

$$\sigma \tau / e$$

$$2\pi \sqrt{1-\rho^2}$$





Expertise

Credit Suisse can draw on huge reserves of experience, judgement and flair. This unique wealth of expertise, backed by state-of-the-art technology, allows us to identify needs, provide innovative solutions and handle even the most complex transactions. **Credit Suisse: the art of knowing how.**

In 1994 the gathering momentum of world economic growth brought about a sustained recovery in our international lending operations. Against this backdrop, and thanks to our strict risk management, we were able to substantially reduce our allocations to provisions for bad and doubtful debts.

Fiercer competition, primarily as a result of the excess liquidity enjoyed by the banks, significantly eroded margins in international lending. Moreover, the weak state of global capital markets and the persistently bearish dollar led to a marked drop in our trading income. Nonetheless, the performance of our international operations matched that of the previous year.

The Credit Suisse Group's business activities outside Switzerland are geared primarily to major corporate and private customers and correspondent banks. In order to meet the needs of these clients more effectively, we reorganised our marketing structure. Our goal is to build these customer relationships into genuine partnerships, and to do so we need to provide our clients with high-value-added services. To this end, we co-operate closely with the other CS Holding Group companies, especially CS First Boston and Credit Suisse Financial Products.

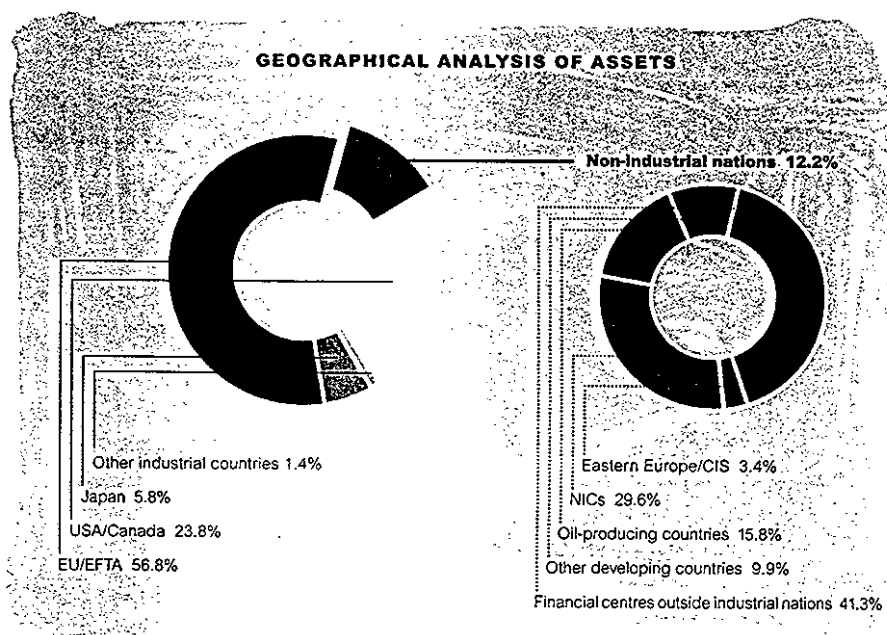
Europe: focusing our activities

The European economic recovery continued to accelerate last year, a trend which should extend into 1995 thanks to lively export activity and increased corporate spending on plant and machinery. As a result of the reorientation of our European business activities, the volume of lendings to European borrowers fell from Sfr 11.0 billion in 1993 to Sfr 9.4 billion in 1994. Risk-awareness and selectivity in the granting of credit were the main causes of this decline. Overall results in Europe were marred by the narrower margins on balance sheet business.

Back in 1993 we carried out a strategic reorientation of our European operations, concentrating more on major customers who require a wide range of financial services. This strategy was further developed last year, with top priority given to producing new and attractive high-value-added products. Regional product centres for project finance and asset securitisation, which had already been set up in London, were last year complemented by a centre for structured finance.

Last autumn our London branch moved to new offices in Canary Wharf, east London, bringing CS First Boston, Credit Suisse Financial Products and Credit Suisse under the same roof. This physical proximity will make it easier to co-ordinate customer services for shared target groups. Citymax, a Credit Suisse subsidiary engaged in information technology and employing more than 200 people, is also based in the Canary Wharf offices.

At Schweizerische Kreditanstalt (Deutschland) AG, Frankfurt, net profit registered a Sfr 2.5 million year-on-year decrease to Sfr 12.5 million. In mid-1995 this subsidiary, along with CSFB Effektenbank and other CS Holding Group companies together employing some



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530 people, are scheduled to move into new offices in the 'Messeturm' in Frankfurt.

After two years of renovation work, 'Haus der Schweiz' in Berlin was officially reopened. Apart from our Berlin office, this building will be home to a number of other Swiss companies.

Despite the poor conditions on the international financial markets, the Credit Suisse subsidiary Crédit Suisse (Luxembourg) SA still managed to attain its objectives. Net profit fell to Sfr 62.8 million, 19% down on the previous year. This decline can be explained by the transfer of all investment fund business to Credis, the Credit Suisse Group's recently established investment fund subsidiary.

Our representative office in Vienna and the local CS First Boston office are now located in the same building. Cooperation between the two companies is progressing well.

Eastern Europe: enhanced presence

In September 1994 Credit Suisse was the first Swiss bank to open a subsidiary in Moscow. This move was part of the bank's corporate strategy to establish an early presence in the eastern European market. CS First Boston, which has already notched up some major privatisation successes in the region, has also set up a subsidiary in Moscow. Thus our Moscow operations will benefit from close co-operation between ourselves and CS First Boston.

Africa: South Africa in the spotlight

The political and social transformation of South Africa was the dominant event in Africa last year. With the doors to international trade and financial markets now reopened, this country can look ahead to an exciting future.

USA: healthy results yet again

1994 was the fourth successive year of expansion for the North American economy. The growth rate remained high last year, but we expect it to slow down somewhat in 1995.

Although margins on balance sheet business narrowed appreciably, Credit

Suisse operations in the United States again put in an impressive performance. Foreign exchange business in particular contributed to the strong increase in earnings.

In a difficult and highly competitive environment, Credit Suisse New York gained a place amongst the top American banks in a number of business areas, including project finance and syndications. With our new company, Alpine Securitization Corporation, we can now offer Credit Suisse and CS First Boston customers cost-efficient financing of receivables. A joint Credit Suisse-CS First Boston project involving lending to firms with high levels of debt has been put in place. By working together we can exploit to the full the particular strengths of both companies: CS First Boston's expertise in the structuring of new issues and knowledge of the capital markets, and Credit Suisse's experience in credit business and syndication capabilities.

Canada: earnings decrease

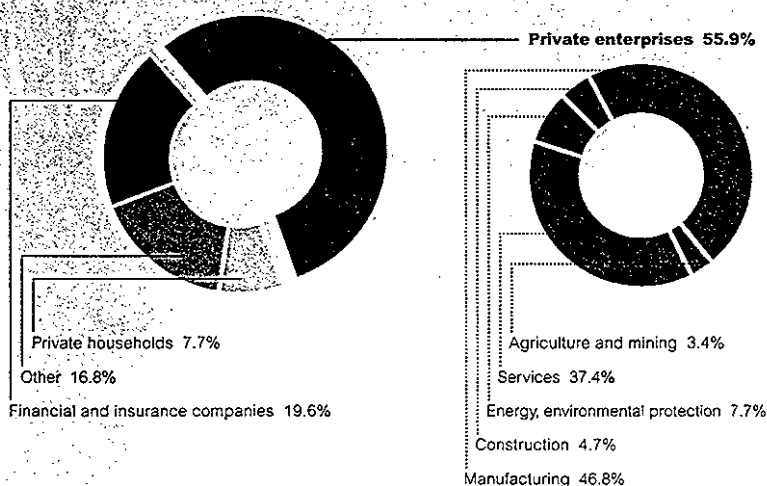
Profit posted at the Credit Suisse subsidiary, Credit Suisse Canada, did not match the previous year's figures. Declining net income from balance sheet business and a drop in trading results were the main reasons for this performance.

Several attractive syndications were arranged for a number of major companies last year. Our main objectives for the future are to expand our asset management business and to increase co-operation with Credit Suisse New York.

Latin America: strategic repositioning

Over the last few years the leading Latin American countries have implemented far-reaching political and economic reforms, resulting in encouraging economic growth in almost all the countries of the

LENDINGS BY ECONOMIC SECTOR
(foreign borrowers)



Figures on page 77

region. The currency crisis in Mexico in late December/early January has unsettled foreign investors. Nonetheless, the 1995 economic outlook for the Latin American nations remains positive, albeit more for some countries than for others.

In collaboration with CS First Boston and Credit Suisse Financial Products, Credit Suisse aims to become one of Latin America's leading suppliers of international financial services. With this in mind, our presence in the region is being further expanded to help us meet the needs of our wide-ranging clientele more effectively. Credit Suisse's several offices throughout the region provide large commercial customers, financial institutions, public sector companies and investment customers with tailor-made products suited to their particular needs.

Middle and Far East: expansion of asset management services

The ongoing peace process and growing stability in the Middle East are opening up new opportunities for investment and growth in the region. At the same time, most of the Gulf states remain heavily dependent on oil revenues and since 1992 have been languishing in a recession caused by low oil prices. Nonetheless, with oil prices set to stabilise, growth rates could well turn positive in 1995.

Credit Suisse's Middle Eastern operations remain focused on the traditional business areas of trade finance and investment banking. In addition, we are intensifying our efforts to provide high-quality asset management services to large institutional investors. Our presence in the United Arab Emirates was doubled in 1994, with a new representative office in Dubai being added to the existing office in Abu Dhabi.

Japan: business coloured by the recession

In 1994 the recession in the Japanese economy appeared to bottom out and business activity is now starting to perk up. However, the economic recovery could well be stifled by the strong yen.

The performance of Credit Suisse's Japanese operations was affected by persistently weak demand for new credit, combined with narrower interest margins, and a fall-off in trading. Nonetheless, we continued to expand our presence in the country, and in December of last year our new representative office in Nagoya, Japan's largest industrial centre, started operations.

South-East Asia and China: expansion

The economies of South-East Asia remain on an upward trajectory, with consistently high growth rates. Intra-regional trade is growing in importance, which means the fluctuating economic fortunes of the Western industrial countries will have less impact here.

Our Asian operations have been strengthened to enable us to tap the potential of this high-growth region more effectively. In conjunction with the other CS Holding Group companies, our Asian offices are active players in the region's main financial centres and key markets.

In Hong Kong, where Credit Suisse has had a presence for 25 years, and in Singapore we further expanded our products for major customers and added to our range of treasury and portfolio management services.

In addition to our established offices in Japan, Singapore and Hong Kong, we are concentrating on expanding our position in China. Last year Credit Suisse became the first Swiss bank to receive permission to convert its existing representative office in Shanghai into a full

branch, scheduled to begin operations in the first half of 1995. Moreover, in order to achieve an optimum presence in South-East Asia, Credit Suisse has applied to the Malaysian authorities for a banking licence to operate in Labuan, the country's up-and-coming financial centre.

To allow us to take full advantage of our strategic repositioning in Asia, attractive new products need to be developed. With this in mind, we set up a project finance team in Hong Kong last year, while a syndications team is envisaged for 1995.

Performance

Thanks to its experience, size and structure, Credit Suisse commands powerful resources in all areas of banking. And, as our record shows, we know how to harness this strength, helping you and your assets to prosper. **Credit Suisse: doing more for your money.**

1941-1942



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Undermined by the upturn in interest rates last spring, all the financial markets performed badly last year – in contrast to their exceptional showing in 1993. Despite the difficult market conditions, our investment business turned in very satisfactory results for the year.

We further strengthened our position amongst Switzerland's top providers of global custody services, once again receiving the highest commendation for service quality from *Global Custodian* magazine.

On the Swiss capital market, Credit Suisse reaffirmed its number one ranking in bond and equity issues. In view of the sharp drop in turnover, earnings from securities trading were satisfactory. Our worldwide foreign exchange trading network performed well, even though it was not quite able to match the extremely good results achieved in the previous year.

The Credit Suisse Group has set itself the goal of strengthening its position amongst the world's leading asset managers. In foreign exchange and derivatives trading, our aim, together with Credit Suisse Financial Products, is to become one of the top players worldwide. On the Swiss capital market, the Credit Suisse Group intends to hold and strengthen its position as the leading address for primary and secondary market business.

Investment business

Investment counselling and asset management: very satisfactory

In view of the prevailing market conditions last year, the results achieved by the Group in investment business are very satisfactory. As part of our Credit Suisse Private Banking strategy, we focus on providing high net worth clients with an active, comprehensive financial counselling service. Thanks to the introduction of 'Financial Check-up', a new investment counselling tool, our investment advisors are now able to offer clients tailor-made financial solutions which take full account of their personal and professional circumstances at every stage of life.

In 1994 all areas of trust business throughout the CS Holding Group were brought together under one roof to form Credit Suisse Fides Trust Holding Ltd, a wholly owned Credit Suisse subsidiary. The new company will ensure that existing expertise in this area is more thoroughly exploited.

We further expanded our customer service provision for international clients by establishing two new private banking units, in Hong Kong and Singapore. In addition, we continued to enhance communications between our various portfolio management units around the world, with a view to establishing a global investment decision-making process in which all units are involved.

Global custody:

high service quality

Last year we successfully reinforced our position amongst Switzerland's leading global custodians, once again earning the highest commendation for service quality from the specialist publication *Global Custodian*. We heightened our market profile in securities lending and borrowing and achieved a substantial increase in earnings. Swiss American Securities

Inc., New York, which concentrates on custody and US brokerage business, performed well in 1994.

Research instruments:

further additions to range

In 1994 our research services were concentrated on meeting customers' ever more sophisticated requirements. Our primary equities research activities were extended to include Germany. A variety of new quantitative models for use in fundamental equity valuation were deployed for the first time last year. We also enhanced our technical equity analysis with the introduction of 'Swiss Investment Timer'. The CAPS application (computer-assisted portfolio structuring) was introduced at Head Office and in our Swiss Regions, and is now being used in global custody operations as well. In future, a notebook version will enable our investment advisors to carry out full on-the-spot counselling.

Asset management: significant increases

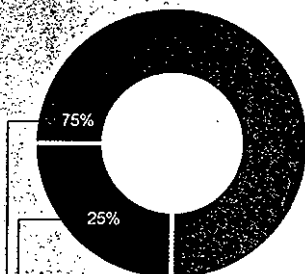
We undertook a comprehensive programme of expansion in investment business. In the process, we achieved another considerable rise in both the number of mandates and the volume of funds under management. In business with institutional clients, intensified marketing enabled us to record further increases in portfolio volume and market share.

In Tokyo the Group's asset management services are offered through the Credit Suisse Trust & Banking Co. Ltd, now one of the top non-Japanese players in the field, and through Credit Suisse Investment Advisory Co. Ltd. Both companies were able to reinforce their market position and add to their client base. In the UK, Credit Suisse Asset Management Ltd (CSAM), London, continued to expand its operations. CSAM was named 'Unit trust group of

Investment business/trading/securities underwriting

SWISS CAPITAL MARKET TRANSACTIONS LEAD- MANAGED BY CREDIT SUISSE

Bonds Issued
by Swiss borrowers
(Sfr bn)

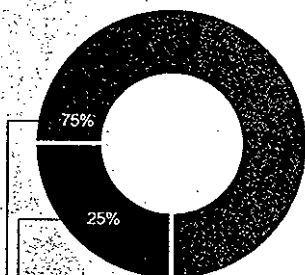


Credit Suisse Group 4.2
Other 12.5

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SWISS CAPITAL MARKET TRANSACTIONS LEAD- MANAGED BY CREDIT SUISSE

Bonds Issued
by foreign borrowers
(Sfr bn)



Credit Suisse Group 7.3
Other 21.7

Figures on page 113

the year' by the *Sunday Times*. And the buoyant performance turned in by BEA Associates Inc., New York, a subsidiary specialising in asset management, reflects the company's deliberate policy of concentrating on attractive niche products.

In order to provide comprehensive customer care for our institutional clients, all services in this area of business have been brought together under the new name of 'CS Institutional Services'. As well as investment counselling, the services offered within the CS Institutional Services framework will include strategic portfolio advice, asset management and the products of Credit Suisse's 'Pillar 2' Investment Foundation (ANSKA).

ANSKA made further gains in market share, ending the year with total assets of Sfr 2.7 billion. The reasons for this success include the foundation's marketing strategy (clearly defined products, different sales strategy for each customer segment) and its integration into CS Institutional Services. For the first time, ANSKA now provides details of the value of all its constituent pension schemes on a daily basis (rather than weekly, as previously). This means that issue and redemption prices are much more up-to-date.

Underwriting and corporate finance Leading position in underwriting business

The dominant factor in securities underwriting in 1994 was the steep rise in interest rates. Investor uncertainty meant that the volume of new issues on the Swiss capital market shrank from Sfr 77.2 billion in 1993 to Sfr 55.3 billion.

Credit Suisse managed to maintain its leading position in the face of extremely difficult conditions. In particular, in Swiss franc issues for non-Swiss borrowers the bank was able to substantially

increase its lead over its main rivals. The highly respected trade journal *International Financing Review* designated Credit Suisse 'Swiss franc bond house of the year'. As of 1 January 1995 our capital market subdivisions were reorganised along new lines to take better account of market requirements.

Although our partners at CS First Boston have long been responsible for most foreign currency issues, this line of business is also becoming increasingly important for Credit Suisse in terms of both volume and earnings. Last year Credit Suisse placed foreign currency issues to the value of several billion Swiss francs.

More equity offerings

Despite unfavourable equity market conditions, last year saw the number of capital increases rise to 34 from the year-back total of 22, the volume of funds involved remaining largely unchanged. In equity offerings, as in other segments, Credit Suisse confirmed its market leadership.

Demand for venture capital remained robust in 1994. Most of our business in this area took the form of management buy-outs and financings involving equity capital, convertible loans and subordinate loans. A growing number of deals involved investments in neighbouring countries. Several transactions were arranged as co-investments in partnership with foreign venture capital companies.

For many companies, succession planning is a highly topical issue. In Germany especially, the number of company sales has been rising sharply. In 1994 we continued to provide both buyers and sellers of companies with practical support and advice. In 1995 we expect to see growing interest amongst Swiss investors in buying foreign businesses.

Securities and derivatives trading: satisfactory

Bond trading took place in a difficult climate in 1994. The unexpectedly vigorous rise in interest rates sent practically all bond markets into a spin and also had an adverse effect on the equity markets.

Against this international backdrop, the Group's overall results in securities trading were satisfactory.

In 1995 we expect conditions to become more favourable, encouraging Swiss and foreign investors to return to the financial markets.

Derivatives trading underwent considerable change in 1994. In line with trends on the underlying markets, our turnover from non-standardised options fell sharply. However, increases in standardised (SOFEX) products and customised over-the-counter instruments to some extent made up for this drop, with OTC business expanding particularly strongly. Investor interest in derivatives is likely to remain very lively this year.

Global treasury

Foreign exchange trading: earnings down on 1993

The foreign exchange markets were surprised by the weakness of the US dollar last year. Generally lower levels of volatility meant that results from EMS currency trading failed to match up to those of the previous year.

Although it was unable to equal the extraordinarily good results recorded in 1993, our worldwide foreign exchange trading network had another successful year.

Credit risks in foreign exchange business are monitored in real time on a global basis. This task is carried out by credit monitoring units which are fully independent of the trading departments and which report directly to the Executive Board.

Interest rate instruments, money markets: healthy results

The main feature of trading in interest rate instruments last year was the volatility of borrowing costs. The higher level of interest rate risk prompted a growing number of our customers to switch to money market investments or short-term fiduciary deposits. By consistently taking advantage of interest rate movements and exploiting the favourable conditions for arbitrage, we were once again able to achieve good results in asset and liability management.

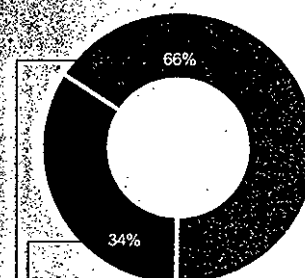
Precious metals and banknotes: slight improvement

Gold traded within a relatively narrow band last year, moving between a high of \$398/oz and a year-low of \$368/oz. In 1995 we do not expect to see a consistently higher gold price unless it surpasses the 1993 peak of \$408/oz. Silver fluctuated in a range between \$4.65 and \$5.85/oz. Against this background, earnings from precious metal trading were slightly higher than in the previous year.

The US dollar's role as an internationally accepted means of payment was reinforced last year by the climate of political uncertainty that reigned in many parts of the world. As a result, the volume of banknote trading expanded again and the Group posted healthy earnings in this area.

SWISS CAPITAL MARKET TRANSACTIONS LEAD-MANAGED BY CREDIT SUISSE

Equity offerings (Sfr bn)

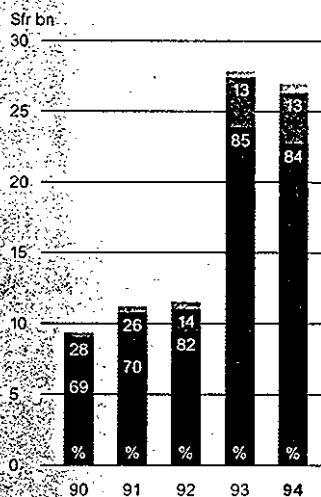


Credit Suisse Group 0.9

Other 1.7

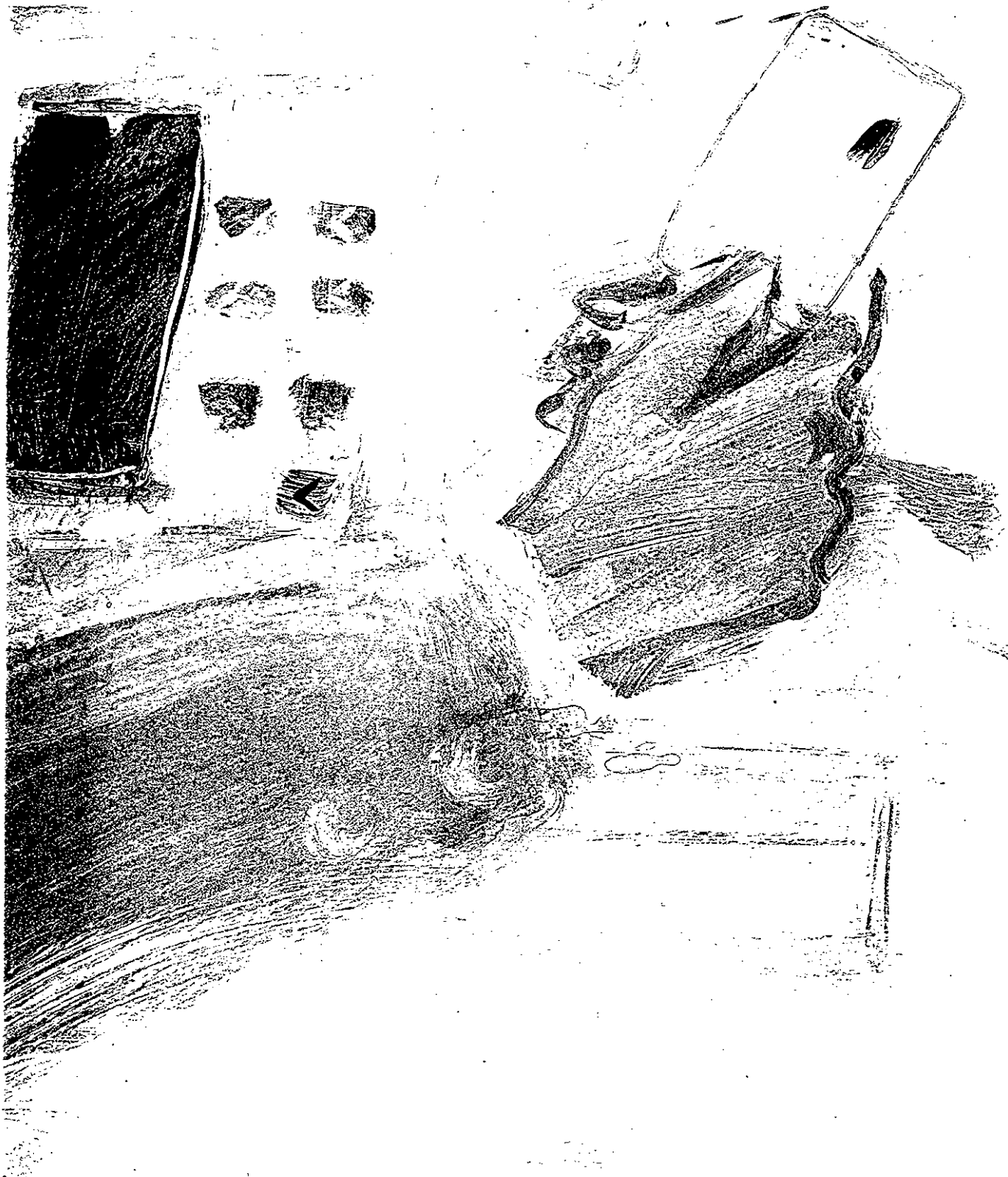
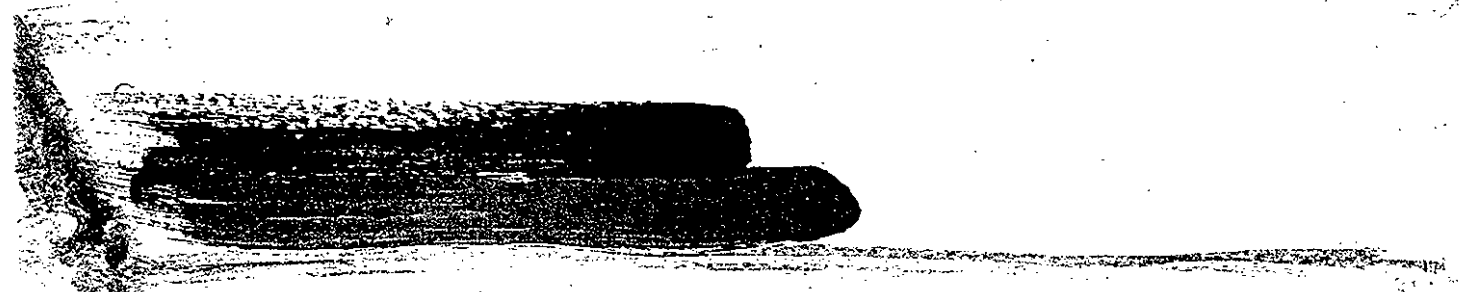
Figures on page 113

GROUP SECURITIES PORTFOLIO AND LONG-TERM HOLDINGS



■ Long-term holdings (3%)
■ Investment portfolio (13%)
■ Trading portfolio (84%)

Figures on pages 78/85



Efficiency

No-one likes to waste time. Especially where finances are concerned. That is why we at Credit Suisse work so hard to make banking faster, more convenient and more efficient for you. **Credit Suisse: saving your time.**

Collaboration between the various Credit Suisse Group companies in human resources work and training was intensified last year. The foundations of a joint SVB-Credit Suisse IT infrastructure were laid, representing the first step towards our goal of enhancing efficiency in information technology.

Credit Suisse and SVB merged their processing units for bulk Swiss franc payment transactions into three joint operations centres. All ten of Credit Suisse's planned supra-regional service centres are now up and running.

In Switzerland we aim to become cost leader. To achieve this goal, we are exploiting all synergies generated within the Credit Suisse Group in the sphere of logistics. A joint Credit Suisse-SVB logistics base will help both banks gain a significant edge over their competitors. In addition, our strategy of amalgamating our Group operations in other business areas to form joint competence centres is proceeding as planned.

Human resources

New acquisitions boost staff numbers

In a climate dominated by technological advances and the exploitation of synergies, the banking industry is having to shed large numbers of jobs in processing and support departments. By contrast, more staff are being taken on in front-office areas and information technology.

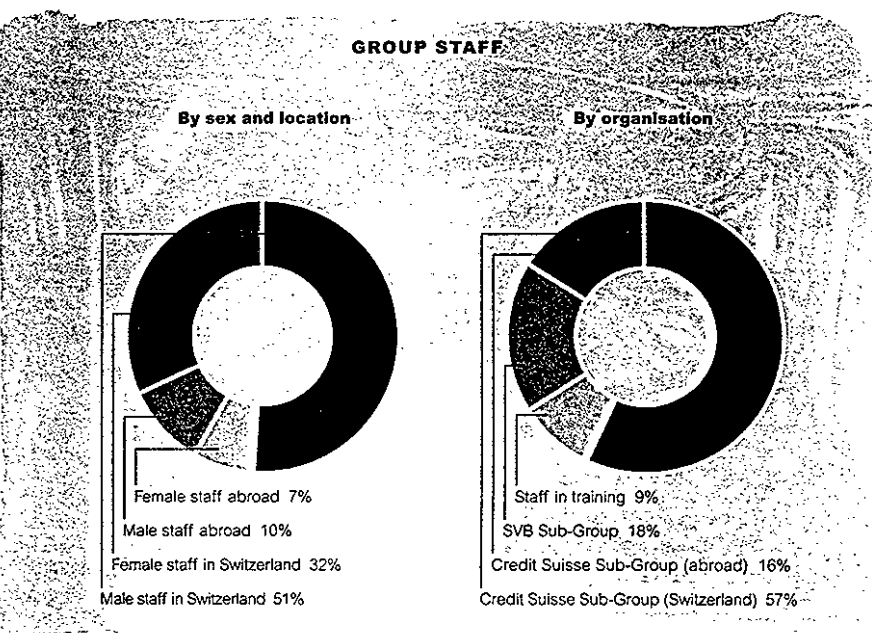
Total staff numbers for the Credit Suisse Group rose by 1,698 to stand at 26,017 on 1 January 1995. This increase stems from the integration into the Credit Suisse Group of newly acquired companies, notably Fides Trust Ltd and New Bank of Argovie. Our international organisation saw total staff numbers rise by 267, mainly as a result of CSFP's expansion and personnel changes within our European operations (see table on page 86). Attracting high-calibre staff will remain the cornerstone of the Group's recruitment policy and, where possible, we will try to ensure that vacant positions are filled by internal candidates.

One effect of the improvements in efficiency last year by the banks within the Credit Suisse Group was an increase in internal staff transfers, encouraged by the growing mobility of our employees. The linchpin of our staff transfer system is our Group-wide job exchange, which represents the largest internal employment market of any Swiss financial institution. A centralised, jointly operated Credit Suisse-SVB staff database allows personnel administration to be carried out efficiently and with a great degree of consistency.

Credit Suisse

Communication Center

In the period under review the CS Communication Center, a communications, training and conference centre situated in Horgen near Zurich, opened its doors for the first time. The building's archi-



tecture and interior design incorporate the very latest ideas concerning the sharing of knowledge. The CS Communication Center offers Credit Suisse and the other CS Holding Group companies a place to hold conferences, training workshops and cultural events. The complex is also available for use by our customers.

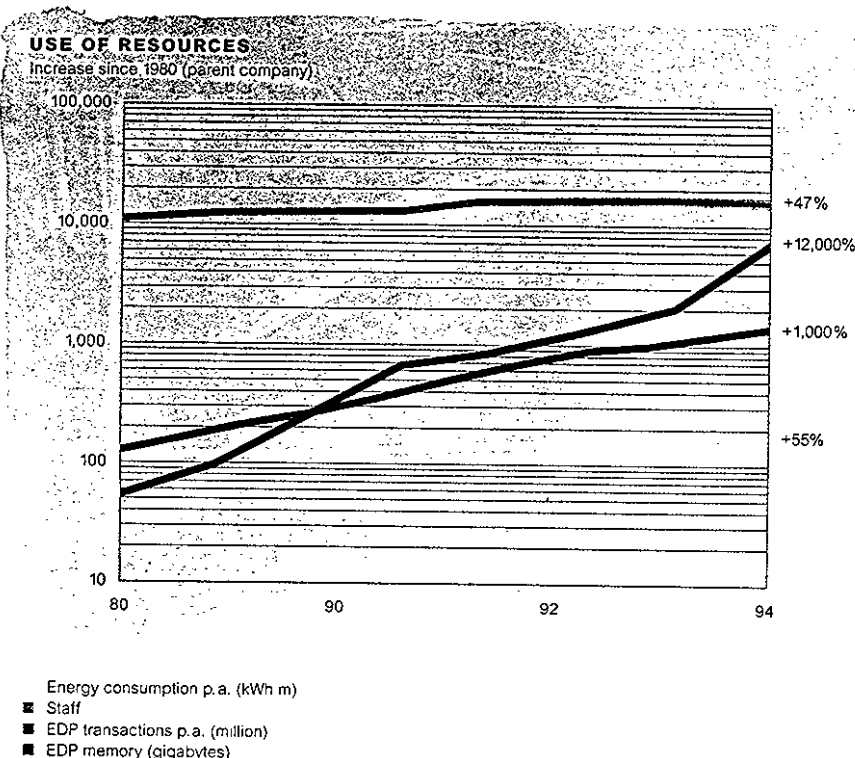
Staff pension scheme:

further improvements

Credit Suisse and SVB harmonised the conditions of their occupational pension schemes with effect from 1 January 1995. This revision has further improved the insurance cover afforded to our staff, and the level of insurance is now based only on the member of staff's salary and not on his or her grade.

Co-ordinating training programmes

In 1994 the Credit Suisse Group invested more than Sfr 75 million in staff training. The various banks in the Credit Suisse Group work together on the development and co-ordination of specialist banking courses and management training programmes. The assessment of individuals' senior manage-



ment potential and the production of training material are carried out centrally. Courses for bank trainees take place at joint training centres.

Information systems: harmonisation between Credit Suisse and SVB

In 1994 the foundations for a joint SVB-Credit Suisse IT infrastructure were laid. This will allow synergies in all areas of banking to be exploited to the full. The following IT measures are among those at an advanced stage of implementation:

- establishment of joint computing centres and start of operations of the centre in Horgen, near Zurich;
- adaptation of Credit Suisse IT applications to cover specific SVB requirements, and installation of new systems throughout Credit Suisse and in an initial group of SVB branches. This project will be extended to all SVB branches

in 1995 and is due to be completed by the end of the year.

In future, we will be concentrating on expanding our IT systems outside Switzerland and providing logistical back-up for our international offices.

Concentration of operations and services

Credit Suisse and SVB merged their processing units for bulk Swiss franc payment transactions into three joint operations centres. In 1995 cheque processing for SVB will also be integrated into the relevant operations centres.

Credit Suisse has all ten of its supra-regional service centres up and running. In the course of 1995, as the joint logistics base is extended, SVB service centres will be set up in the same locations as their Credit Suisse counterparts. Additional infrastructure projects aimed at enhancing efficiency in building and material management and internal communications will be completed this year.

Since August 1994 the processing of more than 80% of forex transactions has been carried out completely automatically.

Credit Suisse and the environment: high priority

Credit Suisse has been committed to environmentally friendly banking for some years now. In carrying out our banking operations, we have also sought to maintain high health and safety standards for our staff. By focusing more and more on ecological criteria in all our activities, we have managed to achieve a significant reduction in damage caused to the environment despite much higher volumes of resources used. In business terms, our environmental policy is most evident in

credit analysis, where we take ecological risks into account when assessing loans.

Capital investment and real estate: another rise

In 1994 operational investment for the Credit Suisse Group amounted to Sfr 931 million, of which SVB accounted for Sfr 66 million. The book value of our properties rose by Sfr 1 billion to Sfr 5.1 billion, the increase primarily a result of the first-time inclusion in Group accounts of property owned by New Bank of Argovie (around Sfr 239 million) and by Credit Suisse Fides Trust Holding (around Sfr 115 million) as well as net acquisitions at auction of Sfr 508 million.

Despite difficult conditions on the property market we were able to sell or lease sites which became vacant in 1993 following the union between Credit Suisse and Swiss Volksbank.

Marketing and public relations: high profile

In addition to gearing our marketing activities more closely to specific customer segments, we placed greater emphasis on retention marketing. For the first time last year we advertised on Swiss television. Under the slogan 'Wir engagieren uns' ('We are committed'), television commercials underlined our commitment to our customers.

Last year we sponsored almost 3,000 sporting, cultural and information events. The highlights of our sponsorship programme included the football World Cup finals in the United States, to which Credit Suisse and SVB contributed as the main sponsors of the Swiss national side; the first Credit Suisse Masters chess tournament, featuring the world's top players, held at the CS Communication Center in Horgen, near Zurich; the comprehensive exhibition in the 'le point' gallery on Alfred Escher, the

founder of Credit Suisse, to mark the anniversary of his birth; the exhibition of Chinese arts and crafts at the Swiss Transport Museum in Lucerne; the Ferdinand Hodler show at four museums in the USA and Canada; and the tour of Switzerland by the Orpheus Chamber Orchestra, with soloist Barbara Hendricks.

The Anniversary Foundation, established in 1981 to mark Credit Suisse's 125th anniversary, provided funding to encourage a wide range of community projects and cultural organisations in 1994. The Foundation also gave donations to several institutions involved in social work, charitable causes or humanitarian relief.

Credit Suisse plays an active role in many areas of public life. In 1994 we continued to make every effort to keep up a dialogue with a wide variety of target groups, as well as contributing at national and international level to debates on financial and economic issues. We are committed to conducting our public relations activities in an atmosphere of openness and transparency, and do so using the very latest methods of communication. Our flagship publications, the Annual Report and our customer magazine 'bulletin', are as popular as ever.

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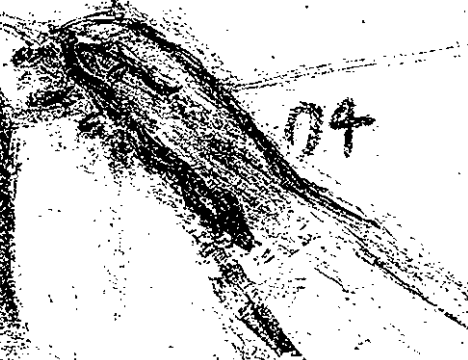
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Security

Thanks to its profitability and rock-solid capital base, Credit Suisse has never failed to pay a dividend in its 139-year history. It is this strength which creates such a secure environment for your assets. After all, one of the most important things a bank can do is give you peace of mind. **Credit Suisse: you're safe in our hands.**

In 1994, Swiss Volksbank's 126th year, the bank pressed ahead with the strategies and projects arising from the union with Credit Suisse. The key project last year was the establishment of a joint logistics base. Profits were unsatisfactory, especially in balance sheet business and trading. Rigorous management of problem positions dating from before the union involved heavy staff costs and a high level of provisioning. On the other hand, operational costs were down on the previous year and came in below budget.

Investment business: buoyant

Despite the general air of uncertainty on the stock markets, investment business turned in a healthy performance: the bank achieved its profit targets in this area and increased the number of asset management mandates. However, income from trading and balance sheet business was down on the previous year's exceptional levels. Trading results were adversely affected by the rise in interest rates, which also squeezed margins in balance sheet business.

Operational costs down

The profit and loss account was once again heavily burdened by the need to clear bad debts from SVB's loan book, with charges to provisions amounting to Sfr 554.2 million. Progressive exploitation of the synergies generated by the union with Credit Suisse, combined with stringent financial management, enabled the bank to trim costs back further than expected, reducing operational expenditure by 8.5%. Credit Suisse provided SVB with a restructuring contribution of Sfr 293 million to help deal with problem positions which pre-date the union. SVB's profit and loss account thus showed a balance of zero.

Total assets down

The bank's total assets ended 1994 6.8% down on the previous year. Despite the greater emphasis on quality in the bank's lending policy since the union with Credit Suisse, the cyclically induced fall-off in credit demand, and the deliberate scaling down of high-risk positions, commercial lendings saw only a slight decrease. This decrease essentially corresponds to the volume of construction credits converted into mortgages. The bank's own securities holdings contracted by Sfr 765 million. Customer deposits fell slightly, although they still exceeded loans to customers by Sfr 3.8 billion at end-1994.

Systematic restructuring

The establishment of a joint SVB-Credit Suisse logistics base is a key objective. Following the successful switch-over of all central functions and the completion of a pilot project at one branch, the entire SVB branch network is to change to the new systems by the end of 1995. This will enable the bank to exploit substantial synergies and introduce client-oriented strategies in customer care and product design. Thus the ingredients of success – a competitively priced range of high-quality, efficient services which are closely tailored to the needs of the bank's clients – are gradually being created.



Figures on page 89

Credit Suisse Financial Products

Credit Suisse Financial Products (CSFP), our specialist derivatives subsidiary and joint venture with our partners at

CS First Boston, once again achieved a substantial rise in business volume in 1994. Despite difficult market conditions, the company posted healthy profits.

Healthy annual profit despite difficult conditions

In the year ending 31 December 1994 CSFP posted an annual profit of Sfr 334 million, down on the previous year's excellent result of Sfr 444 million, but well above the Sfr 190 million recorded in 1992. This good performance was achieved despite the fact that unfavourable market conditions, the collapse of global bond markets and adverse press coverage of derivatives trading, particularly in the USA, created a challenging environment for the company's products and services.

Higher business volume and strict risk management

Business volume continued to grow rapidly last year. The gross volume of off-balance-sheet OTC contracts increased from Sfr 750 billion at the end of 1993 to Sfr 1,016 billion. However, the positive replacement value, after taking account of master netting agreements, remained relatively constant, increasing only slightly from Sfr 14.4 billion to Sfr 15.0 billion. This represents just 1.5% of the notional value. In many cases this risk is further reduced by the use of collateral arrangements, in which cash or securities are held to cover the credit exposure to OTC counterparties.

CSFP has developed sophisticated market risk measurement and monitoring procedures, incorporating a value at risk approach and enabling us to carry out stress and scenario analysis to measure the income effect of possible market movements. The company's business policy is to keep market risk to a minimum by deploying efficient hedging techniques. Open market positions with associated interest rate and currency risks are therefore relatively small compared with CSFP's profitability and capital base.

CSFP's risk management and internal controls meet the highest standards and conform to the recommendations of a G30 study on derivatives trading in which Credit Suisse participated.

Focus on customer business

CSFP offers its international clientele a wide range of risk management products and services for both asset and liability management. The emphasis is on customer-driven business, taking on market risk primarily to manage clients' needs. Earnings flow is therefore not heavily dependent on proprietary risk positions. The company is committed to providing products tailored to meet the risk man-

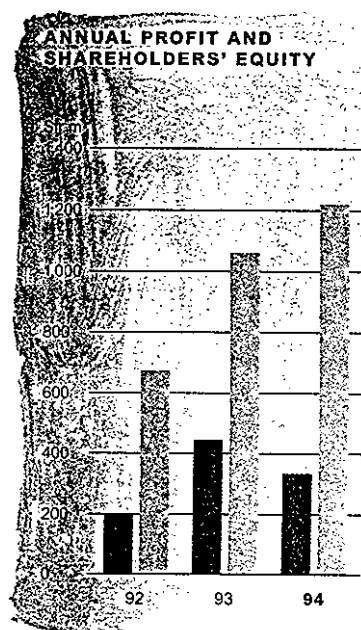
agement needs of its increasingly sophisticated counterparties, offering clients standard or structured products as appropriate. To achieve this goal, CSFP aims to be at the forefront of innovation, ensuring that customers are offered the most effective risk management tools.

International expansion

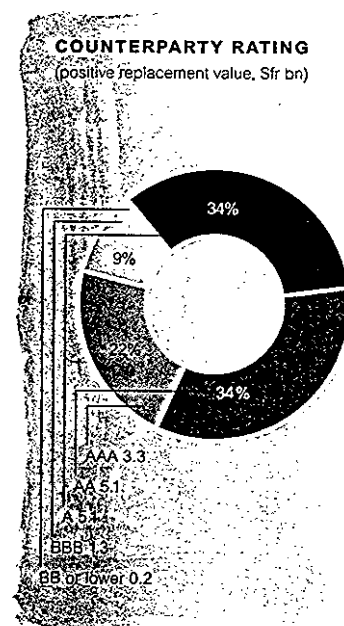
In order to provide clients with a first-class service and to ensure tight operational control, CSFP has taken on a large number of additional staff: total staff numbers rose from 500 in 1993 to more than 700 at the end of last year. Most employees are based at the London headquarters, but the company is also expanding its international presence. Its offices in New York, Tokyo, Hong Kong, Moscow, Sydney and Zurich enable CSFP to serve its customers worldwide.

New opportunities in insurance

As part of its alliance with the CS Holding Group, Swiss Reinsurance Company last year acquired a 20% stake in both the equity capital and voting rights of CSFP. It is expected that, once the appropriate licences are obtained, CSFP will develop insurance-related products, drawing on the expertise of its new partner.



■ Annual profit
■ Shareholders' equity



At the beginning of 1994 Credit Suisse and Swiss Volksbank merged their investment fund activities, which are now conducted by a new, independent subsidiary, Credis International Fund Holding Ltd (Credis). This first year of partnership was a fruitful one, with the main source of earnings being the CS Portfolio Funds, launched in 1993, and certain Credis equity funds. At the end of 1994 total fund assets amounted to Sfr 44.8 billion.

Innovative products lead the way

In 1994 interest rates were once again the main influence on investor behaviour, determining the size and timing of capital flows into managed funds. After a very good start to the year, new investment tapered off in the second half, and in some markets volumes even contracted. Nevertheless, over the year as a whole Credis posted healthy results, thanks mainly to the CS Portfolio Funds, launched in 1993, and certain equity funds. Once again, innovative products proved to be especially successful, opening up new investment areas to a wider variety of investors. The newly created Credis Korea Fund and Credis Small + Mid Cap Switzerland were particularly popular, as were CS Japan Megatrend and Credis Equity Fund Emerging Markets, both launched in 1993. Credis Portfolio Funds attracted new customer segments to securities investment. Credis currently manages 133 investment funds with total assets at end-1994 of Sfr 44.8 billion (1993: Sfr 44.5 billion).

Expanding our network

The union of Credit Suisse's and SVB's fund activities was accomplished quickly and smoothly in the course of 1994, and this business is now carried out under a new market identity: Credis Investment Funds. The range of investment funds will be further streamlined in 1995. Business with outside sales agents increased last year.

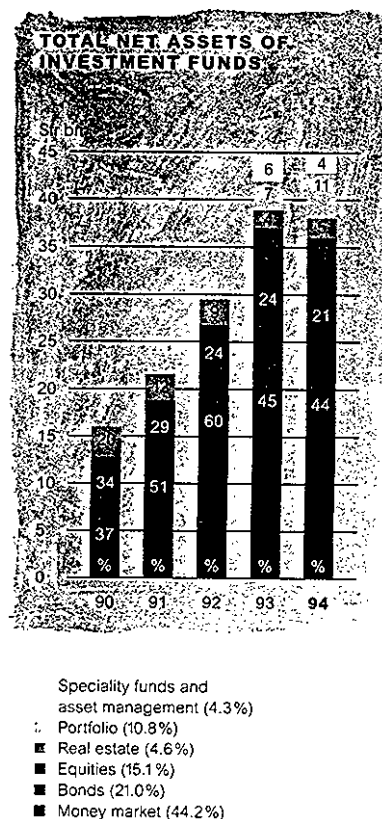
Outside Switzerland we continued our strategy of expansion. On the Italian market we extended our range of products and at the same time received permission to distribute additional funds. In Germany our activities were reorganised and brought under the Credis umbrella, and we also scored some initial successes on the Austrian market. Business in Japan remained challenging, but the results still exceeded our expectations. We successfully expanded our UK operations and in December we opened a representative office in Paris.

Although negative market fundamentals dampened performance, a large number of Credis investment funds turned in top-flight performances by domestic and international comparison.

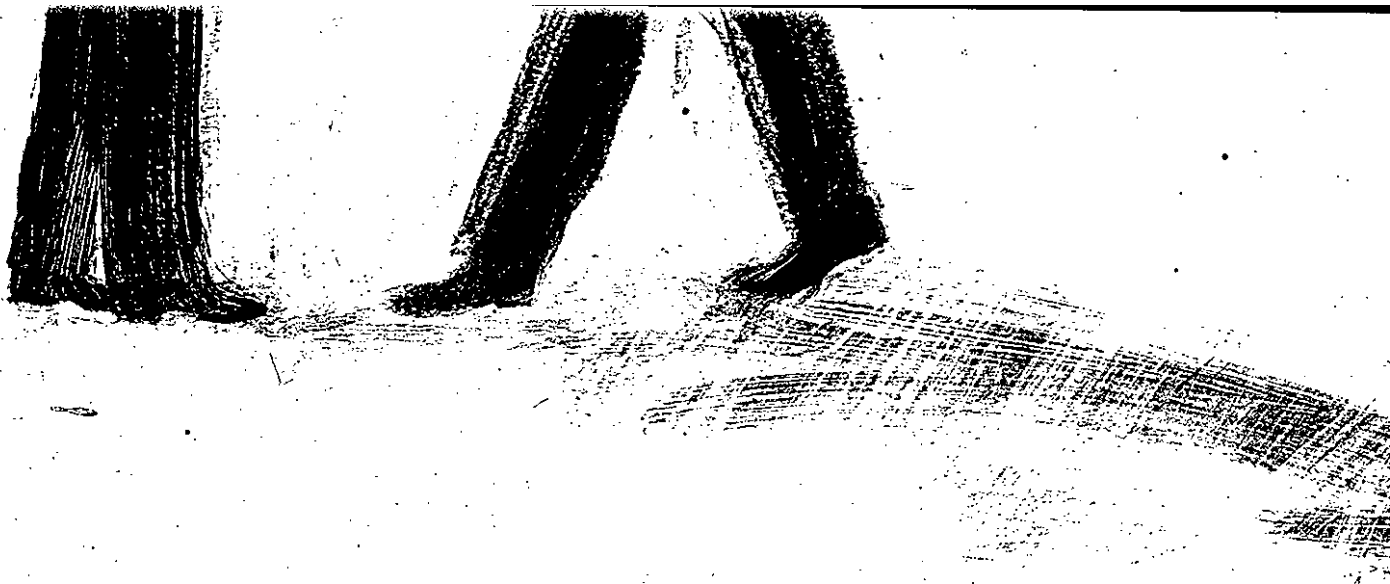
New investment opportunities

In 1995 Switzerland's revised investment fund law will come into force, opening up new investment policy options for our fund managers. As well as lifting some of the existing restrictions on the use of options and futures, the new legislation will allow funds to invest in commodities. Where appropriate, Credis will add to its range of products in order to exploit any business opportunities that arise.

With interest rates stabilising, Credis expects renewed demand for securities investments in 1995. The emerging markets of Asia, Latin America and eastern Europe in particular have excellent medium to long-term growth potential. Funds investing in specific markets look likely to attract especially keen attention, as witnessed by the success of the recently launched Credis Korea Fund.



Figures on pages 108-112



Reliability

In an ever more complex world it is sometimes impossible to do everything yourself. You need a partner you can trust to look after your best interests. Exactly the kind of partner we have always been. **Credit Suisse: a tradition of trust.**



Elections and senior appointments

At the Annual General Meeting held on 30 March 1994, Rainer E. Gut (Chairman), Robert L. Genillard, Thomas Schmidheiny and Vreni Spoerry were re-elected to the Board of Directors for further four-year terms of office. Andreas W. Keller was elected as a new Member of the Board of Directors, likewise for a four-year term of office. With effect from 1 April 1994 the Board of Directors elected Manfred J. Adami as a new Member of the Executive Board. He succeeds William Wirth who left the Executive Board on reaching retirement age.

At the Annual General Meeting held on 30 March 1995 the terms of office of the following directors expire: Ulrich Albers, Jean-Daniel Cornaz, Otto Loepfe and Robert A. Jeker. They have all expressed their willingness to serve a further term of office on the Board, and the Board of Directors proposes to the Annual General Meeting that they be re-elected in accordance with Art. 6.1 of the bank's by-laws. The Annual General Meeting of 30 March 1995 will also be asked to elect Andreas N. Koopmann, Executive Vice President of Bobst SA, Prilly-Lausanne, as a new Member of the Board of Directors of Credit Suisse for a four-year term of office.

Board of Directors and Auditors

Rainer E. Gut

Chairman (1998) [I, IV, V]

Helmut O. Maucher

Chairman of the Board of Directors and Chief Executive Officer of Nestlé SA, Cham and Vevey, Vice-Chairman (1996) [I, V]

Hans-Ulrich Doerig

Vice-Chairman (1996) [I, II, III, IV]

Ulrich Albers

Partner, Albers & Co., Zurich (1995) [III, IV]

Henry C. M. Bodmer

Chairman and Managing Director of Abegg Holding Co. Ltd, Zurich (1997) [III]

Fritz Gerber

Chairman of the Board of Directors of Zurich Insurance Company, Zurich (1996) [I]

Thomas Schmidheiny

Chairman of the Board of Directors and Chairman of the Executive Committee of Holderbank Financière Glaris Ltd, Glarus (1998)

Ulrich Bremi

Chairman of the Board of Directors of Swiss Reinsurance Company, Zurich (1997) [I, III]

Robert L. Genillard

Vice-Chairman of the Supervisory Board of TBG Holdings, n. v. (Thyssen Bornemisza Group), Monaco (1998) [I, IV, V]

Vreni Spoerry

National Councillor (1998) [III]

Jean-Daniel Cornaz

President and Chief Executive Officer of Vetropack Holding Ltd, Bülach (1995) [II]

Otto Loepfe

Chief Executive Officer, SWISSAIR Group, Zurich (1995) [IV]

Kaspar V. Cassani

Member of the Board of Directors of IBM EMEA Corporation, New York (1997) [II, IV]

Gaudenz Staehelin

President and Chief Executive Officer of UTC International Ltd, Basle, and of Grands Magasins Jelmoli SA, Zurich (1996) [II]

Klaus Jacobi

Former Secretary of State (1996) [III]

Robert A. Jeker

Managing Director of the holding companies ANOVA, NUEVA und UNOTEC, Freienbach and Glarus (1995) [II]

Heini Lippuner

President and Chief Operating Officer of Ciba, Basle (1997) [I]

Theodor M. Tschopp

Chief Executive Officer of Alusuisse-Lonza Holding Ltd, Zurich (1997) [II]

Andreas W. Keller

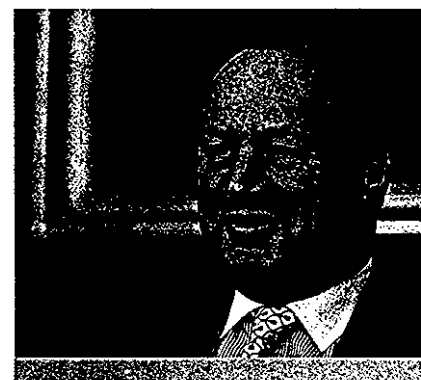
Chairman and Chief Executive Officer of Edward Keller Ltd and Edward Keller Holding Ltd, Zurich (1998) [II]

Statutory Auditors and Group's Independent Auditors

Revisuisse Price Waterhouse Ltd, Stampfenbachstrasse 109, P.O. Box, 8035 Zurich

Internal Auditor

Urs P. Hänni



Hans-Ulrich Doerig

Born 1940. Studied economics at the University of St Gallen (doctorate). 1968–1973 J. P. Morgan in New York. 1973 joined Credit Suisse. 1981–1982 CSFB in London. 1982 Member of the Executive Board. Since 1 April 1993 full-time Vice-Chairman of the Board of Directors, Chairman of the Credit and Finance Committee of the Board of Directors and of the Audit Committee of the Board of Directors.

In normal brackets:
expiry of term of office

In square brackets:
membership of the committees of the Board of Directors:

I = Chairman's Committee
II = Credit and Finance Committee
III = Audit Committee
IV = Capital Expenditure Committee
V = Compensation Committee
bold = Committee chairman

Executive Board

1. Victor Erne

Born 1939. Studied history, art history and literature in Zurich (doctorate). Teacher and journalist. 1969 joined Credit Suisse. 1990 Member of the Executive Board.

2. Rudolf W. Hug

Born 1944. Studied law at the University of Zurich (doctorate). MBA from INSEAD, Fontainebleau. 1972-1976 Chase Manhattan Bank in Geneva, Frankfurt, New York and Düsseldorf. 1977 joined Credit Suisse. 1987 Member of the Executive Board.

3. Oswald J. Grübel

Born 1943. Bank training and banking positions at Deutsche Bank AG in Mannheim and Frankfurt. 1970 White Weld Securities, Zurich and London. 1985 Financière Crédit Suisse-First Boston, Zug; CSFB Ltd, London. 1991 joined Credit Suisse as Member of the Executive Board.

4. Alfred Gremli

Born 1944. Bank training at Credit Suisse; further training in New York and San Francisco. Worked for Credit Suisse in Zurich, Lausanne, Singapore and Tehran. 1993 Member of the Executive Board.

5. Hans Peter Sorg

Born 1935. Business studies, Zurich. Positions at various Swiss and foreign banks in Zurich, Paris, New York and Basle. 1984 joined Credit Suisse. 1987 Member of the Executive Board.

6. Josef Ackermann

Born 1948. Studied economics and social sciences at the University of St Gallen (doctorate). 1978 joined Credit Suisse. 1990 Member of the Executive Board. 1993 President of the Executive Board.

7. Franz von Meyenburg

Born 1949. Studied at the University of St Gallen. 1974 joined Credit Suisse. Various positions in Zurich, London, Los Angeles and Singapore. 1993 Member of the Executive Board.

8. Martin Wetter

Born 1946. Studied law at the Universities of Zurich and Geneva (doctorate). Postgraduate studies at Manchester Business School. 1973 joined Credit Suisse. 1993 Member of the Executive Board.

9. Hans Geiger

Born 1943. Studied economics at the University of Zurich (doctorate). 1970 joined Credit Suisse. 1987 Member of the Executive Board.

10. Manfred J. Adami

Born 1940. Studied economics and social sciences at the University of Hamburg and at Franklin & Marshall College, Lancaster, Pennsylvania, USA (doctorate). 1970 S. G. Warburg & Co. Ltd, London. 1982 CS First Boston Investment Management Ltd, London. 1 April 1994 joined Credit Suisse as Member of the Executive Board.

11. Klaus Jenny

Born 1942. Studied economics at the University of St Gallen (doctorate). 1972 joined Credit Suisse. 1987 Member of the Executive Board.

12. Beat M. Fenner

Born 1944. Studied law and political science at the University of Zurich (doctorate). 1972 joined Credit Suisse. 1993 Member of the Executive Board.

13. Paul Meier

Born 1945. Obtained business diploma. 1967 joined Credit Suisse. 1993 Member of the Executive Board.



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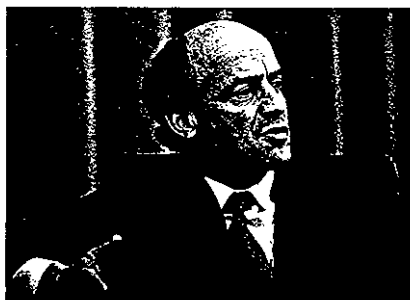
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13

Organisation

PRESIDENT OF THE EXECUTIVE BOARD

Josef Ackermann

Corporate secretariat and corporate communications:

Jörg Neef

Economic research:

Alois Bischofberger

Projects:

Christoph Ammann

Quality management:

Werner Guyer

REPORTING DIRECTLY TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Internal auditor:

Urs P. Hänni

Chairman's secretariat:

Philip Hess

SWITZERLAND

Klaus Jenny

Credit management, Switzerland:

Franz-Josef Groth

Planning and support, Switzerland:

Peter Lienhart

Management support, western Switzerland: Paul Sailer

Management support, Ticino:

Brunello Perucchi

Geneva:

Jean-Louis Delachaux

(from 1.7.95, Olivier Steimer)

Vaud: Guy Studer

North-west Switzerland/Valais:

Paul Sailer

Mendrisiotto: Sergio Zoppi

Lugano: Alberto Bernasconi

Sopraceneri: Giacomo Muzzarelli

Paul Meier

Corporate customers: Peter Angehrn

Retail Banking: Hans Ueli Keller

Management support, eastern and central Switzerland:

Bruno Bonati

Grisons: Nicola A. Lietha

North-east Switzerland:

Marcel M. Meier

St Gallen: Eugen Hutter

Aargau: Hans Grob

Lucerne/Obwalden/Nidwalden:

Robert Jung

Zug/Schwyz/Uri: Bernhard Bächer

Franz von Meyenburg

Investment banking, Switzerland:

Christian Lubicz

Fixed-income capital markets:

Peter H. Schmuki

Equity capital markets, international:

Charles Peter Greuter

Corporate finance, Switzerland:

André Furter

Multinational services, Switzerland:

Ernst A. Bütler

Banks, Switzerland:

Alfred Syz

Martin Wetter

Commercial banking, Zurich:

Ernst Lienhard

Trade and export finance:

Balz T. Häusermann

Management support,

Zurich/Basle/Berne:

Martin Vollenwyder

Zurich north-west:

Heinz Roth

Lake Zurich:

Rolf Dörig

Basle:

Jörg H. Schwarzenbach

Berne/Solothurn/Upper Valais:

Hanspeter Kurzmeyer

Head Office

Regions

INTERNATIONAL**Rudolf W. Hug**

Credit management, international:
Lothar Weber

Planning and support, international:
Christoph Schärer

Northern Europe (London):
Paul R. Hofer

Eastern Europe (Zurich):
Felix W. Schweizer

Western Europe (Zurich):
Bruno R. Lang

Central Europe (Frankfurt):
Hans-Joachim Heun

Africa (Zurich):
Jean-Jacques Guinand

Beat M. Fenner

Commerical banking in North America:
Eduard W. Sieber

Commerical banking in Latin America:
Georg Goetz

New York:
Christopher W. Roberts

Alfred Gremli

Commercial banking in the Far East,
Australia and the Pacific region:
Alfred E. Lieb

Commercial banking in the Middle East,
Greece and Turkey:
Christian E. Rohrbach

Tokyo:
Heinrich Wegmann

INVESTMENT BUSINESS/TRADING**Oswald J. Grübel**

Asset and liability management:
Walter Huwyler

Global treasury co-ordination:
Tobias Guldemann

Treasury, Head Office: Martin Senn

Management information and
controlling, trading: Maximilian Sorg

Securities trading and sales:
Walter Berchtold

Syndications/primary market:
Hansruedi Zehnder

Financial analysis: Peter Dellsperger

Planning and support, investment
business/trading: Heinz Hofmann

Hans Peter Sorg

Private banking, Europe:
André A. Konrad

Private banking, overseas: Ernst Scheller

Business management,
Lombard facilities: Eberhard Zadow

Inheritance and tax services for private
customers: Thomas Enzler

Retail banking, Head Office:
Hans Rudolf Messerli

Private banking management,
international: Aldo Leoni

Private banking management,
Switzerland: Richard Lütolf

Manfred J. Adami

Investment counselling for institutional
investors: Markus Staubli

Asset management:
Hermann C. Maurer

LOGISTICS**Hans Geiger**

Organisation and applications
development: Urs Stahlberger

Systems and IT infrastructure:
Urs Hürlimann

Information technology and
operations management, international:
Harry Hürzeler

Accounting and controlling:
Stefan Hilber

Legal department: Werner de Capitani

Security: Jean-Pierre Huwyler

Planning and support, logistics:
Fritz Klein

Victor Erne

Human resources:
Alfred Schaufelberger

Training and education:
Eugen W. Schmid

Operations and services, Head Office:
Rudolf Lamm

Marketing services:
Christoph Oggenfuss

Tax: Kurt Arnold

Construction and real estate:
Alex B. Frey

A complete list of all Members of Senior
Management at Credit Suisse is given
in Fact File, which can be obtained from:

Credit Suisse, Rmd 12
8070 Zurich, Switzerland
tel: (01) 333 28 03, fax: (01) 333 71 39
or from any Credit Suisse branch.

Subsidiaries and associated companies

SWISS VOLKSBANK		
Swiss Volksbank, BERNE		
Kurt Widmer		
Total assets 31.12.94	38,075.6	
Shareholding	99.87%	
Shareholders' equity	1,992.3	
ABZ Finanz- und Beteiligungs-Gesellschaft, ZUG		
Total assets 31.12.94	8.9	
Shareholding	100%	
Shareholders' equity	6.6	
INVOCA AG, BERNE		
Total assets 31.12.94	0.1	
Shareholding	100%	
Shareholders' equity	0.1	
Grossacker Immobilien AG, ST GALLEN		
Total assets 31.12.94	16.6	
Shareholding	53%	
Shareholders' equity	-6.2	
Samag Zürich AG, ZÜRICH		
Total assets 31.12.94	16.4	
Shareholding	100%	
Shareholders' equity	1.7	
Immobilien-gesellschaft Glarus, GLARUS		
Total assets 31.12.94	5.9	
Shareholding	100%	
Shareholders' equity	1.1	
Centre-Ville SA, LA CHAUX-DE-FONDS		
Total assets 31.12.94	5.9	
Shareholding	100%	
Shareholders' equity	2.4	
Société Foncière du Grand-Pont, LAUSANNE		
Total assets 31.12.94	6.1	
Shareholding	100%	
Shareholders' equity	4.7	
S.I. Viterim SA, GENEVA		
Total assets 31.12.94	1.6	
Shareholding	100%	
Shareholders' equity	1.5	
SVB Finance (Cayman Islands) Ltd, CAYMAN ISLANDS		
Total assets 31.12.94	2.2	
Shareholding	100%	
Shareholders' equity	2.2	

CSFP		
Credit Suisse Financial Products, LONDON¹		
Christopher Goekjian		
Total assets 31.12.94	14,301.1	
Shareholding	40%	
Shareholders' equity	1,221.0	

Numerical data

Total assets: unless otherwise stated, Sfr million (foreign currency translated at year-end rates), without eliminations of intra-Group transactions
 Shareholding: as % of share capital
 Shareholders' equity: Sfr million, including annual profit and profit carried forward but before allocation of profit
 Share capital: Sfr million (unless otherwise stated)

Footnotes

- ¹ shareholding according to voting rights held: 56%
- ² held through New Bank of Argovie
- ³ held through Credit Suisse Fides Trust Holding Ltd, Zurich**
- ⁴ held through Swiss American Corporation, New York**
 Total assets 31.12.94 81.0
 Shareholding 100%
 Shareholders' equity 51.8
- ⁵ held through Credit Suisse Fides Trust Ltd, Zurich, and Credit Suisse Fides Trust Holding Ltd**, Zurich

FUND MANAGEMENT COMPANIES***		
Credis International Fund Holding Ltd, ZÜRICH		
Andreas Spahni		
Share capital	20.0	
and its major holdings:		
Credis Investments (Switzerland) Ltd, ZÜRICH	100%	
Credis Fund Service Ltd, ZÜRICH	100%	
Credis Fund Holding (Luxembourg) SA, LUXEMBOURG		
34 investment fund management companies in LUXEMBOURG	100%	
Credis Holding (Europe) SA, LUXEMBOURG	100%	
Credis Deutschland GmbH, FRANKFURT	100%	
SKA Investment GmbH, FRANKFURT	100%	
CS Immobilien-Fonds GmbH, FRANKFURT	90%	
CS Investment Trust Management Co. Ltd, TOKYO	100%	
CS Elvisim, MILAN	100%	

- ⁶ held through CS Investment Corp., Wilmington (100%)** and CS Capital Corp., New York (100%)**
- ⁷ held through Credit Suisse Asset Management Inc., New York

* new company

** fully consolidated

*** consolidated according to the equity method

Switzerland

Abroad

**COMPANIES ENGAGED PRIMARILY
IN COMMERCIAL BANKING**

Bank for Commerce and Securities, ZURICH	
Bruno Battaini	
Total assets 31.12.94	1,028.4
Shareholding	100%
Shareholders' equity	116.2

Gewerbebank Baden, BADEN	
Kurt Graber	
Total assets 31.12.94	1,740.2
Shareholding	92.3%
Shareholders' equity	122.4

New Bank of Argovie, AARAU*	
Gerhard E. Meyer	
Total assets 31.12.94	9,263.6
Shareholding	99.3%
Shareholders' equity	385.3

Denaro-Hypo Bank AG, AARAU2*	
Cäsar Widmer	
Total assets 31.12.94	62.2
Shareholding	99.3%
Shareholders' equity	6.0

Credit Suisse Canada, TORONTO	
Klaus P. Kuebel	
Total assets 31.12.94	3,478.8
Shareholding	100%
Shareholders' equity	158.8

Schweizerische Kreditanstalt (Deutschland) AG, FRANKFURT	
Ulrich Fehring	
Total assets 31.12.94	5,787.0
Shareholding	100%
Shareholders' equity	252.1

Crédit Suisse (Luxembourg) SA, LUXEMBOURG	
Rico Barandun	
Total assets 31.12.94	9,830.8
Shareholding	100%
Shareholders' equity	383.3

Crédit Suisse (France) SA, PARIS	
Jean-L. Peyrot	
Total assets 31.12.94	1,777.1
Shareholding	100%
Shareholders' equity	74.4

Credit Suisse (Moscow) Ltd, MOSCOW	
Urs Haener	
Total assets 31.12.94	47.3
Shareholding	100%
Shareholders' equity	24.8

CS Finanziaria SpA, MILAN	
Mauro Passavini	
Total assets 31.12.94	363.1
Shareholding	100%
Shareholders' equity	3.1

**COMPANIES ENGAGED PRIMARILY
IN SECURITIES AND INVESTMENT BUSINESS**

Credit Suisse Fides Trust Ltd, ZURICH3*	
Dieter C. Hauser	
Total assets 31.12.94	170.9
Shareholding	100%
Shareholders' equity	43.3

Credit Suisse Asset Management Ltd, LONDON	
Angus Samuels	
Total assets 31.12.94	966.2
Shareholding	100%
Shareholders' equity	36.9

Credit Suisse Asset Management Inc., NEW YORK4	
Frank Meister	
Total assets 31.12.94	8.5
Shareholding	100%
Shareholders' equity	6.3

Credit Suisse Trust & Banking Co. Ltd, TOKYO	
Heinrich Wegmann	
Total assets 31.12.94	491.1
Shareholding	100%
Shareholders' equity	100.0

Credit Suisse (Guernsey) Ltd, ST PETER PORT	
Roland Hurni-Gosman	
Total assets 31.12.94	1,705.1
Shareholding	100%
Shareholders' equity	62.8

Limag Management und Verwaltungs-AG, VADUZ5*	
Dieter C. Hauser	
Total assets 31.12.94	6.8
Shareholding	100%
Shareholders' equity	4.2

Credit Suisse (Gibraltar) Ltd, GIBRALTAR	
Clive W. Robinson	
Total assets 31.12.94	361.6
Shareholding	100%
Shareholders' equity	19.5

Swiss American Securities Inc., NEW YORK4	
George J. Helwig	
Total assets 31.12.94	501.9
Shareholding	92.5%
Shareholders' equity	29.4

BEA Associates Inc., NEW YORK6	
William W. Priest	
Total assets 31.12.94	69.8
Shareholding	80%
Shareholders' equity	74.3

Credit Suisse Investment Advisory Co. Ltd, TOKYO7	
Heinrich Wegmann	
Total assets 31.12.94	3.2
Shareholding	100%
Shareholders' equity	2.5

Swiss Volksbank Securities Ltd, LONDON	
Anthony Campey	
Total assets 31.12.94	291.6
Shareholding	85%
Shareholders' equity	24.7

SPECIALIST COMPANIES

Special financing, consumer credit, leasing

City Bank, ZURICH

Jürg Binder

Total assets 31.12.94	168.7
Shareholding	88.48%
Shareholders' equity	14.1

WECO Inkasso AG, ZURICH

Werner Schuhmacher

Total assets 31.12.94	1.8
Shareholding	100%
Shareholders' equity	1.2

Swiss Ship Mortgage Bank, BASLE

Christoph Aeppli

Total assets 31.12.94	100.8
Shareholding	100%
Shareholders' equity	16.0

Finorafa SA, CHIASSO

Lino Foletti

Total assets 31.12.94	528.5
Shareholding	51%
Shareholders' equity	15.8

Finanz AG, ZURICH

Jörg Hübner

Total assets 31.12.94	351.3
Shareholding	100%
Shareholders' equity	26.1

CS Leasing Ltd, ZURICH

Urs Linsi

Total assets 31.12.94	780.8
Shareholding	100%
Shareholders' equity	38.8

Multilease Ltd, ZURICH⁸

Total assets 31.12.94	0.6
Shareholding	100%
Shareholders' equity	0.6

A+E Trading & Leasing Ltd, ZURICH⁸

Total assets 31.12.94	0.24
Shareholding	100%
Shareholders' equity	0.24

CS Real Estate Leasing Ltd, ZURICH

Edgar Kürsteiner

Total assets 31.12.94	299.8
Shareholding	100%
Shareholders' equity	4.4

CS Car Leasing Ltd, ZURICH

Florian Venosta

Total assets 31.12.94	337.0
Shareholding	100%
Shareholders' equity	3.1

Denaro-Hypo Leasing AG, AARAU^{2*}

Total assets 31.12.94	94.8
Shareholding	100%
Shareholders' equity	-28.4

Limpa Ltd, ZURICH

Total assets 31.12.94	0.1
Shareholding	100%
Shareholders' equity	0.1

Credit Suisse Australia (Finance) Ltd, MELBOURNE

Donald C. Mumma

Total assets 31.12.94	373.4
Shareholding	100%
Shareholders' equity	10.5

Credit Suisse Bullion Japan Ltd, TOKYO

Heinrich Wegmann

Total assets 31.12.94	48.6
Shareholding	100%
Shareholders' equity	14.1

Boomskill Ltd, LONDON

Total assets 31.12.94	49.0
Shareholding	100%
Shareholders' equity	4.6

INTERNATIONAL FINANCE COMPANIES

Credit Suisse (Bahamas) Ltd, NASSAU

Roland R. Huber

Total assets 31.12.94	426.8
Shareholding	100%
Shareholders' equity	54.3

Credit Suisse Finance (Panama) SA, PANAMA

Total assets 31.12.94	266.2
Shareholding	100%
Shareholders' equity	3.1

Credit Suisse Finance Ltd, HONG KONG

Total assets 31.12.94	6.6
Shareholding	100%
Shareholders' equity	6.6

Credit Suisse Financial Services Inc., WILMINGTON

Total assets 31.12.94	0.06
Shareholding	100%
Shareholders' equity	0.05

Credit Suisse Finance (Guernsey) Ltd, ST PETER PORT

Total assets 31.12.94	1,011.4
Shareholding	100%
Shareholders' equity	0.3

Credit Suisse Finance (Gibraltar) Ltd, GIBRALTAR

Total assets 31.12.94	462.2
Shareholding	100%
Shareholders' equity	0.2

BHE (Overseas) Ltd, NASSAU⁹

Total assets 31.12.94	563.2
Shareholding	100%
Shareholders' equity	39.4

Numerical data

Total assets: unless otherwise stated, Sfr million (foreign currency translated at year-end rates), without eliminations of intra-Group transactions

Shareholding: as % of share capital

Shareholders' equity: Sfr million, including annual profit and profit carried forward but before allocation of profit

Share capital: Sfr million (unless otherwise stated)

Footnotes

² held through New Bank of Argovie

⁸ held through CS Leasing Ltd, Zurich

⁹ held through Bank for Commerce and Securities, Zurich

¹⁰ held through Domolim Holding Ltd (100%)**, Zurich, and Credit Suisse Fides Trust Ltd, Zurich, and Credit Suisse Fides Trust Holding Ltd**, Zurich

¹¹ held through Gewerbebank Baden

¹² held through Credit Suisse Fides Trust Holding Ltd, Zurich**

* new company

** fully consolidated

REAL ESTATE COMPANIES

AG zur alten Post, ZURICH		
Total assets 31.12.94	4.2	
Shareholding	100%	
Shareholders' equity	3.6	

AG zur Utobücke, ZURICH		
Total assets 31.12.94	14.0	
Shareholding	100%	
Shareholders' equity	1.1	

Boden AG, ZURICH		
Total assets 31.12.94	20.0	
Shareholding	100%	
Shareholders' equity	0.6	

Commerz- und Verwaltungs AG, SARNEN		
Total assets 31.12.94	3.5	
Shareholding	100%	
Shareholders' equity	0.2	

EI Pamch SA, GENEVA^{10*}		
Total assets 31.12.94	6.3	
Shareholding	100%	
Shareholders' equity	-0.4	

Hochhaus zur Palme AG, ZURICH		
Total assets 31.12.94	15.2	
Shareholding	100%	
Shareholders' equity	0.2	

Immobiliare Credito Svizzero SA, LUGANO		
Total assets 31.12.94	70.0	
Shareholding	100%	
Shareholders' equity	22.8	

Immobilien-AG Aarau, AARAU^{2*}		
Total assets 31.12.94	51.0	
Shareholding	99.33%	
Shareholders' equity	0.9	

Orell Füssli-Hof AG, ZURICH		
Total assets 31.12.94	8.4	
Shareholding	100%	
Shareholders' equity	5.1	

Peterhof AG, ZURICH		
Total assets 31.12.94	20.3	
Shareholding	100%	
Shareholders' equity	4.6	

Schwalbe AG, ZURICH		
Total assets 31.12.94	1.1	
Shareholding	100%	
Shareholders' equity	0.3	

S.I. Avenue de Rumine 37 SA, LAUSANNE^{10*}		
Total assets 31.12.94	12.9	
Shareholding	100%	
Shareholders' equity	-3.2	

S.I. Corne à Vin, GENEVA		
Total assets 31.12.94	448.3	
Shareholding	100%	
Shareholders' equity	87.4	

S.I. Route des Acacias 76, GENEVA		
Total assets 31.12.94	0.8	
Shareholding	100%	
Shareholders' equity	0.2	

Markus AG, BADEN¹¹		
Total assets 31.12.94	15.1	
Shareholding	92.3%	
Shareholders' equity	3.5	

Haus der Schweiz AG, BERLIN*		
Total assets 31.12.94	28.2	
Shareholding	75.0%	
Shareholders' equity	6.5	

ASSOCIATED COMPANIES

ACCOUNTED FOR BY THE EQUITY METHOD

Banks

Cornèr Bank AG, LUGANO	27.33%
Share capital	12.0

Insurance companies and staff pension funds

Inreska Ltd, St Peter Port, GUERNSEY	100%
Share capital	£3.0 m
Columna-Service AG, BERNE	100%
Share capital	0.5

Industrial and other companies

Innoventure Partners Ltd, ZURICH	30%
Share capital	0.2
Premex AG, ZURICH	33.33%
Share capital	1.5
Savoy Hotel Baur en Ville, ZURICH	88.08%
Share capital	7.5
Valcambi SA, BALERNA	100%
Share capital	12.0
Zürcher Transport AG, ZURICH	24.75%
Share capital	2.0
Zürcher Freilager AG, ZURICH	36.91%
Share capital	9.8
Hartsteinwerke AG, KEHRSITEN	20%
Share capital	0.1
Allgemeine Bürgschaftsgenossenschaft für den Kanton Bern, BERNE	23.2%
Share capital	3.0 (of which paid up 0.5)

Citymax Integrated Information Systems Ltd, LONDON	100%
Share capital	£2.6 m
Innovent Capital Ltd, CAYMAN ISLANDS	35.1%
Share capital	56.1
CS Trustee Holdings Ltd, St Peter Port, GUERNSEY ¹²	100%
Share capital	£0.5 m

Other long-term holdings

Stratec Holding AG, WALDENBURG	66.7% capital 49.9% voting rights
Share capital	2.7
Beldona-Holding AG, ST GALLEN	50%
Share capital	15.0
Agie Holding Ltd, ZUG	20.3%
Share capital	35.1
Caves Orsat SA, MARTIGNY	79% capital 75.2% voting rights
Share capital	25.0
Von Roll Ltd, GERLAFINGEN	22.9%
Share capital	190.0

North Bay Ltd, NASSAU	100%
Share capital	US\$ 8 m
Banco Comercial, MONTEVIDEO	27.4%
Share capital	32.8 bn Uruguayan pesos

As the following facts and figures from 1994 demonstrate, we are very mindful of our responsibilities towards the public, society and the state.

1994 IN FACTS AND FIGURES

- Credit Suisse Group's wage bill: Sfr 2,380 million.
- Staff benefits and contributions paid by the Credit Suisse Group: Sfr 378 million
- Direct taxes paid by the Credit Suisse Group in Switzerland and abroad on the basis of the 1994 results: Sfr 369 million
- Credit Suisse Group expenditure on training: Sfr 75 million
- Number of trainees (graduates and school-leavers) in the Credit Suisse Group: 2,200
- Number of days of military service performed by Credit Suisse Group employees in Switzerland: over 100,000
- Value of planning and construction contracts awarded to external companies for Credit Suisse Group building projects in Switzerland: over Sfr 200 million
- Rent paid for property used by Credit Suisse Group companies in Switzerland: Sfr 175 million
- Total amount of recycled paper used by Credit Suisse in Switzerland: about 1,600 tonnes or 53% of volume used
- More than a million francs' worth of energy savings were made as a result of ecological and organisational measures.
- Number of events sponsored by the Group in 1994: over 500 sporting and approximately 300 cultural events
- Several hundred organisations involved in social work, charitable causes and humanitarian relief received the support of the Credit Suisse Group last year.
- Credit Suisse's Anniversary Foundation also provided funding to encourage a wide range of community projects and cultural organisations.

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Review of 1994 results

The Credit Suisse Group achieved healthy results in what was a difficult year for the financial markets. Revenues fell by 18.0% to Sfr 7.5 billion, whilst expenditure rose by 4.4% to Sfr 4.3 billion. Gross profit before tax thus decreased by 36.1% to Sfr 3.2 billion. Losses, write-downs and provisions were down 32.0%, or Sfr 899 million, at Sfr 1.9 billion, and the amount paid in tax shrank by 46.2% or Sfr 317 million to Sfr 369 million. After inclusion of net extraordinary income of Sfr 226 million (1993: net extraordinary expenditure of Sfr 137 million), the Group's annual profit for 1994 was Sfr 1,202 million, a decrease of 17.7% on the previous year. Of this, Sfr 191 million was paid to minority shareholders. After exclusion of minority interests, the Group's annual profit amounted to Sfr 1,011 million, 16.9% lower than the corresponding figure for 1993. Annual profit as a proportion of average shareholders' equity (RoE) decreased from 12.4% to 9.1%. Our BIS ratio (risk-weighted equity ratio) stood at 10.2%, while our core capital ratio (BIS tier 1 capital) was 7.3%.

CREDIT SUISSE GROUP

The Group's 1994 results reflect, on the one hand, the very good performance by the Credit Suisse Sub-Group and, on the other, the less satisfactory results of the SVB Sub-Group where, despite significant progress on operational restructuring and cost control, earnings were down and provisions remained high.

In the first quarter of 1994 Credit Suisse acquired Credit Suisse Fides Trust Ltd (formerly Fides Trust Ltd) from CS Holding with a view to ensuring even better exploitation of existing expertise. In mid-1994 Affida Bank and Bank Neumünster were sold to our sister company Leu Holding. In addition, with effect from the end of the year a 10% stake in Credit Suisse Financial Products was sold to Swiss Reinsurance Company, producing a net gain after tax of some Sfr 270 million. These structural changes are reflected in the consolidated results. The takeover of New Bank of Argovie as of 31 December 1994 has yet to affect the Credit Suisse Group's profit and loss account. However, the total assets of New Bank of Argovie, amounting to Sfr 9.3 billion, are shown in the consolidated balance sheet.

No events have occurred since the balance sheet date which have had a significant influence on the results.

The brighter economic outlook suggests that lending business will recover. As a result, loan loss provisions should come down, although they will continue to reflect persistent structural weaknesses in certain Swiss industries. The climate in securities business and other trading areas will remain difficult.

RESULTS OF THE CREDIT SUISSE GROUP

Income

Income trends in different areas of business varied greatly last year. Earnings from balance sheet business were 6.3% down on 1993, with a narrowing of interest margins only partly offset by the reduction in unpaid interest on non-performing loans. By contrast, results in commission business were generally positive. In the table on page 70, however, the size of commission income is diminished by the restatement of revenues from investment fund business. In the 1993 accounts such revenues were shown under 'Investment business/securities administration' as part of 'Commission income'. Now, because of the amalgamation of all fund business under Credis International Fund Holding Ltd, for purposes of equity valuation they appear under the heading 'Other income'. After doubling in 1993 on the back of extremely favourable conditions on the financial markets, earnings from trading in securities, foreign exchange, precious metals and banknotes (including derivatives) fell by 48.7%, or Sfr 1.6 billion. Revenues from securities trading suffered an especially sharp decline. Of the total trading income of Sfr 1,726 million, Credit Suisse Financial Products generated Sfr 894 million. Earnings stated under the heading 'Other income' rose by 42.8% or Sfr 220 million, with roughly Sfr 200 million of this deriving from the consolidation of Credis International Fund Holding Ltd according to the equity method. Also shown under this heading are Sfr 53 million of consultancy fees and administration commissions earned by Credit Suisse Fides Trust Ltd.

For the Group as a whole, income decreased by 18.0% or Sfr 1.7 billion in 1994.

Expenditure

Expenditure by the Credit Suisse Group rose by 4.4% or Sfr 182 million to Sfr 4,279 million. Roughly Sfr 77 million of this was accounted for by the newly consolidated Credit Suisse Fides Trust Holding Ltd; if this is excluded, Group costs were 2.4% up on the previous year. Costs within Switzerland went up by 2.5%, whilst expenditure outside Switzerland expanded by 10.0%.

Staff

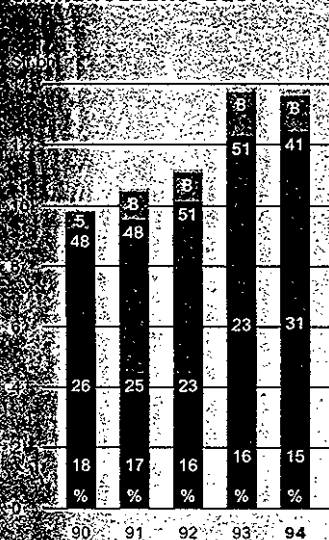
The number of staff working for the Credit Suisse Group grew by 1,698 to a total of 26,017 at 1 January 1995. The bulk of the increase was due to the addition to the Group of Credit Suisse Fides Trust Ltd and New Bank of Argovie. Staff numbers outside Switzerland rose by 267. (These figures do not include staff at Credis, which is consolidated according to the equity method.) Overall staff costs were up 4.2% at Sfr 2,921 million.

General expenses

Expenditure under this heading climbed 4.9% to Sfr 1,358 million. Operations outside Switzerland accounted for 28.1% of general expenses.

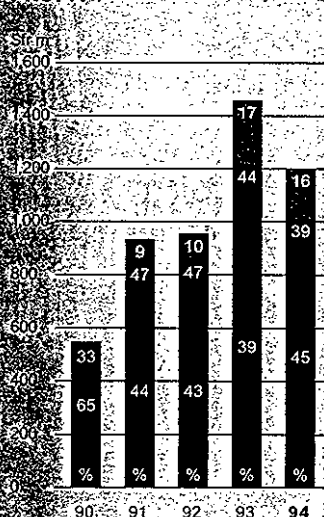
Taxes

Tax expenditure for the Group as a whole fell sharply from Sfr 686 million in 1993 to Sfr 369 million. This drop was due to the decrease in the annual profit and to the fact that a higher proportion of the parent company's 1994 profit was made up of dividend income from subsidiaries and associated companies, which is subject to a lower tax rate. Around Sfr 293 million was paid in taxes by our operations outside Switzerland, against Sfr 409 million for the previous year.

CREDIT SUISSE GROUP
SHAREHOLDERS' EQUITY

- Minority interests (4.2%)
- Annual profit (8.4%)
- Revenue reserves (41.3%)
- Capital reserves (31.0%)
- Share capital (15.1%)

Figures on pages 61/85

ALLOCATION OF
CREDIT SUISSE GROUP
PROFIT

- Minority interests (15.9%)
- Revenue reserves (39.4%)
- Credit Suisse dividend (44.7%)

Total assets

Total assets were more or less unchanged on the previous year, ending 1994 at Sfr 231.6 billion, although this figure does include some Sfr 9.3 billion of assets acquired with the purchase of New Bank of Argovie. The dollar's slide took roughly Sfr 5.7 billion off the value of the Group's balance sheet.

Money due from banks went up Sfr 0.5 billion to Sfr 50.0 billion, while money due to banks fell Sfr 7.0 billion to Sfr 41.8 billion. Interbank claims and liabilities arising from securities lending and borrowing came to around Sfr 2.3 billion and Sfr 2.6 billion respectively. This represents an increase of some Sfr 1.7 billion on the 1993 figures.

Lendings increased by approximately Sfr 2.9 billion to Sfr 126.8 billion. Not including total lendings at New Bank of Argovie (+ Sfr 7.8 billion) and the dollar exchange rate (- Sfr 2.7 billion), the Group's loan book contracted by around Sfr 2.2 billion.

Our securities portfolio (including financial assets) ended the year Sfr 1.1 billion down on 1993 at Sfr 26.3 billion.

Customer deposits showed a nominal Sfr 8.7 billion increase to Sfr 163.5 billion. Of this, New Bank of Argovie accounts for Sfr 7.8 billion, bringing some Sfr 3.8 billion of savings and investment deposits and just under Sfr 1.5 billion of medium-term notes into the consolidated accounts. After allowing for a Sfr 3.5 billion decrease caused by the weakness of the dollar, over the year as a whole customer deposits registered an effective increase of approximately Sfr 4.3 billion.

Off-balance-sheet business

In this Annual Report we have reclassified our off-balance-sheet activities according to product groups in order to increase the amount of information contained in our derivatives reporting.

We systematically expanded our derivatives activities throughout the world, achieving another sizeable increase in business volume. Total contract volume (traded and OTC contracts) rose to Sfr 2,096 billion, up 24.7% over the previous year. The aggregate volume of OTC contracts registered a 30% year-on-year rise to Sfr 1,785 billion (1993: Sfr 1,370 billion). The gross replacement value for all open contracts at end-1994 stood at Sfr 28.2 billion, representing roughly 1.6% of the total OTC contract volume, or 1.7% if option sales are excluded. No positive replacement value has been calculated for OTC option sales, since the associated credit risk is limited to the outstanding premium payments which are shown as claims against banks and customers. The same applies to traded options and futures where the replacement value is hedged by means of daily margin payments and margin collateral lodged when contracts are opened. The level of associated credit risk is thus minimal. It should also be noted that we have not taken advantage of opportunities to net out claims and obligations for the same counterparty, as sanctioned under the terms of master netting agreements. After taking account of legally enforceable netting agreements, the positive replacement cost amounted to Sfr 21.8 billion, or roughly 1.2% of the notional OTC contract volume.

Last year saw hefty increases in contract volume for both forward rate agreements and interest rate swaps, which together added 42% or Sfr 245.5 billion to the overall volume of interest rate contracts. The main reason for this impressive advance was the US-led turnaround in interest rates around the world, which triggered heavy demand amongst our customers for hedging transactions. In foreign exchange derivatives, contract volume rose by 28.5% to Sfr 725.5 billion, against Sfr 564.5 bil-

lion at end-1993. This further reflects the rapid growth in demand for customer-specific solutions which hedge against market risks whilst allowing a more effective exploitation of earnings opportunities. The contract volume for precious metal derivatives was Sfr 12.2 billion at end-1994, unchanged on the year-back figure. The volume of equity and index contracts grew by Sfr 7.3 billion, due in large measure to a mainly customer-driven increase in options trading.

Contingent liabilities and pending transactions declined by Sfr 1.1 billion to Sfr 20.6 billion. Irrevocable credit guarantees posted a Sfr 3.4 billion increase to Sfr 41.1 billion, thanks largely to brisk demand in the US market.

CREDIT SUISSE SUB-GROUP

Figures for the Credit Suisse Sub-Group are given on page 88.

Gross profit before tax for the Credit Suisse Sub-Group was down 34.7% at Sfr 3,001 million. Losses, write-downs and provisions shrank by 42.2% to Sfr 1,204 million. Write-downs and provisions for borrower and country risks fell by a hefty 53.0% to Sfr 623 million, of which lendings to Swiss borrowers accounted for roughly 95% (1993: around 90%). The greater volume of capital investments within the Sub-Group lifted depreciations on physical assets by 17.4% to Sfr 391 million.

After deduction of write-downs, provisions, losses and depreciation, the Credit Suisse Sub-Group posted an annual profit before tax and extraordinary items of Sfr 1,797 million, a 28.5% decrease on 1993. Total extraordinary income stood at Sfr 358 million (see page 88). Extraordinary expenditure amounted to Sfr 581 million in total. Restructuring costs of Sfr 139 million arose from the union with Swiss Volksbank. Payments to SVB as compensation for the integration into Credit Suisse of certain SVB organisational units and business areas and as reimbursement of charges already eliminated amounted to Sfr 128 million. Credit Suisse's restructuring contribution to SVB totalled Sfr 293 million. After allowing for Sfr 359 million in taxes paid, the annual profit of the Credit Suisse Sub-Group amounted to Sfr 1,215 million, 19.1% lower than the result for 1993.

SVB SUB-GROUP

Details of the SVB Sub-Group's performance in 1994 can be found on page 89. In addition, a short summary of business developments at Swiss Volksbank is given on pages 36-37. More information can be found in Swiss Volksbank's own Annual Report.

Earnings from balance sheet business fell 20.3% to Sfr 494 million. At Sfr 401 million, commission income was largely unchanged on 1993 (Sfr 407 million). Trading revenues were down 62.4% to Sfr 74 million, while other income sank 71.1% to Sfr 26 million. Overall, profits contracted by 24.3%.

Operational expenditure was reduced by 8.5% to Sfr 741 million. Gross profit before tax thus amounted to Sfr 254 million, 49.6% lower than in the previous year. Losses, write-downs and provisions were only slightly down on 1993 levels, receding by 3.3% to Sfr 706 million. Total extraordinary income of Sfr 171 million, together with a Sfr 293 million restructuring contribution from Credit Suisse, meant that the SVB Sub-Group's profit and loss account for 1994 shows a balance of zero.

Swiss Volksbank's balance sheet total shrank by 6.8% to Sfr 38.1 billion. The assets side contracted as a result of falls in money market investments and securities holdings, although lendings held firm at the year-back level of Sfr 27.3 billion. On the liabilities side, customer deposits were 5.1% down, mainly because of reductions in time deposits and medium-term notes.

Profit and loss account 1994

INCOME	Page	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Income from balance sheet business					
Interest income, discount income and dividends		12 307	11 142	-1 165	-9.5
less interest expense		9 544	8 553	-991	-10.4
Net income from balance sheet business	70, 72	2 763	2 589	-174	-6.3
Commission income					
Commission income		2 631	2 571	-60	-2.3
less commission expense		81	86	5	6.2
Net commission income	70, 72	2 550	2 485	-65	-2.5
Income from trading in foreign exchange, precious metals, interest rate instruments and securities (including derivatives)	70, 72	3 362	1 726	-1636	-48.7
Other income	70, 72	514	734	220	42.8
TOTAL INCOME	70, 72	9 189	7 534	-1655	-18.0
EXPENDITURE	Page	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Staff costs	71, 72	2 803	2 921	118	4.2
General expenses	71, 72	1 294	1 358	64	4.9
TOTAL EXPENDITURE	71, 72	4 097	4 279	182	4.4
GROSS PROFIT BEFORE TAX	72	5 092	3 255	-1 837	-36.1
Write-downs and losses on fixed assets	71	554	568	14	2.5
Write-downs, provisions and losses	71	2 255	1 342	-913	-40.5
ANNUAL PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	71	2 283	1 345	-938	-41.1
Extraordinary income	71	74	388	314	424.3
Extraordinary expenditure	71	211	162	-49	-23.2
Taxes	72	686	369	-317	-46.2
GROUP ANNUAL PROFIT		1 460	1 202	-258	-17.7
<i>of which minority interests</i>		<i>242</i>	<i>191</i>	<i>-51</i>	<i>-21.1</i>

Balance sheet at 31 December 1994

ASSETS	Page	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Liquidity, due from banks, money market paper					
Cash	74	2 166	1 501	-665	-30.7
Due from banks	62, 74, 75	49 538	50 056	518	1.0
Bills discounted and money market paper	73, 74	9 658	8 868	-790	-8.2
Total liquidity, due from banks and money market paper		61 362	60 425	-937	-1.5
Lendings					
Sight loans	62, 75	19 954	18 921	-1 033	-5.2
Time loans	62, 75	51 280	47 275	-4 005	-7.8
Mortgages	75	51 300	59 252	7 952	15.5
Financial leasing	73, 75	1 391	1 376	-15	-1.1
Total lendings	77	123 925	126 824	2 899	2.3
Securities holdings constituting current assets	74, 75, 78	23 817	22 691	-1 126	-4.7
Financial assets	78, 79	3 547	3 587	40	1.1
Long-term holdings	50-53, 78, 79	460	790	330	71.7
Physical assets	79	5 152	6 208	1 056	20.5
Intangible assets	79	84	102	18	21.4
Accrued and deferred items		2 893	2 841	-52	-1.8
Other assets	73	10 951	8 089	-2 862	-26.1
TOTAL ASSETS	74, 76	232 191	231 557	-634	-0.3
<i>of which subordinated claims</i>	62	<i>294</i>	<i>260</i>	<i>-34</i>	<i>-11.6</i>
LIABILITIES	Page	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Due to banks	75	48 781	41 790	-6 991	-14.3
Due to customers					
Sight deposits	75, 83	18 697	18 611	-86	-0.5
Time deposits	75	77 104	79 845	2 741	3.6
Savings and investment deposits	75, 83	32 644	36 551	3 907	12.0
Medium-term notes	75	11 983	11 770	-213	-1.8
Bonds and mortgage bonds	75, 80-83	14 413	16 736	2 323	16.1
Total due to customers		154 841	163 513	8 672	5.6
Accrued and deferred items		3 818	3 432	-386	-10.1
Other liabilities	73	9 197	7 018	-2 179	-23.7
Write-downs and provisions	84	1 447	1 571	124	8.6
Shareholders' equity					
Share capital		2 146	2 149	3	0.1
Capital reserves		4 354	4 408	54	1.2
Revenue reserves		5 790	5 873	83	1.4
Minority interests in equity capital		357	601	244	68.3
Group annual profit	60	1 460	1 202	-258	-17.7
<i>of which minority interests</i>		<i>242</i>	<i>191</i>	<i>-51</i>	<i>-21.1</i>
Total shareholders' equity	84	14 107	14 233	126	0.9
TOTAL LIABILITIES	74, 76	232 191	231 557	-634	-0.3
<i>of which subordinated liabilities</i>	62	<i>5 755</i>	<i>6 596</i>	<i>841</i>	<i>14.6</i>

Off-balance-sheet business at 31 December 1994

	Page	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Contingent liabilities and pending transactions					
Aval, guarantee and indemnity liabilities		2 642	2 430	-212	-8.0
Irrevocable credit guarantees		9 888	9 163	-725	-7.3
Liabilities in respect of letters of credit		6 577	6 200	-377	-5.7
Performance-related guarantees		2 573	2 792	219	8.5
Endorsement liabilities in respect of rediscountings		94	79	-15	-16.0
TOTAL	75, 85	21 774	20 664	-1 110	-5.1
Irrevocable commitments					
Committed credit facilities (undrawn portion)	75, 85	37 660	41 067	3 407	9.0
Call liabilities on shares and other equity securities	75, 85	113	102	-11	-9.7
TOTAL		37 773	41 169	3 396	9.0
Open derivatives positions (Sfr bn)	see pages 63, 85 for details	1 681	2 096	415	24.7
Fiduciary deposits		17 687	16 005	-1 682	-9.5
Assets subject to subordination clause					
Due from banks		13	2	-11	-84.6
Sight loans		13	23	10	76.9
Time loans		55	108	53	96.4
Securities		213	127	-86	-40.4
TOTAL		294	260	-34	-11.6
Liabilities subject to subordination clause					
Time deposits		43	35	-8	-18.6
Bonds and mortgage bonds		5 712	6 561	849	14.9
TOTAL		5 755	6 596	841	14.6

Open derivatives contracts at 31 December 1994

		Remaining life			1994	1993	Change		Gross replacement value ⁵
		< 1 year Sfr bn	1-5 years Sfr bn	> 5 years Sfr bn	Total Sfr bn	Total Sfr bn	Sfr bn	%	1994 Sfr bn
CONTRACT VOLUMES/NOTIONAL AMOUNTS¹									
Interest rate contracts									
OTC	FRAs and other forward contracts	136.8	25.6	0.0	162.4	97.6	64.8	66.4	0.2
	Swaps	133.9	353.3	181.0	668.2	487.4	180.8	37.1	12.5
	Options bought	19.6	31.9	15.7	67.2	90.1	-22.9	-25.4	1.2
	Options sold	22.8	58.6	21.3	102.7	81.9	20.8	25.4	-
Traded	Futures	165.0	49.3	0.2	214.5	253.6	-39.1	-15.4	-
	Options	43.5	6.5	0.0	50.0	16.2	33.8	208.6	-
Total interest rate contracts		521.6	525.2	218.2	1 265.0	1 026.8	238.2	23.2	13.9
Foreign exchange contracts									
OTC	Forward contracts ^{2,3}	523.8	9.1	1.5	534.4	371.6	162.8	43.8	6.7
	Swaps ⁴	16.4	56.8	29.1	102.3	92.0	10.3	11.2	5.8
	Options bought	35.3	2.1	1.7	39.1	42.2	-3.1	-7.3	1.1
	Options sold	33.0	3.6	0.0	36.6	46.5	-9.9	-21.3	-
Traded	Futures	0.3	0.0	0.0	0.3	0.1	0.2	200.0	-
	Options	12.6	0.2	0.0	12.8	12.1	0.7	5.8	-
Total foreign exchange contracts		621.4	71.8	32.3	725.5	564.5	161.0	28.5	13.6
Precious metals contracts									
OTC	Forward contracts ²	3.8	1.2	0.3	5.3	3.7	1.6	43.2	0.1
	Options bought	1.9	1.3	0.0	3.2	1.3	1.9	146.2	0.1
	Options sold	1.3	0.8	0.0	2.1	1.1	1.0	90.9	-
Traded	Futures	0.1	0.0	0.0	0.1	0.4	-0.3	-75.0	-
	Options	1.3	0.2	0.0	1.5	3.7	-2.2	-59.5	-
Total precious metals contracts		8.4	3.5	0.3	12.2	10.2	2.0	19.6	0.2
Equity/index contracts									
OTC	Forward contracts	0.2	4.3	0.0	4.5	6.2	-1.7	-27.4	0.0
	Options bought	18.2	6.8	0.0	25.0	24.5	0.5	2.0	0.5
	Options sold	23.8	7.7	0.0	31.5	24.2	7.3	30.2	-
Traded	Futures	7.4	0.1	0.0	7.5	5.7	1.8	31.6	-
	Options	15.3	2.3	0.0	17.6	18.2	-0.6	-3.3	-
Total equity/index contracts		64.9	21.2	0.0	86.1	78.8	7.3	9.3	0.5
Other contracts									
OTC	Forward contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Options bought	0.5	0.1	0.0	0.6	0.0	0.6	100.0	0.0
	Options sold	0.2	0.1	0.0	0.3	0.0	0.3	100.0	-
Traded	Futures	3.7	0.6	0.0	4.3	0.3	4.0	1 333.3	-
	Options	2.4	0.0	0.0	2.4	0.2	2.2	1 100.0	-
Total other contracts		6.8	0.8	0.0	7.6	0.5	7.1	1 420.0	0.0
TOTAL		1 223.1	622.5	250.8	2 096.4	1 680.8	415.6	24.7	28.2
<i>of which OTC contract volume</i>					<i>1 785.4</i>				
Replacement value taking into consideration legally enforceable netting agreements									21.8

¹ Gross volume of purchases and sales (own and customer contracts)

² Including outstanding spot transactions

³ Of which up to one month: Sfr 161.8 bn

⁴ Currency swaps and cross-currency interest rate swaps

⁵ Contracts with a positive gross replacement value, i.e. market value of transactions without taking any netting arrangements into account. This value represents the maximum possible credit exposure if a counterparty defaults on its contractual obligation.

Source and application of funds

	1992			1993			1994		
	Source Sfr m	Applica- tion Sfr m	Net in/ outflow Sfr m	Source Sfr m	Applica- tion Sfr m	Net in/ outflow Sfr m	Source Sfr m	Applica- tion Sfr m	Net in/ outflow Sfr m
OPERATIONS AND CAPITAL			979			4 466			442
Operating activities			1 627			2 810			1 636
Gross profit after tax	2 480			4 406			2 886		
Extraordinary profit		22		74	211		388	162	
Actual losses		151			381			165	
Accrued and deferred items		274			568			352	
Dividend payments		411			411			577	
Currency difference	47				67			140	
Valuation of long-term holdings according to the equity method		42			32			242	
Equity offerings			23			2 015			58
Share capital				296			3		
Capital reserves				1 728			54		
Minority interests	23				9		1		
Investments in fixed assets			79			-835			-1 937
Financial assets	729			1 041				74	
Long-term holdings		26			745			120	
Goodwill		28			35			64	
Real estate		373			634			1 144	
Other physical assets		259			458			570	
Mortgages on own real estate	36				4		35		
Provisions, other assets and liabilities			-750			476			685
Provisions and reserves		99		185				207	
Other assets and liabilities		651		291			892		
BANK BUSINESS			-979			-4 466			-442
Medium and long-term customer business			-2 792			4 695			-83
Time loans, mortgage business		5 055		3 082			2 475		
Financial leasing	64			201			15		
Other securities positions constituting current assets		1 053			1 584			1 926	
Acceptances and promissory notes	112			171				417	
Savings and investment deposits	2 082			4 928			27		
Medium-term notes, bonds	4 489	3 431		2 503	4 606		5 134	5 391	
Money market business			1 541			-3 143			-3 846
Bills of exchange and money market paper		1 010		2 595			804		
Due from banks, time deposits		9 259			5 013			635	
Due to banks, time deposits	7 080				777			5 862	
Due to customers, time deposits	4 730			52			1 847		
Short-term customer and interbank business			232			7 498			-230
Due from banks, sight deposits		806		21			399		
Due to banks, sight deposits		223		4 230				1 598	
Sight loans		132		362			1 087		
Physical holdings of precious metals	674				975		572		
Due to customers, sight deposits	719			3 860				690	
Liquidity			40			-13 516			3 717
Securities trading portfolio		74			12 858		3 052		
Cash	114				658		665		

1993 financial year: the acquisition of the SVB Group is included as an investment in long-term holdings, after deduction of acquired liquidity. Account has also been taken of balance sheet items taken over from SVB.

1994 financial year: the acquisition of New Bank of Argovie is included as an investment in long-term holdings, after deduction of acquired liquidity. Account has also been taken of balance sheet items taken over from New Bank of Argovie.

Notes on the Group financial statement

Consolidation and accounting policies

ACCOUNTING POLICIES

The accounts for the Credit Suisse Group have been drawn up on the basis of the consolidation and accounting policies set out below. These accounts give a true and fair view of the Group's assets, of its financial position and of the results of its operations. They conform in essence to the 4th and 7th EU directives and to the EU guidelines on the preparation of accounts for banking institutions.

Where the EU guidelines on the preparation of accounts for banking institutions allow a choice between two or more accounting policy options, this section indicates which option has been followed.

The detailed Group financial statement published in this Annual Report covers the Credit Suisse Group. In addition, abridged financial statements are given on pages 88 and 89 for the Credit Suisse and Swiss Volksbank Sub-Groups. The figures for the two Sub-Groups do not allow for the elimination of transactions between them. A comprehensive financial statement for the SVB Sub-Group can be found in the Swiss Volksbank Annual Report.

GROUP ACCOUNTS

Consolidation

The Group accounts incorporate the annual financial statements of Credit Suisse and of all banks, finance companies and real estate companies in which Credit Suisse had a direct or indirect holding of more than 50% of the voting rights as at 31 December 1994. All assets and liabilities, off-balance-sheet transactions, income and expenditure are fully consolidated (i.e. they are carried at 100% of their value). Since the initial consolidation on 1 January 1988, the net assets of Group companies have been consolidated according to the purchase method. Minority interests held by third

parties in the shareholders' equity and in the profit are shown separately in the balance sheet and the profit and loss account. All significant claims and liabilities, off-balance-sheet transactions and items of income and expenditure between the companies consolidated within the Group are set off against each other. Unrealised profits between Group companies are likewise eliminated.

Since 1 January 1989, other companies in which Credit Suisse has a 20–50% interest, as well as majority interests in non-financial institutions (associated companies), have been accounted for in the Group accounts by the equity method. The Group's percentage interest in the net assets of such companies is entered in the consolidated balance sheet under 'Long-term holdings' and its percentage interest in their profits appears in the profit and loss account under 'Other income'. In the case of certain individual companies, reference is made to the accounts of the previous financial year. These companies do not substantially affect the Group's results.

Less significant interests and those earmarked for disposal are valued at cost less necessary write-downs.

Shareholdings of less than 20% are included in the securities investment portfolio and are valued at cost less necessary write-downs.

A chart listing the principal Group subsidiaries and associated companies appears on pages 50–53.

Changes to the scope of consolidation

Companies acquired or sold in the year under review are, as a rule, included or excluded from the consolidated accounts with effect from the date of purchase or sale.

On 30 November 1994, CS Holding acquired a 98.75% stake in New Bank of Argovie, Aarau, as part of a public

exchange offer. By 31 December 1994 further acquisitions had increased this stake to 99.33%, at which point it was sold to Credit Suisse. The assets, liabilities and off-balance-sheet business of New Bank of Argovie and its three banking, finance and real estate subsidiaries have been incorporated in the Group accounts. Because of the official takeover date, however, New Bank of Argovie's profit and loss account is not being incorporated in the Group profit and loss account until 1 January 1995. In the overview of subsidiaries and associated companies on pages 50–53, companies newly included in the consolidation are specially marked.

On 31 March 1994, Fides Trust Ltd (now known as Credit Suisse Fides Trust Ltd) and its five subsidiaries were sold by CS Holding to Credit Suisse Fides Trust Holding Ltd, Zurich, a newly established 100% subsidiary of Credit Suisse. Fides Trust Ltd's business has been incorporated into the Group accounts with retrospective effect from 1 January 1994. In addition, Fondicasa Ltd, a real estate company, was merged with Credit Suisse as per 30 June 1994.

A&E Leasing Ltd, a subsidiary of Swiss Volksbank, was sold to Credit Suisse as per 13 December 1994, and subsequently incorporated into and merged with CS Leasing Ltd.

With effect from 30 December 1994, Credit Suisse sold a 10% stake in Credit Suisse Financial Products, London, to Swiss Reinsurance Company, thus reducing its own capital stake to 40%. The transaction has left Credit Suisse with 56% of the voting rights in CSFP. Entitlements to 1994 dividends have not been affected by the transaction, although minority interests in capital have risen from 50% to 60%.

The consolidation of the Group also underwent the following changes. New inclusions in the consolidation:

Notes on the Group financial statement

Consolidation and accounting policies

- Credit Suisse (Moscow) Ltd
- Haus der Schweiz AG, Berlin (real estate company)
- No longer consolidated:
 - Devo Immobilien und Verwaltungs AG, Baden (sold to Göhner Merkur Ltd)
 - Affida Bank, Zurich (sold to Leu Holding Ltd as per 1 July 1994)
 - Bank Neumünster, Zurich, including Neuka AG (sold to Leu Holding Ltd as per 1 July 1994)
 - Swiss-Kuwaiti Bank, Geneva (merged with Credit Suisse)

Foreign currency translations

Individual financial statements

In the financial statements of individual Group companies, income and expenditure in foreign currencies are translated into Swiss francs at the exchange rate obtaining on the relevant date. Assets and liabilities in foreign currencies are translated at the year-end rate or, in the case of rate-hedged transactions, at the forward hedging rate. Capital gains and losses arising from currency translations are charged to the profit and loss account.

Foreign currency translations for the purpose of consolidating individual financial statements

In the case of consolidated subsidiaries based outside Switzerland, balance sheet and off-balance-sheet items are translated into Swiss franc equivalents at the exchange rate obtaining on the Group accounting date, with the exception of shareholders' equity invested in the Group companies, which is translated at the rate obtaining on 31 December 1987 or, where changes have occurred since this date, at the rate obtaining on the relevant date. Items in the profit and loss account are translated at the average exchange rate for the year. Translation differences arising from the translation of shareholders' equity and the profit and

loss account are credited or debited directly to the Group's shareholders' equity and are shown as a separate item in the breakdown of shareholders' equity on page 84.

Consolidation accounting date

The balance sheet date for the majority of fully consolidated Group companies is 31 December. Where this is not the case, companies have drawn up an interim financial statement as at 31 December, with the exception of those few companies whose balance sheet date is less than three months prior to that of the Group. These companies do not substantially affect the Group's results.

Deviations from EU guidelines

The areas in which Group accounting procedures deviate from EU guidelines on the preparation of accounts for banking institutions may be summarised as follows.

- The classification criteria used in the balance sheet and the profit and loss account differ from the classification criteria proposed by the EU guidelines; however, all significant information is given.
- Funding costs incurred on the Group's securities holdings which constitute current assets are debited to the securities trading income and are shown separately in the notes on the Group financial statement.
- Credis International Fund Holding Ltd and the individual fund management and sales companies continue to be included in the Group accounts according to the equity method.
- The proportions of overall income and expenditure accounted for by our operations outside Switzerland are not broken down by geographical location but are given as combined totals.
- No specific information is given concerning emoluments and loans made to

Members of the Board of Directors and Members of the Executive Board.

VALUATION AND ACCOUNTING

PRINCIPLES

Valuation and accounting practices are the same for all Group companies.

Recording of business

All completed business is valued and recorded in the profit and loss account according to the following valuation principles. Foreign exchange, money market and precious metal transactions are booked as per value date, as are payment orders. Securities and counter transactions are booked as per transaction date.

Current assets

Funds due from banks, bills of exchange and money market paper, lendings and financial leasing

These claims are generally shown at nominal value less any as yet unearned discount. A provision is formed as soon as serious doubts arise as to a claim's collectability. The necessary provisions against the asset's capital value and the interest on the asset are formed according to the principle of conservatism, the level of security provided and the general economic climate. If the receivable shown in the accounts cannot be collected it is written off against the provision formed against it. Necessary provisions are set off against the corresponding assets.

In the case of claims subject to country risk, provisions are formed in accordance with the regulations laid down by the Swiss authorities. These are shown under the heading 'Write-downs and provisions'.

All leased items (capital goods, real estate and vehicles) are valued by the annuity method and are stated in a separate position under 'Lendings'. The amortisation charges contained in the

rental income are set off directly against the book values of the corresponding leased assets, so only the interest portion of the rental income is shown in the profit and loss account.

Securities holdings constituting current assets

On purchase, securities are classified either as securities trading positions or as other securities holdings constituting current assets.

Securities trading positions

Trading positions (trading balances) comprise holdings of tradeable securities which can be disposed of without difficulty as well as unsold securities acquired in the course of underwriting operations.

Trading positions in bonds, shares and similar securities are valued at the market value on the balance sheet date; unlisted securities are carried at cost less necessary write-downs.

Other securities holdings constituting current assets

The other securities holdings constituting current assets, which are not regarded as trading positions despite being earmarked for resale, are carried at their lowest value, i.e. at cost or at the market value on the balance sheet date, if this is lower. The market value of such holdings is given in the notes on the Group financial statement.

Book profits and losses resulting from the valuation of securities holdings constituting current assets as well as realised profits and losses are shown under securities trading income.

The entry for income from securities trading also covers funding costs arising on the relevant portfolios (securities positions counting as current assets) as well as interest and dividend earnings on such positions. The cost of funding is calculated at short-term market rates

and, as an earnings position, is credited to balance sheet business.

Fixed assets

Financial assets

This balance sheet item comprises securities and precious metal positions maintained for long-term operational purposes and others held over long periods (e.g. until maturity) for other business reasons. These are valued at cost less necessary write-downs.

Premiums and discounts on interest-bearing securities are amortised to maturity and credited or debited to earnings from balance sheet business.

Net capital gains resulting from sales of securities are entered under 'Other income' and the necessary write-downs are shown under 'Write-downs and losses on fixed assets'.

Physical assets

Real estate is valued at acquisition price plus any expenditures that increase the value of the property, less necessary depreciation. No depreciation is charged on land unless an adjustment has to be made to allow for a reduction in its market value.

Other physical assets (fixtures and fittings installed by us in rented properties, computers, furnishings, vehicles, etc.) are depreciated in full over their estimated economic life.

Goodwill

Purchased goodwill (i.e. the positive difference between the purchase price paid for a subsidiary or associated company and the value of that company's net assets) is stated as an asset in the balance sheet and depreciated through the consolidated profit and loss account over a period of five years. Goodwill acquired from the purchase of New Bank of Argovie was charged against shareholders' equity (revenue reserves).

Own positions and off-balance-sheet business

Foreign exchange and banknotes

Foreign exchange and banknote positions are translated into Swiss francs at the respective year-end rates.

Precious metals

Precious metal accounts and holdings are valued at the average December price or at the price in effect on the balance sheet date, if lower.

Forward positions and derivatives

Forward positions in foreign exchange, precious metals and securities are valued at market rates with adjustments for appropriate forward premiums or discounts at the balance sheet date. Capital gains and losses arising from the valuation are entered in the profit and loss account.

Trading positions in financial derivatives (interest rate and currency swaps; options on equities, equity indices, foreign exchange, precious metals and interest rates; financial futures and forward rate agreements) are accounted for as off-balance-sheet items at notional value; positive replacement values are also given. Own positions in these instruments are marked to market at the balance sheet date and the resulting changes in valuation are shown under 'Other assets' and 'Other liabilities'. Net profit (after deduction of brokerage charges and funding costs on the relevant portfolios) on derivatives is included under 'Trading income' in the appropriate business area (securities, foreign exchange, precious metals, interest rate instruments). Commodity-related derivatives are treated similarly; revenue from these instruments appears under 'Other income'.

Interest rate swaps, which are used in global asset and liability management, are treated in accordance with the accrual

Notes on the Group financial statement

Consolidation and accounting policies

method. Hedging transactions are valued using the same rules as apply to the underlying transactions.

Income and expenditure (other items)

Pension expenditure

As a rule, employees are affiliated to legally autonomous staff pension funds which are independent of the Group. The required pension contributions are made to the pension funds and posted under 'Staff costs'.

Tax expenditure and deferred tax

Tax expenditure is calculated on the basis of the profits posted by the individual Group subsidiaries. For deferred tax resulting from adjustments in the valuation of assets and liabilities, tax provisions are charged against tax expenditure. No provision is made for deferred tax on undistributed profits of Group subsidiaries outside Switzerland.

Changes from the previous year

The Sfr 439 million of goodwill acquired from the purchase of New Bank of Argovie was charged directly against shareholders' equity (revenue reserves).

For each of the next five years the profit and loss account will be relieved of a Sfr 88 million charge.

Notes on the use of derivatives

In order to increase the transparency of the accounts, the accounting policies have been supplemented as follows.

Positive replacement values are now given for derivatives positions still open

at the balance sheet date. Figures for the Credit Suisse Group, structured in accordance with Institute of International Finance framework guidelines and the new Swiss accounting provisions, can be found on page 63. Further details of the quantity and type of Credit Suisse Financial Products' derivatives business are given on pages 38 and 39.

The fact that markets around the world are becoming increasingly interwoven has prompted us to concentrate our derivatives business in a number of product centres. In order to react as quickly as possible to market developments our derivatives strategy is set supra-regionally. In organisational terms, derivatives business is integrated into the trading units. This ensures proximity to the underlying securities, facilitates communication and makes risk management more efficient.

Management control, valuation, measurement and monitoring of market and credit risk, internal control systems, execution and accounting are all in line with the recommendations published by the G30 Global Derivatives Study Group.

The trading units manage risk by means of a system of sensitivity limits, adopting the 'value at risk' approach. A carefully formulated limits system for credit and market risk, together with appropriate contractual clauses (including netting agreements) and highly effective control mechanisms are used to safeguard the capital used in this type of business.

Foreign currency translation rates

MAIN CURRENCIES	Accounting date rates used for balance sheet positions		Average annual rates used for profit and loss account positions	
	1993 Sfr	1994 Sfr	1993 Sfr	1994 Sfr
1 US dollar	1.46	1.30	1.46	1.35
1 pound sterling	2.17	2.05	2.19	2.06
1 ecu	1.64	1.61	1.71	1.60
1 Canadian dollar	1.08	0.94	1.13	0.99
1 Australian dollar	0.974	1.009	0.99	0.98
1 Singapore dollar	0.91	0.89	0.90	0.88
1 Hong Kong dollar	0.19	0.17	0.1885	0.1745
100 deutschmarks	84.80	84.00	88.55	83.45
100 Luxembourg francs	4.05	4.075	4.24	4.05
100 French francs	24.75	24.24	25.85	24.40
100 lire	0.0849	0.0797	0.093	0.0835
100 yen	1.30	1.31	1.32	1.32
100 pesetas	1.012	0.9845	1.146	1.004

Notes on the Group financial statement

ANALYSIS OF GROUP INCOME	1992 Sfr m	1993 Sfr m	1994 Sfr m
Income from balance sheet business			
Interest income (customers and banks)	9 610	10 652	9 448
Interest expense (customers and banks)	-8 541	-9 544	-8 553
<i>of which for subordinated liabilities</i>	188	247	337
Income from funding of securities holdings constituting current assets	349	581	686
Interest income from securities holdings constituting fixed assets	225	225	278
Dividend income from securities holdings constituting fixed assets	25	16	18
Interest/discount income from bills of exchange and money market paper	388	457	364
Credit commissions treated as interest earnings	153	242	230
Interest income from leasing	93	134	118
Total income from balance sheet business	2 302	2 763	2 589
Commission income (net)			
Commercial banking and current account business	311	412	436
Stock exchange business and securities underwriting	480	968	643
Investment business/securities administration	867	1 170	1 406
Total commission income	1 658	2 550	2 485
Trading income (incl. derivatives and expenditure on brokerage/commissions)			
Foreign exchange	672	807	670
Precious metals/banknotes	145	180	207
Interest rate instruments	337	955	680
Securities holdings constituting current assets	391	1 420	169
<i>of which interest and dividends</i>	376	709	751
<i>of which funding costs</i>	-349	-581	-686
<i>of which trading income</i>	364	1 292	104
Total trading income	1 545	3 362	1 726
Other income			
Income from disposal of financial assets	77	312	276
Income from non-consolidated long-term holdings	74	67	252
<i>of which income from valuation according to the equity method</i>	42	60	242
<i>of which other income from non-consolidated long-term holdings</i>	32	7	10
Income from real estate	20	31	34
Other income	115	104	172
Total other income	286	514	734
TOTAL INCOME	5 791	9 189	7 534

	1992 Sfr m	1993 Sfr m	1994 Sfr m
ANALYSIS OF GROUP EXPENDITURE			
Staff costs			
Salaries	1 659	2 297	2 380
Staff benefits	237	344	378
Other staff costs	118	162	163
Total staff costs	2 014	2 803	2 921
General expenses			
Bank premises and real estate	252	327	325
Expenditure on EDP, machinery, furnishings, vehicles and other equipment	101	156	166
Other general expenses	582	811	867
Total general expenses	935	1 294	1 358
Analysis of write-downs and losses on fixed assets			
Write-downs on financial assets	28	29	34
Write-downs on long-term holdings	0	67	0
Depreciation on physical assets	282	411	488
Write-downs on intangible assets	34	47	46
Total write-downs and losses on fixed assets	344	554	568
Analysis of write-downs, provisions and losses			
For borrower and country risks	1 058	1 865	1 175
For other business risks	29	9	2
Other provisions	32	0	0
Losses	90	381	165
<i>of which actual losses in credit and other bank business</i>	<i>90</i>	<i>345</i>	<i>143</i>
Total write-downs, provisions and losses	1 209	2 255	1 342
ANALYSIS OF EXTRAORDINARY EXPENDITURE AND INCOME			
Extraordinary expenditure			
Costs arising in connection with union between Credit Suisse and SVB	0	211	139
<i>of which restructuring costs</i>	<i>0</i>	<i>107</i>	<i>139</i>
<i>of which write-downs on long-term holdings, including goodwill</i>	<i>0</i>	<i>73</i>	<i>0</i>
<i>of which depreciation on physical assets</i>	<i>0</i>	<i>31</i>	<i>0</i>
Other extraordinary expenditure	0	0	23
Total extraordinary expenditure	0	211	162
Extraordinary income			
Disposal of equity investments	0	56	341
Other extraordinary income	22	18	47
Total extraordinary income	22	74	388

Notes on the Group financial statement

	1993		1994	
	Switzerland Sfr m	Abroad Sfr m	Switzerland Sfr m	Abroad Sfr m
BREAKDOWN OF GROSS PROFIT: SWITZERLAND AND ABROAD				
Income from balance sheet business	2 050	713	1 886	703
Commission income	2 049	501	2 011	474
Trading income	1 986	1 376	725	1 001
Other income	446	68	655	79
TOTAL INCOME	6 531	2 658	5 277	2 257
Staff costs				
Salaries	1 724	573	1 736	644
Staff benefits	279	65	316	62
Other staff costs	116	46	108	55
General expenses				
Bank premises	223	104	225	100
Expenditure on EDP, machinery, furnishings, vehicles, etc.	97	59	105	61
Other general expenses	620	191	647	220
Total expenditure	3 059	1 038	3 137	1 142
GROSS PROFIT BEFORE TAX	3 472	1 620	2 140	1 115
<i>% of total</i>	68	32	66	34
Tax	277	409	76	293
<i>% of total</i>	40	60	21	79
GROSS PROFIT AFTER TAX	3 195	1 211	2 064	822
<i>% of total</i>	73	27	72	28

ADDITIONAL INFORMATION ON SELECTED BALANCE SHEET ITEMS	1993 Sfr m	1994 Sfr m	Change Sfr m	Change %
Bills discounted and money market paper	9 658	8 868	-790	-8.2
<i>of which eligible for rediscount with the central bank</i>	3 539	3 313	-226	-6.4
Financial leasing				
Vehicle leasing	422	380	-42	-10.0
Real estate leasing	390	404	14	3.6
Capital goods leasing	579	592	13	2.2
Total financial leasing	1 391	1 376	-15	-1.1
Other assets				
Physical holdings of precious metals	2 788	2 216	-572	-20.5
Accruals and deferrals for derivatives	3 894	2 590	-1 304	-33.5
Transitory accruals and deferrals	3 590	2 593	-997	-27.8
Other	679	690	11	1.6
Total other assets	10 951	8 089	-2 862	-26.1
<i>of which not freely available*</i>	8 120	8 555	496	6.4
Other liabilities				
Acceptances and promissory notes	1 207	790	-417	-34.5
Mortgages on own real estate	379	414	35	9.2
Accruals and deferrals for derivatives	4 161	2 570	-1 591	-38.2
Transitory accruals and deferrals	2 559	1 572	-987	-38.6
Other genuine liabilities	891	1 672	781	87.7
Total other liabilities	9 197	7 018	-2 179	-23.7
Securitised liabilities				
Customer deposits	29 679	33 941	4 262	14.4
<i>of which time deposits (money market paper)</i>	4 251	6 866	2 615	61.5
<i>of which medium-term notes</i>	11 983	11 770	-213	-1.8
<i>of which bonds</i>	13 445	15 305	1 860	13.8
Acceptances and promissory notes	1 207	790	-417	-34.5
Total securitised liabilities	30 886	34 731	3 845	12.4
Claims on related companies				
Due from banks	6	1	-5	-83.3
Sight loans	84	108	24	28.6
Time loans	84	87	3	3.6
Mortgage business	2	2	0	0.0
Total	176	198	22	12.5
Liabilities in respect of related companies				
Due to banks	97	4	-93	-95.9
Sight deposits	58	46	-12	-20.7
Time deposits	30	40	10	33.3
Savings and investment deposits	1	2	1	100.0
Total	186	92	-94	-50.5
Liabilities in respect of own pension funds	318	358	40	12.6

* Assets set aside for funding purposes or to cover margins, regardless of whether used or not. This item also includes mortgage securities (Grundpfandtitel) set aside in accordance with the law as collateral for savings and mortgage deposits.