

CREDIT SUISSE FIRST BOSTON

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ANNUAL REPORT 1998

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This Annual Report presents information on Credit Suisse First Boston, a wholly owned subsidiary of Credit Suisse Group. For comparisons and commentary on results of business operations, reference should also be made to the Credit Suisse Group Annual Report and supplementary Annual Reviews of the relevant Business Units.

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FINANCIAL HIGHLIGHTS

Financial Information Legal Entity Credit Suisse First Boston

For the year ended December 31

	1998	1997
	CHF m	CHF m
CONSOLIDATED INCOME STATEMENT		
Net operating income	9,277	10,792
Personnel expenses	-5,932	-5,482
Other operating expenses	-2,079	-1,639
Gross operating profit	1,266	3,671
Depreciation and write-downs on non-current assets	-352	-323
Valuation adjustments, provisions and losses	-1,871	-610
Consolidated loss/profit before extraordinary items and taxes	-957	2,738
Net extraordinary items, net of related taxes	41	-523
Taxes on profit before extraordinary items	-80	-895
Consolidated net loss/profit	-996	1,320
of which minority interests	24	106
Consolidated net loss/profit (after minority interests)	-1,020	1,214

As of December 31

	1998	1997
	CHF m	CHF m
CONSOLIDATED BALANCE SHEET		
Total assets	403,702	452,894
Due from banks ¹	61,693	40,704
Due from customers ¹	34,302	44,787
Due to banks ²	111,804	121,747
Due to customers ²	57,506	53,045
Shareholder's equity	10,348	11,297
of which minority interests ³	1,717	1,185

	1998	1997
	%	%
KEY RATIOS		
Cost/income ⁴	86.35	65.98
Tax rate on profit before extraordinary items	-	32.69
Return on equity ⁵	-9.25	17.05
BIS tier 1 ratio	8.4	8.5
BIS total capital ratio	15.4	14.9
Equity/assets	2.56	2.49
Equity/assets net of securities lending and reverse repurchase agreements	3.49	3.92

As of December 31

	1998	1997
STAFF NUMBERS		
America	5,816	4,932
Europe	7,493	6,539
of which Switzerland	1,458	1,574
Asia/Pacific	2,362	1,730
Total	15,671	13,201

As of December 31, 1998	Short-term debt	Long-term debt		
		Senior	Senior	Junior
			Subordinated	Subordinated
CREDIT SUISSE FIRST BOSTON RATINGS				
Moody's, New York	P-1	A1	A2	A3
Standard & Poor's, New York	A-1+	AA	AA-	A+
Fitch IBCA Ltd., New York	F-1+	AA	AA-	A+
BankWatch, New York	TBW-1	AA	AA-	A+

¹ Net of securities lending and reverse repurchase agreements.

² Net of securities borrowing and repurchase agreements.

³ CHF 1,409 million represents perpetual non-cumulative non voting preferred shares held by Credit Suisse Group as direct investments in subsidiaries of Credit Suisse First Boston.

⁴ Operating expenses as a percentage of net operating income.

⁵ Result after ordinary taxes and before extraordinary items compared to average equity.

FINANCIAL INFORMATION ON BUSINESS UNITS (BU)

As of December 31, 1998	BU CSFB CHF m	BU CSAM CHF m	BU REAL ESTATE CHF m	Adjustments ¹ CHF m	Total LE CSFB ² CHF m
ASSETS					
Cash	1,175	5	0	-1	1,179
Money market papers	18,860	0	0	4	18,864
Due from banks	138,726	871	58	341	139,996
<i>of which securities lending and reverse repurchase agreements</i>	78,303	0	0	0	78,303
Due from other business units	1,894	16,345	0	-18,239	0
<i>of which securities lending and reverse repurchase agreements</i>	0	7,133	0	-7,133	0
Due from customers	61,522	244	14	1,156	62,936
<i>of which securities lending and reverse repurchase agreements</i>	28,634	0	0	0	28,634
Mortgages	7,178	0	0	68	7,246
Securities and precious metals trading portfolio	100,963	0	0	1	100,964
Financial investments	10,072	475	67	-420	10,194
Non-consolidated participations	436	11	0	-2	445
Fixed assets, including goodwill	2,328	80	2,711	1	5,120
Accrued income and prepaid expenses	6,845	113	2	-78	6,882
Other assets	49,555	271	1	49	49,876
<i>of which replacement value of derivatives</i>	46,347	51	0	-13	46,385
TOTAL ASSETS	399,554	18,415	2,853	-17,120	403,702

As of December 31, 1998	BU CSFB CHF m	BU CSAM CHF m	BU REAL ESTATE CHF m	Adjustments ¹ CHF m	Total LE CSFB ² CHF m
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities in respect of money market paper	19,923	143	0	-131	19,935
Due to banks	185,335	23	21	1,343	186,722
<i>of which securities borrowing and repurchase agreements</i>	74,915	3	0	0	74,918
Due to other business units	16,313	1,854	511	-18,678	0
<i>of which securities borrowing and repurchase agreements</i>	7,133	0	0	-7,133	0
Due to customers, savings and investment deposits	180	1,854	0	0	2,034
Due to customers, other deposits	71,157	13,088	200	871	85,316
<i>of which securities borrowing and repurchase agreements</i>	22,714	7,130	0	0	29,844
Bonds and mortgage-backed bonds	33,374	150	1,280	73	34,877
Accrued expenses and deferred income	8,844	429	27	-63	9,237
Other liabilities	53,007	250	8	188	53,453
<i>of which replacement value of derivatives</i>	49,481	41	0	-20	49,502
Valuation adjustments and provisions	1,638	115	94	-67	1,780
<i>Total liabilities</i>	<i>389,771</i>	<i>17,906</i>	<i>2,141</i>	<i>-16,464</i>	<i>393,354</i>
Reserve against general banking risks	0	0	0	0	0
Share capital	3,260	270	400	-670	3,260
Capital reserves	5,085	0	0	183	5,268
Retained earnings	-84	15	309	883	1,123
Minority interests in shareholder's equity	1,693	1	0	-1	1,693
Consolidated net loss/profit	-171	223	3	-1,051	-996
<i>of which minority interests</i>	50	0	0	-26	24
Total shareholder's equity	9,783	509	712	-656	10,348
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	399,554	18,415	2,853	-17,120	403,702

¹ Adjustments represent consolidating entries and balances relating to operations which are managed by CSFB BUs but are not legally owned by the Bank, and vice versa:

- approx. CHF -18 bn relate to the elimination of legal entity internal placements/fundings due from and to other BUs.

- approx. CHF +1 bn relate to balances which are legally owned by CS/CSPB or CSG but managed by CSFB or CSAM and vice versa.

² The total column has been extracted from the attached audited financial statements. The BU information and adjustments presented above are unaudited.

FINANCIAL INFORMATION ON BUSINESS UNITS (BU)

For the year ended December 31, 1998	BU CSFB CHF m	BU CSAM CHF m	BU REAL ESTATE CHF m	Adjustments ¹ CHF m	Total LE CSFB ² CHF m
CONSOLIDATED INCOME STATEMENT					
Results from interest business					
Interest and discount income	14,490	205	0	-153	14,542
Interest and dividend income from trading portfolio	5,529	0	0	1	5,530
Interest and dividend income from financial investments	231	2	0	-5	228
Interest expense	-17,858	-166	-97	224	-17,897
Net interest income	2,392	41	-97	67	2,403
Results from commission and service fee activities					
Commission income from lending activities	271	0	0	-36	235
Commission from securities and investment transactions	3,947	873	0	108	4,928
Commission from other services	-10	1	0	22	13
Commission expense	-140	-73	0	9	-204
Net commission and service fee income	4,068	801	0	103	4,972
Net trading income	2,099	0	0	-496	1,603
Other ordinary income					
Income from the sale of financial investments	1,070	25	1	-848	248
Income/losses from participations	30	-1	0	0	29
<i>of which from participations accounted for using the equity method</i>	24	-2	0	0	22
<i>of which from other non-consolidated participations</i>	6	1	0	0	7
Real estate income/losses	3	-3	217	-188	29
Sundry ordinary income	104	39	11	1	155
Sundry ordinary expenses	-166	-50	0	54	-162
Net other ordinary income	1,041	10	229	-981	299
Net operating income	9,600	852	132	-1,307	9,277
Operating expenses					
Personnel expenses	-5,332	-329	0	-271	-5,932
Other operating expenses	-2,307	-257	-72	557	-2,079
Total operating expenses	-7,639	-586	-72	286	-8,011
Gross operating profit	1,961	266	60	-1,021	1,266
CONSOLIDATED LOSS/PROFIT					
Gross operating profit	1,961	266	60	-1,021	1,266
Depreciation and write-downs on non-current assets	-279	-12	-57	-4	-352
Valuation adjustments, provisions and losses	-1,566	0	0	-305	-1,871
Consolidated loss/profit before extraordinary items and taxes	116	254	3	-1,330	-957
Taxes on loss/profit before extraordinary items	-226	-30	-2	178	-80
Consolidated net loss/profit before extraordinary items and related taxes	-110	224	1	-1,152	-1,037
Extraordinary items, net of related taxes	-61	-1	2	101	41
Consolidated net loss/profit (before minority interests)	-171	223	3	-1,051	-996
<i>of which minority interests</i>	50	0	0	-26	24
Consolidated net loss/profit (after minority interests)	-221	223	3	-1,025	-1,020

¹ Adjustments represent consolidating entries and balances relating to operations which are managed by CSFB BUs but are not legally owned by the Bank, and vice versa (e.g. other ordinary income relates primarily to private equity income). Additionally some revenues and expenses shown in 'BU' results have been reclassified to allow a more accurate comparison with competitors (e.g. execution, clearing and brokerage costs are treated as an expense rather than as contra-revenue).

² The total column has been extracted from the attached audited financial statements. The BU information and adjustments presented above are unaudited.

Introduction

Credit Suisse Group is a global financial services company, providing a comprehensive range of banking and insurance products. Active on every continent and in all major financial centers, Credit Suisse Group comprises five Business Units ('BU'), each geared to the requirements of specific customer groups and markets:

- Credit Suisse: corporate and individual customers in Switzerland
- *Credit Suisse Private Banking: services for private investors in Switzerland and internationally*
- Credit Suisse First Boston: global investment banking
- Credit Suisse Asset Management: services for institutional and mutual fund investors worldwide
- Winterthur: insurance for private and corporate customers worldwide

Credit Suisse First Boston ('the Bank') regulated by the Swiss Federal Banking Commission is a wholly owned subsidiary of Credit Suisse Group. The Bank is registered as a Swiss bank and, in its own right, is one of the world's foremost banking institutions, with total consolidated assets of approximately CHF 403.7 billion and consolidated shareholder's equity of approximately CHF 10.3 billion, in each case as of December 31, 1998.

The operations of two BU, Credit Suisse First Boston ('CSFB') and Credit Suisse Asset Management ('CSAM'), comprise substantially all of the activities of the Bank. Additionally, the Bank maintains a Real Estate BU on behalf of Credit Suisse Group.

The Bank provides a wide range of financial services from locations around the globe to corporate, institutional and public sector clients worldwide. The Bank's registered head office is in Zurich and its principal operating locations are in Hong Kong, London, New York, Singapore, Tokyo and Zurich. The Bank and its consolidated subsidiaries employ a total of approximately 15,700 people.

This Annual Report provides only limited commentary relating to the business activities of the Bank. More detailed commentary is provided, in alignment with the BU management structure of Credit Suisse Group, in the Annual Report of Credit Suisse Group and the Annual Reviews of the BU. For analytical convenience, two unaudited consolidating schedules are presented on pages 2 to 3 reconciling the 1998 results and financial position of the BUs to those of the Bank.

Businesses of the Bank

CSFB is engaged, directly and through affiliates, in corporate and investment banking, trading (fixed income, equity, foreign exchange), private equity investment and derivatives business on a worldwide basis. CSAM, directly and through subsidiaries, offers asset management, mutual fund and investment advisory services to institutional investors worldwide.

CSFB's operations are conducted through the Bank and its subsidiaries, including Credit Suisse Financial Products regulated by the UK-Financial Services Authority, Credit Suisse First Boston Corporation, a US broker-dealer regulated by the US Securities Exchange Commission, Credit Suisse First Boston (International) AG and its European and Pacific subsidiaries including Credit Suisse First Boston (Europe) Ltd., regulated by the UK Securities and Futures Authority, Credit Suisse First Boston Securities (Japan) Ltd., regulated by the Financial Supervisory Agency in Japan, Banco de Investimentos Credit Suisse First Boston Garantia S.A., a leading investment bank in Brazil, regulated by the Central Bank of Brazil and the Securities Exchange Commission (Comissao de Valores Imobiliarios), Credit Suisse First

Boston Australia Equities Group Ltd., regulated by the Australian Securities Commission and the Australian Stock Exchange, and other entities around the world.

During 1998 CSFB had five core businesses: (i) Corporate and Investment Banking ('CIBD'); (ii) Fixed Income; (iii) Equities; (iv) Derivatives (through Credit Suisse Financial Products ('CSFP')); and (v) Private Equity ('PED'). Since January 1, 1999 CSFB's Fixed Income Division and CSFP have been combined into a new Division, Fixed Income and Derivatives ('FID'). The establishment of FID is expected to produce synergies in risk management, product management, distribution, Finance, Administration & Operations and capital optimization.

CIBD provides comprehensive financial advisory and capital-raising services and develops and offers innovative financings for a broad range of clients around the world. The FID business incorporates underwriting, research, sales and trading of a whole range of instruments. These include government and corporate bonds, foreign exchange, precious metals, money markets and some less liquid assets such as loans and real estate held for trading purposes. In addition, the business provides a full range of derivative products that address the broad financing, risk management and investment needs of major companies, banks, insurers, governments and institutional investors around the world. The Equities business incorporates underwriting, research, sales and trading of equity and equity related securities globally as well as certain ancillary activities. PED invests primarily in unlisted or illiquid equity or equity-linked securities through which it seeks capital appreciation rather than current income. Most of the investments are held by subsidiaries of Credit Suisse Group rather than the Bank, either directly or through a fund. PED generally acquires its investments with a three-to seven-year investment horizon.

CSAM, the Bank's asset management business unit, focuses on serving institutional and mutual fund clients worldwide. CSAM provides its institutional clients with discretionary asset management services through segregated or pooled accounts and advisory services. CSAM offers these clients a wide array of products. In addition, CSAM offers open-ended mutual funds covering a wide variety of markets and products. Its operations are conducted through the Bank and its dedicated asset management and mutual fund subsidiaries worldwide.

Additionally, the Bank owns real estate directly or indirectly. Credit Suisse or other entities within Credit Suisse Group use the bulk of these.

BOARD OF DIRECTORS AND AUDITORS

Board of Directors

Rainer E. Gut, Chairman ^{1,2}
Robert L. Genillard, Vice-Chairman ^{1,2,3}
Franz Albers
Thomas W. Bechtler ¹
Ulrich Bremi ^{1,2,3}
Marc-Henri Chaudet ¹
Mario A. Corti
Michael Hilti ³
Klaus Jacobi ³
Andreas W. Keller
Andreas N. Koopmann ³
Heini Lippuner ¹
Lukas Mühlemann ^{1,2}
Peter Spälti ¹
Aziz D. Syriani ⁴
Ernst Tanner

Independent Group and Statutory Auditors

KPMG Klynveld Peat Marwick Goerdeler SA, Zurich

Corporate Audit

Urs P. Hänni

¹ Member of the Chairman's Committee.

² Member of the Compensation Committee.

³ Member of the Audit Committee.

⁴ Until May 29, 1998.

Business Unit Credit Suisse First Boston

Allen D. Wheat	Chairman of the Executive Board, President and Chief Executive Officer
Brady W. Dougan	Head of Equities
Christopher A. Goekjian	President and Chief Executive Officer of Credit Suisse Financial Products (since January 1, 1999 co-head of Fixed Income and Derivatives)
Oswald J. Grübel	Head of Trading (until March 31, 1998; thereafter Chief Executive Officer of Credit Suisse Private Banking)
Stephen A.M. Hester	Chief Financial Officer of the Business Unit CSFB and the Bank
Marc Hotimsky	Head of Fixed Income (since January 1, 1999 co-head of Fixed Income and Derivatives)
Franz von Meyenburg	Deputy Chairman of Credit Suisse First Boston (Europe) Ltd. (until December 11, 1998)
David C. Mulford	Chairman International
John Nelson	Chairman Europe (since January 18, 1999)
Stephen E. Stonefield	Chairman Asia Pacific
Charles G. Ward III	Head of Corporate and Investment Banking

Business Unit Credit Suisse Asset Management

Phillip M. Colebatch	Chief Executive Officer
Heinz Hofmann	Functional Head of Fund Administration and Processing (until November 30, 1998)
Philip K. Ryan	Chief Financial Officer of the Business Unit CSAM
Heinrich Wegmann	Head of Switzerland
Steen Steincke	Head of Europe ex-Switzerland
Toshio Fukuda	Head of Japan (since December 31, 1998), previously Co-head of Japan
Andrew McKinnon	Head of Australia
Robert J. Moore	Co-functional Head of Fixed Income
Robert Parker	Co-functional Head of Institutional Distribution
William W. Priest	Head of United States (formerly BEA Associates, now CSAM)
Dilip Rasgotra	Co-functional Head of Fixed Income
William P. Sterling	Functional Head of Equity
Timothy T. Taussig	Co-functional Head of Institutional Distribution
Robert Kosrovani	Functional Head of Retail Distribution
Edgar Weissenberger	Head of Germany (since December 31, 1998), previously Co-head of Japan

Results of the Credit Suisse Group BUs are more meaningful at the Credit Suisse Group level rather than in the individual legal entities. The Credit Suisse Group Annual Report presents these results. In addition, CSFB BU Management Discussion and Analysis is presented in its Annual Review.

The Bank's 1998 results for the year reflect the impact of global market disturbances during the second half of the year. Markets were volatile with credit spreads widening and investors withdrawing from markets. Gross operating profit was CHF 1,266 million (CHF 2,405 million less than in 1997) and the Bank posted a net loss of CHF 1,020 million compared to a net profit of CHF 1,214 million in 1997 following the recording of material valuation adjustments and provisions in the second half of 1998 primarily relating to Russia.

Net operating income was down 14.0%. While net interest income and net commission and service fee income both increased by CHF 358 million (17.5%) and CHF 1,214 million (32.3%) respectively, this was more than offset by the decrease in net trading income of CHF 3,158 million (66.3%). The positive commission income was driven by CSFB BU's record year in investment banking, underwriting and broking businesses as well as by record income from the CSAM BU. The trading results were lower than last year's primarily in securities trading and foreign exchange trading, the latter due to losses on various emerging market foreign currency denominated securities (primarily Russia).

Total operating expenses increased by CHF 890 million (12.5%) mainly due to the BZW, Garantia and First Pacific and First New Zealand acquisitions as well as the hiring of some 1,200 people organically in 1998. Costs in respect of the EURO and the Year 2000 projects also increased expenses during the year. Of the increase in total operating expenses, CHF 450 million related to personnel expenses, which increased by 8.2% from 1997 and CHF 440 million was due to other operating expenses, which increased by 26.8% from 1997.

Valuation adjustments, provisions and losses were CHF 1,871 million (206.7% higher than in 1997) due to provisioning requirements relating primarily to lending to emerging market sovereigns, banks and corporates as well as provisioning on the positive replacement value of various over the counter derivative instruments with those institutions.

Extraordinary expenses resulting from the World War II settlement of approximately CHF 365 million were offset by extraordinary income from a release of the reserve against general banking risks.

The Bank's return on equity was - 9.2% based on result after ordinary taxes and before extraordinary items compared to 17.1% in 1997 and -9.1% based on net result after extraordinary items and minorities compared to 11.2% in 1997.

Total assets decreased by CHF 49.2 billion compared to year end 1997 due to management's desire to reduce leverage.

Despite the loss incurred in 1998, the Bank maintained its very strong capital ratios, its capital ratios increasing from 14.9% to 15.4% and its core capital ratio (BIS Tier 1) virtually unchanged at 8.4% from 8.5%.

CSFB's strategy is to continue to strengthen its position as one of the world's global special bracket investment banks in all its major business lines. Strengthening market share especially in investment banking and equities, investment in better infrastructure and the continued building of a stable successful culture and workforce will be its challenges. At CSAM, continued expansion through investments in people and acquisitions remains the strategic priority.

While the Bank approaches the market environment in 1999 cautiously, the Bank aims to achieve good results while maintaining its strong capital ratios. Cost control, risk management and dealing with Year 2000 will continue to have a high priority.

CONSOLIDATED INCOME STATEMENT

INCOME AND EXPENSES	Notes	1998	1997	Change	Change
FROM ORDINARY BANKING BUSINESS	page	CHF m	CHF m	CHF m	%
Results from interest business					
Interest and discount income	34	14,542	13,520	1,022	7.6
Interest and dividend income from trading portfolio	34	5,530	5,679	-149	- 2.6
Interest and dividend income from financial investments	34	228	257	-29	- 11.3
Interest expense	34	-17,897	-17,411	-486	2.8
Net interest income	34	2,403	2,045	358	17.5
Results from commission and service fee activities					
Commission income from lending activities	34	235	253	-18	- 7.1
Commission from securities and investment transactions	34	4,928	3,729	1,199	32.2
Commission from other services	34	13	44	-31	- 70.5
Commission expense	34	-204	-268	64	- 23.9
Net commission and service fee income	34	4,972	3,758	1,214	32.3
Net trading income	34	1,603	4,761	-3,158	- 66.3
Other ordinary income					
Income from the sale of financial investments		248	50 ¹	198	396.0
Income from participations		29	55	-26	- 47.3
<i>of which from participations accounted for using the equity method</i>		22	31	-9	- 29.0
<i>of which from other non-consolidated participations</i>		7	24	-17	- 70.8
Real estate income		29	73	-44	- 60.3
Sundry ordinary income		155	121	34	28.1
Sundry ordinary expenses		-162	-71	-91	128.2
Net other ordinary income		299	228	71	31.1
Net operating income		9,277	10,792	-1,515	- 14.0
Operating expenses					
Personnel expenses	35	-5,932	-5,482	-450	8.2
Other operating expenses	35	-2,079	-1,639	-440	26.8
Total operating expenses		-8,011	-7,121	-890	12.5
Gross operating profit		1,266	3,671	-2,405	- 65.5
CONSOLIDATED LOSS/PROFIT					
Gross operating profit		1,266	3,671	-2,405	- 65.5
Depreciation and write-downs on non-current assets	35, 41	-352	-323	-29	9.0
Valuation adjustments, provisions and losses	35, 47	-1,871	-610	-1,261	206.7
Consolidated loss/profit before extraordinary items and taxes		-957	2,738	-3,695	- 135.0
Extraordinary income	36	461	78	383	491.0
Extraordinary expenses	36	-509	-801	292	- 36.5
Taxes on net extraordinary items	47	89	200	-111	- 55.5
Taxes on loss/profit before extraordinary items	47	-80	-895	815	- 91.1
Consolidated net loss/profit (including minority interests)		-996	1,320	-2,316	- 175.5
<i>of which minority interests</i>		24	106	-82	- 77.4
Consolidated net loss/profit (excluding minority interests)		-1,020	1,214	-2,234	- 184.0

¹ CHF 30 million were reclassified to be consistent with the current year.

CONSOLIDATED BALANCE SHEET

	Notes page	31.12.98 CHF m	31.12.97 CHF m	Change CHF m	Change %
ASSETS					
Cash	14, 48	1,179	2,049	-870	- 42.5
Money market papers	37, 48	18,864	16,135	2,729	16.9
Due from banks	37, 48, 53	139,996	143,992	-3,996	- 2.8
<i>of which securities lending and reverse repurchase agreements</i>		78,303	103,288	-24,985	- 24.2
Due from customers	37, 38, 48, 53	62,936	106,817	-43,881	- 41.1
<i>of which securities lending and reverse repurchase agreements</i>		28,634	62,030	-33,396	- 53.8
Mortgages	37, 38, 48	7,246	7,164	82	1.1
Securities and precious metals trading portfolio	39, 48	100,964	102,385	-1,421	- 1.4
Financial investments	40, 48	10,194	10,004 ²	190	1.9
Non-consolidated participations	32, 40, 41	445	272	173	63.6
Tangible fixed assets	41	4,541	4,569	-28	- 0.6
Intangible assets	41	579	-	579	100.0
Accrued income and prepaid expenses		6,882	5,889	993	16.9
Other assets	53	49,876	53,618 ²	-3,742	- 7.0
<i>of which replacement value of derivatives</i>	56	46,385	50,946	-4,561	- 9.0
TOTAL ASSETS	50, 51, 52	403,702	452,894	-49,192	- 10.9
<i>Total subordinated claims</i>	54	2,957	2,398	559	23.3
<i>Total due from non-consolidated participations and qualified shareholders</i>		243	693	-450	- 64.9
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities in respect of money market paper	48	19,935	17,751	2,184	12.3
Due to banks	48	186,722	206,600	-19,878	- 9.6
<i>of which securities borrowing and repurchase agreements</i>		74,918	84,853	-9,935	- 11.7
Due to customers, savings and investment deposits	48	2,034	2,295	-261	- 11.4
Due to customers, other deposits	48, 53	85,316	114,536	-29,220	- 25.5
<i>of which securities borrowing and repurchase agreements</i>		29,844	63,786	-33,942	- 53.2
Bonds and mortgage-backed bonds	42-46, 48, 53	34,877	34,997	-120	- 0.3
Accrued expenses and deferred income		9,237	8,231	1,006	12.2
Other liabilities	53	53,453	54,188	-735	- 1.4
<i>of which replacement value of derivatives</i>	56	49,502	50,650	-1,148	- 2.3
Valuation adjustments and provisions	47	1,780	2,999	-1,219	- 40.6
Total liabilities		393,354	441,597	-48,243	- 10.9
Reserve against general banking risks		0	412	-412	- 100.0
Share capital		3,260	3,149	111	3.5
Capital reserves		5,268	4,307	961	22.3
Retained earnings		1,123	1,030	93	9.0
Minority interests in shareholder's equity ¹		1,693	1,079	614	56.9
Consolidated net loss/profit		-996	1,320	-2,316	- 175.5
<i>of which minority interests</i>		24	106	-82	- 77.4
Total shareholder's equity	49	10,348	11,297	-949	- 8.4
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	50, 52	403,702	452,894	-49,192	- 10.9
<i>Total subordinated liabilities</i>	54	13,263	13,265	-2	0.0
<i>Total liabilities due to non-consolidated participations and qualified shareholders</i>		1,159	1,263	-104	- 8.2

¹ CHF 1,409 million represents perpetual non-cumulative non voting preferred shares held by Credit Suisse Group as direct investments in subsidiaries of Credit Suisse First Boston.

² Reclassification of certain assets from other assets to financial investments amounting to CHF 247 million to be consistent with the current year.

CONSOLIDATED OFF-BALANCE SHEET BUSINESS

	Notes	31.12.98	31.12.97	Change	Change
CONSOLIDATED OFF-BALANCE SHEET BUSINESS	page	CHF m	CHF m	CHF m	%
Contingent liabilities	37, 55	14,398	19,885	-5,487	- 27.6
Irrevocable commitments	37, 55	83,252	62,786	20,466	32.6
Liabilities for calls on shares and other equity	37, 55	1	4	-3	- 75.0
Confirmed credits	37, 55	262	473	-211	- 44.6
Derivative financial instruments	55, 56				
- gross positive replacement value		118,276	90,336	27,940	30.9
- gross negative replacement value		121,209	89,059	32,150	36.1
- contract volume		6,372,754	4,666,289	1,706,465	36.6
Fiduciary transactions	55	8,520	5,856	2,664	45.5

CONSOLIDATED STATEMENT OF CASH FLOWS

	1998			1997		
	Source CHF m	Use CHF m	Net in/outflow CHF m	Source CHF m	Use CHF m	Net in/outflow CHF m
Cash flows from operations			667			3,661
Consolidated net loss/profit (incl. minority interest)		996		1,320		
Valuations adjustments, provisions and losses	1,871			610		
Depreciation and write-downs on non-current assets	371			323		
Extraordinary expenses	96			741		
Provisions for taxes	608			780		
Accrued income and prepaid expenses		993			1,500	
Accrued expenses and deferred income	1,006			1,507		
Income from and investments in participations accounted for using the equity method of consolidation		191			31	
Currency difference		182		25		
Dividend payments		923			114	
Cash flows from capital transactions			1,247			311
Minority interests	656			290		
Share premium	892					
Capital increase by Credit Suisse Group	111					
Release of Reserves against general banking risks		412				
Transfer of subsidiary to Credit Suisse				21		
Cash flows from fixed assets transactions			-833			-644
Non-consolidated participations	41	46		63		
Goodwill	1	597				
Real estate	244	162		196	155	
Other fixed assets	28	532		43	577	
Mortgages on own real estate	190				214	
Total cash flows from operations, capital transactions and fixed assets			1,081			3,328
Interbank business			-16,806			-23,528
Due to banks		19,878			13,240	
Due from banks	3,617				15,425	
Money market papers		2,729			1,445	
Liabilities in respect of money market paper	2,184			6,582		
Customer business			13,324			27,537
Due to customers, savings and investment deposits		261		76		
Due to customers, other deposits		29,410		10,150		
Mortgages		82			1,523	
Due from customers	43,077			18,834		
Capital market business			-120			16,290
Own bonds and mortgage bonds issued by the central mortgage bond institutions and the central issuing offices	3,980	4,100		19,329	3,039	
Other balance sheet items			1,651			-23,113
Financial investments		215			2,684	
Other assets	3,742				15,542	
Other liabilities		619		17,185		
Valuation adjustments and provisions		2,644			1,224	
Securities and precious metal trading portfolio	1,387				20,848	
Total cash flows from banking business			-1,951			-2,814
Liquidity			-870			514
Cash	870				514	

1. GOAL AND DEFINITION OF RISK MANAGEMENT

The majority of market and credit risk exposures of Credit Suisse First Boston ('the Bank') arises from activities of the Credit Suisse First Boston business unit ('CSFB'). The other business units within the Bank do not have market and credit risk exposures material to the Bank as a whole. Therefore, the following overview of risk management describes the procedures and processes undertaken in CSFB.

Risk management is an ongoing process, which starts with the definition of CSFB's business objectives and strategies and proceeds with the identification, assessment, management and control of all risks associated with its activities and closes the cycle with the reaffirmation or validation of objectives and strategies. To that end, the market turmoil of 1998, which adversely affected CSFB, has prompted important changes in the organization of CSFB's risk management effective January 1, 1999.

Risk Management Reorganization:

Firstly, a new group, Strategic Risk Management ('SRM') has been formed reporting to the CEO of CSFB. SRM is responsible for assessing the overall risk profile of the Firm on a global basis and for recommending corrective action where appropriate. SRM will act as the independent "risk conscience" of the Firm in respect of all risks, which could have material economic impact on CSFB. Second, within SRM, a new department, Risk Measurement and Management ('RMM') has been established; it is responsible for the measurement and reporting of all credit risk and market risk data for CSFB. RMM has been formed by integrating the existing credit risk reporting and systems functions of Credit Risk Management with the market risk functions in Market Risk Management. Third, this realignment of the credit and market risk management functions has allowed the Credit Risk Management department, headed by the Firm's Chief Credit Officer ('CCO') to focus more comprehensively on the credit analysis of counterparties and issuers, the setting and approval of credit limits, the approval of transactions, the assessment and management of impaired assets, and the establishment of the Firm's policies and strategy on counterparty and country credit risk.

2. MARKET RISK

Market risk may be described as the potential change in the value of a portfolio of financial instruments resulting from the movement of market rates, prices and volatilities. A typical transaction or position may be exposed to a number of different market risks.

CSFB devotes considerable resources to ensure that market risk is comprehensively captured and understood, accurately modeled and effectively managed. The RMM department, being independent from Trading, consolidates exposures arising from all trading portfolios and geographical centers, and calculates and reports CSFB's global aggregate Value at Risk ('VAR') on a daily basis. In addition, RMM undertakes regular scenario analysis for all major portfolios.

These measurement techniques can be summarized as follows:

- VAR is a statistical estimate of the potential loss arising from a portfolio to a predetermined level of confidence and holding period, using market movements determined from historical data.
- Scenario analysis estimates the potential loss from significant changes in market parameters. These changes are modeled on past extreme events and hypothetical scenarios.

The VAR methodology is used for day to day risk monitoring where market movements are within the 99th percentile. During periods of pronounce market disruption outside the 99th

percentile other techniques such as scenario analysis become a more useful technique in monitoring risk exposures.

Value At Risk CSFB has used a VAR methodology to model market risk since 1995. The methodology is subject to continuous review to ensure that it remains relevant to the business being conducted, captures all significant risks, is consistent across risk types and meets or exceeds regulatory and industry standards. CSFB's positions are consolidated globally and the VAR is reported daily in the market risk report.

Risk Methodology CSFB's VAR is defined as the 99th percentile greatest loss that may be expected on a portfolio over a 10-day holding period. In general, two years of underlying data are used to derive the market movements used for this calculation. These movements are recalculated on a quarterly basis and after periods of significant market turbulence. These parameters and procedures meet the quantitative and qualitative requirements prescribed by the Basle Committee on Banking Supervision and the Swiss Federal Banking Commission.

Positions are aggregated by type of risk rather than by product. For example, interest rate risk includes risk arising from money market and swap transactions, bonds, interest rate options, foreign exchange, equity and commodity options.

The VAR risk measurement methodology used by CSFB is a combination of historical simulation and variance-covariance. Under historical simulation exposures are determined by taking current positions and calculating a series of 10-day profit and loss movements using two years of historical data. Risk is calculated as the 99th percentile of observed losses over the period.

Where historical simulation is not used, the VAR is calculated by multiplying the risk sensitivity by a market shock ('extreme move') based on a 99th percentile confidence interval over a 10-day period. It is planned to migrate completely to the historical simulation method for all divisions within CSFB.

Risk Offset In arriving at aggregate VAR it is necessary to allow offsets between different markets, currencies and risks to reflect the historical relationship between these markets and the impact of diversification.

In the historical simulation method the offset between different currencies or risk types can be taken into account by summing the 10-day profits and losses for each of the underlyings and calculating the 99th percentile worst case loss over the historical period. This is a more robust approach because offset benefits are based on actual relationships between underlyings.

Where historical simulation is not used, aggregation may be calculated using the variance-covariance method to offset risk.

Authorities and Market Risk Limits There are three main levels of risk management:

- **Board of Directors:** Ultimately responsible for the determination of general risk policy and risk management organization and for approving the overall market risk limit as recommended to them by the Chairman's Committee and the Credit Policy and Capital Allocation and Risk Management Committee ('CPC/CARMC'; see below). The Board of Directors meets at least 5 times a year.
- **Chairman's Committee (ChC) of the Board of Directors:** Responsible for reviewing the Bank's risk exposure on a quarterly basis and establishing a CPC/CARMC for CSFB, including at least five members of the Executive Board and Senior Management. The ChC meets at least 5 times a year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Risk management

- **CPC/CARMC:** The Board of Directors and ChC have delegated certain risk management and control responsibilities to CPC/CARMC. CPC/CARMC is responsible for approving market risk management policies and procedures (documented in the Market Risk Manual), recommending overall market risk limits and market risk limit changes (total risk limit) to the ChC and the Board of Directors for review and approval, approving concentration limits (market value limits and sublimits, name and country limits), approving excesses within its own authority, and approving stress test and scenario analysis definitions. CPC/CARMC meets on a monthly basis.

Market risk limits are structured at three levels:

- **an overall market risk VAR** limit for CSFB as a whole,
- **market risk limits by divisions** (e.g. Fixed Income Division, Equity Division); and
- **market risk limits by business cluster** (e.g. Foreign Exchange).

In addition, there are asset class VAR limits which are used to control exposure within a particular risk class (e.g. interest rate risk, equity risk, FX risk).

The three-level VAR limit structure described above represents the CSFB's official limit framework. Limits at lower levels (e.g. limits by region, risk factor limits at the cluster level, trading desk, trader, loss flags, greek limits, etc.) are imposed by trading management in consultation with RMM. These limits are essentially internal risk flags, which are used to assist trading management to identify potential risk concentrations and to allocate the cluster market risk limits to individual regions and desks. RMM also provides assistance in monitoring compliance at these levels, as required.

CSFB uses various other types of limits to highlight potential risk concentrations. These include, among others:

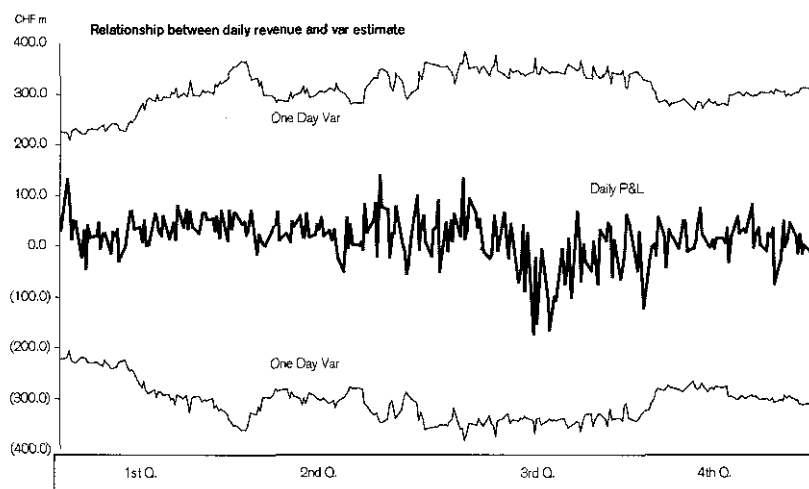
- country exposure limits;
- issuer limits; and
- *market value limits.*

Market Risk Capital Based on VAR Following a detailed review of the VAR model and the related processes and controls the Swiss Federal Banking Commission approved CSFB's internal VAR models for use in the calculation of market risk capital requirement effective June 30, 1998.

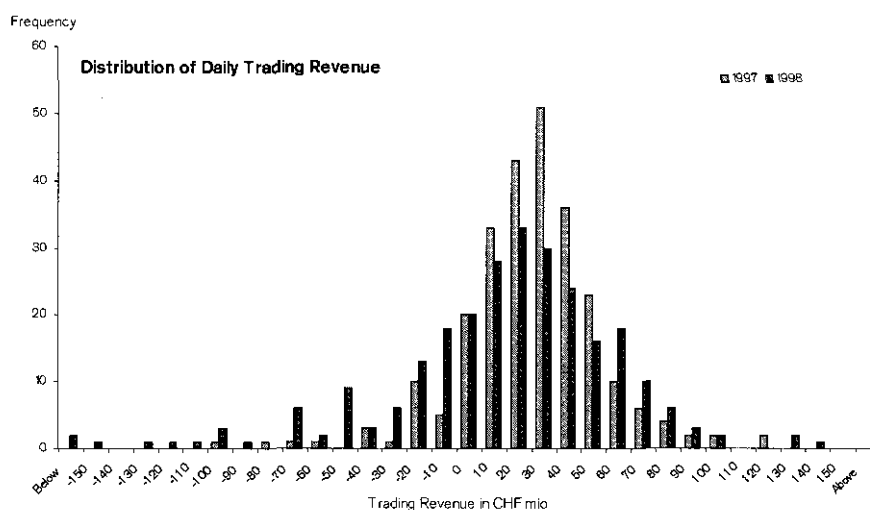
Relationship between Daily Revenue and VAR Estimate The chart below illustrates the relationship between daily trading profit and loss and daily VAR over the course of 1998. The average daily trading revenue was CHF 14.3 million (1997: CHF 25.1 million) and the largest loss was CHF 173.6 million (1997: CHF -102.6 million) and the largest profit was CHF 137.4 million (1997: CHF 120.0 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Risk management



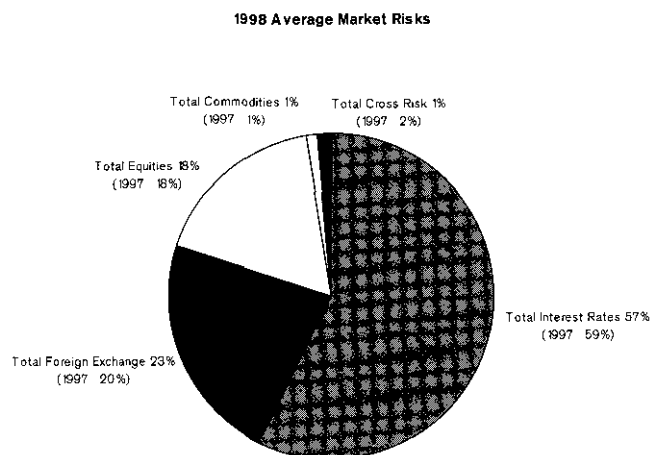
The average daily VAR estimate was CHF 307.6 million (1997: CHF 201.9 million), the lowest and highest levels were CHF 206.3 million (1997: CHF 139.2 million) and CHF 382.2 million (1997: CHF 257.7 million) respectively. The frequency distribution of daily trading revenue for 1998 is illustrated below.



Backtesting is performed at two levels: the overall bank level and the trading book level. Results of the process at the aggregate level (see above) demonstrate no exceptions, even during the period of market volatility between August and November 1998. Comparison at an individual book level permits the review of riskmodelling techniques at the level of a specific trading unit or risk model. Results for the major trading portfolios provide useful insights into the profit and loss and VAR reporting process.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Risk management



Scenario Analysis Scenario analysis is an essential component of CSFB's market risk measurement framework. Using this technique, market risk is measured by dynamically revaluing all major portfolios with non-linear risk after moving the market data parameters. Market data parameters are changed according to a predefined set of scenarios.

Scenario analysis supplements the VAR approach, in that it can be used to view risk in cases where market conditions are disrupted. It is also particularly useful in calculating more accurately the impact of larger market movements, whereas analytical risk measures are only accurate for smaller movements. Reports are produced for senior management and traders for a range of scenarios on a monthly basis. Market data scenarios include yield curve and credit spread movements, changes in recovery rates on emerging market bonds, exchange rate movements, equity index and stock price movements, gold and oil price movements and changes in volatilities and correlations.

Many of the scenarios are based on extreme macroeconomic events from the past - for example, the 1987 stock market crash and the Gulf War. There are also some scenarios that assess the impact of the events that could occur in the future, for example an anticipated fall in equity prices.

3. COUNTERPARTY AND COUNTRY CREDIT RISK

Definition of Counterparty Risk The counterparty risk portion of credit risk is determined by the likelihood of such a counterparty not fulfilling its contractual obligations to the Bank and thus creating a partial or total loss. To assess the probability of default, the Bank utilizes a counterparty rating scale which approximates that used by the major public rating agencies (with AAA as the best to D as the worst), and applies this grading measure against all of its counterparties.

Credit Authority Credit authority is delegated by the CCO to specific individuals, depending on knowledge, experience and capability, and is reviewed periodically. Credit authorizations are separated from line functions. CPC/CARMC, chaired by the CEO, in addition to its responsibilities for market risk described above, is also responsible for maintaining credit policies and processes, evaluating country, counterparty and transaction risk issues, applying senior level oversight for the credit review process and monitoring the credit portfolio. CPC/CARMC regularly reviews credit limits measuring country, geographic region and product concentrations, as well as impaired assets and recommended loan loss provisions.

Credit Analysis Methodology All counterparties are assigned a risk rating as noted above. Credit analysis is risk/reward oriented, i.e. the intensity and depth of analysis is related to the amount, duration and level of risk being entered into. Analysis consists of a quantitative and qualitative portion and strives to be forward looking, concentrating on economic trends and cash flow generating capacity. In addition, analysts make use of peer analysis, industry comparisons and other quantitative tools. Any final rating requires the consideration of qualitative factors relating to the company, its industry and management. The global introduction of a more quantitative model called CRS (Credit Rating System), which was developed by CSFP, was completed in 1998; the use of CRS has ensured that those counterparties not already rated by the primary rating agencies are rated consistently.

Credit Exposure Management Counterparty credit exposures are tracked on an on-going basis against approved credit limits to determine the continued quality and creditworthiness of the counterparty and the transaction. The frequency and depth of the review is influenced by the risks of the exposure.

Credit Provisioning For MIS reporting and business line management purposes, CSFB measures expected loss for the loan portfolio and for derivatives exposures in CSFP over a specified time horizon (depending on the product) based upon the default probabilities assigned by the credit ratings to the borrowers/counterparties. This statistical measure of expected loss is referred to as the annual credit provision, or ACP ('ECP' in CSFP). The purpose of the ACP is to more accurately reflect the true earnings of the loan or derivatives business by matching income with losses.

For financial reporting purposes specific credit loss provisions are established on a case-by-case basis taking into account the respective counterparty and/or transaction risk.

CREDIT RISK ARISING FROM TRADING POSITIONS AND DERIVATIVE TRANSACTIONS

Business in trading and derivatives in markets without margin calls (especially in the OTC area) is measured and monitored against counterparty limits on at least a daily basis. Credit risk is defined by contract as the sum of the positive replacement value and further potential exposure (safety add-on), which is based on the volatility of the underlying market factors such as interest rates or currencies.

COUNTRY RISK

Country risk is defined as the risk associated with the repatriation of foreign currency exposures through restriction on monetary and capital transactions as a result of economic or political factors. All five Business Divisions, Corporate and Investment Banking ('CIBD'), Fixed Income, Equities, CSFP and Private Equity, assume country risk in a variety of ways. The measurement of and limits on this risk, as for other risks, are defined by senior management. For example, for trading positions, country risk is a function of the mark-to-market exposure of the position, while for loans and related facilities, country risk is a function of the amount CSFB has lent or committed to lend. The day-to-day management of country exposure is assigned to each Division in accordance with its business authorizations and limit allocations. RMM and CRM provide independent oversight to ensure that the Divisions operate within their limits.

In addition to setting country exposure limits by Division, limits also are set for each product generating a country exposure for each Division. The range of products includes: loans and related facilities, trading with counterparties, trading (inventory) positions, and security financing trades. The frequency of monitoring these risks depends on the product and the country.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Risk management

The designation of countries as G 10 and other industrialized countries or pre-industrialized and emerging market countries is reviewed on a regular basis by CPC/CARMC and is submitted to the ChC for approval.

Listed below are year-end loans and credit related exposures (letters of credit, guarantees, unfunded commitments and similar instruments), and exposures (mark-to-market receivables) to trading counterparties aggregated by rating of country of risk (country of risk is the domicile of the obligor). Trading positions and reverse repurchase agreements are not included as they are marked to market on a daily basis and the related risks are managed by RMM.

COUNTRY EXPOSURE BY CSFB RATING (EXCLUSIVE OF PROVISIONS)

As of December 31

Country Rating Class	1998		1997	
	CHF m	%	CHF m	%
AAA	122,959.2	73.9%	143,634.5	76.1%
AA+ to AA-	29,848.6	17.9%	27,567.6	14.6%
A+ to A-	1,421.5	0.8%	3,494.0	1.9%
BBB+ to BBB-	3,523.5	2.1%	3,281.2	1.7%
BB+ to BB-	3,769.3	2.3%	5,903.6	3.1%
B+ to B-	1,363.2	0.8%	4,717.7 ¹	2.5%
CCC to D	3,579.8	2.2%	223.9 ¹	0.1%
Total	166,465.1	100.0%	188,822.5	100.0%

¹ 1997 categories were B+ to CCC and CC to D.

COUNTRY RATING CLASS DESCRIPTION

CSFB Rating	S&P/Moody's	Definition	Description
AAA	AAA/Aaa	Substantially Risk Free	Smallest degree of risk, exceptional financial condition
AA+			
AA	AA/Aa	Minimal Risk	Excellent financial condition
AA-			
A+			
A	A/A	Modest Risk	Good financial condition, more susceptible to the adverse effects of changes in circumstances and economic conditions
A-			
BBB+			
BBB	BBB/Baa	Average Risk	Adequate financial condition, certain protective elements are lacking
BBB-			
BB+			
BB	BB/Ba	Acceptable Risk	Questionable financial condition, major uncertainties and ongoing exposure to adverse political or economic conditions leading to inadequate capacity to meet financial commitments
BB-			
B+			
B	B/B	Weak Risk	Poor financial condition, currently has capacity to meet financial commitments, but any adverse political or economic development will likely impair capacity or willingness to meet commitments
B-			
CCC			
CC	CCC/Caa	Poor	Very poor financial condition, or on the verge of default
C			
D	D/C	Impaired	Payment default

4. SETTLEMENT RISK

Settlement risk is the risk which is inherent in settlement systems that do not provide immediate finality or in "exchange-for-value" transactions where instructions to release or deliver funds, securities, precious metals, commodities or other assets are sent to the delivery agent and are no longer revocable with 100% certainty, while simultaneously the countervalue receipt is not definitely in hand. Settlement risk will persist until such time that the receipt has been reconciled and finality has occurred.

The Bank seeks to manage settlement risk through its participation in regulated clearing and depository organizations, which offer immediate finality and DVP (delivery versus payment) services. The Bank is also actively participating in the creation of new settlement systems, e.g. in the development of Continuous Linked Settlement (CLS) to eliminate settlement risk in the field of foreign exchange trading. CLS has entered the development phase during 1998 and is planned to go live in 2000. In those markets where these services do not exist, the Bank utilizes agent banks that are instructed to exchange value for value.

In those instances where market convention and /or products preclude a value for value exchange, the Bank manages its risk through robust confirmation and affirmation of transaction details with counterparties. In addition, it also proactively seeks to manage the timing of settlement instructions to its agents and the reconciliation of incoming payments in order to reduce the window of exposure. The Credit Department considers these factors in deciding counterparty risk limits.

5. LEGAL RISK

As discussed above, credit risk is the risk that a borrower or counterparty will not be able to pay its debts or perform its obligations under a contract (e.g., because it is insolvent). Legal risk, by contrast, is the risk that a borrower or counterparty will not be required to pay its debts or perform its obligations under a contract (e.g., because the contract is unenforceable). Among other things, legal risk embraces lack of power or authority to enter into a contract, and insufficient or inappropriate documentation.

The Bank seeks to minimize legal risk by using appropriate documentation, including standard master agreements and individual trade confirmations, and by following procedures to verify that documents have been correctly signed. Where deemed appropriate, external counsel will be consulted about the power and authority of the borrowers and counterparties with which the Bank conducts business. In a more general sense, legal risk is also addressed in many other ways, such as through the continuing refinement of controls over business practices and behavior and the proactive use of the Bank's compliance function.

6. OPERATIONAL RISK

In treasury and securities trading, CSFB's trading units are kept strictly separate from backoffice operations for the products in question, with each function reporting to a different line of management. Technical and organizational control mechanisms are designed to ensure that transactions carried out by the trading units are processed promptly, correctly and without omission.

Systems applications continue to be upgraded with a view to attaining full automation of the process from the receipt of transaction data right through to the ledger in order to ensure that all execution procedures comply with the relevant regulations and internal devices. Should technical problems arise, fall-back procedures switch in to enable operations to continue in an orderly manner.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Risk management

Each individual process is regularly assessed by a dedicated Operations Risk Management function which monitor and trend key indicators in order to gauge the ongoing risk profile of each local operation. This assessment is carried out against industry standards and policies. Organizational and technical adjustments are made on an ongoing basis with due consideration given to costs and operational benefits. Changes in the operating environment and market developments are analyzed and continually factored into CSFB's processing procedures.

Year 2000 The challenge faced by financial institutions worldwide as the Year 2000 approaches is substantial. It extends to almost every aspect of daily operations and interaction with the markets. The Bank began work on the Year 2000 issue in 1996, utilising a priority driven methodology, encompassing inventory and assessment, remediation or replacement, testing, third party risk analysis and contingency planning.

Business critical systems have been addressed first and having identified over 600 that require remediation, 87% were completed and put back into production by December 31, 1998. Remediation of non-compliant date formats has been achieved either by expanding the date format to incorporate four-digit years or by 'windowing' for century determination. To mitigate third party risks, during 1998 over 2,300 customers and business partners were contacted in relation to their own Year 2000 projects, and over 550 third party vendors were contacted to assess product compliance. In addition, the Bank has participated in 30 industry tests during 1998 and is committed to taking part in 58 industry tests planned during 1999. However, with systems of such size and complexity, with multiple interfaces to and high reliance upon external systems, no-one can guarantee that there will be no adverse effects from the Year 2000 issue. As a consequence, the Bank has started a contingency planning process, which includes the formation of management teams to quickly respond to unexpected events.

The Board of Directors of the Bank and the Executive Boards of the BUs are provided with regular status reports and have given the highest priority to the Year 2000 project.

7. ASSET AND LIABILITY MANAGEMENT

The Corporate Treasury Department at CSFB oversees corporate policy in regard to interest rate and foreign exchange exposure as well as a range of other important policy areas including debt maturity profile, internal and external capitalization, intercompany funding and liquidity policy. It is currently the Bank's policy to take a neutral position on interest and F/X exposures from a corporate perspective. Trading divisions are authorized to take such risks as part of their business strategies, within limitations set by the CPC/CARMC.

CSFB's liquidity policy focuses on the proven stability of the Bank's unsecured funding source – its customer deposit base. Coupled with access to customer funds sourced by its affiliates, this deposit base provides CSFB with substantial sources of liquidity that are well diversified and relationship, rather than price driven. Notwithstanding the proven stability of the Bank's unsecured funding sources, CSFB has a secondary source of liquidity within its broker/dealer business. CSFB can access significant liquidity through the secured funding markets (repurchase agreements and other collateralized arrangements), which have proven reliable in high stress conditions. This secondary source of liquidity ensures availability of alternative funding to meet business plans and commercial commitments.

8. NOTES ON BUSINESS POLICY WITH REGARD TO THE USE OF DERIVATIVES

The trading and use of derivative products generate various types of risk, notably market and credit risk, but also operational and legal risk.

The standards of disclosure concerning risk management to which this Annual Report conforms are in line with the joint recommendations issued by the International Organization of Securities Commissions ('IOSCO') and the Basle Committee on Banking Supervision in November 1995. They likewise comply with the Swiss Bankers Association Risk Management Guidelines for Trading and for the Use of Derivatives, which became effective on July 1, 1996. As in the 1997 financial statements, detailed financial information is given for all open derivatives positions held by the Bank as of December 31, 1998, together with information concerning credit risk. These figures, which can be found in the additional information on consolidated off-balance-sheet business, are in compliance with the classification criteria stipulated by the Institute of International Finance and by Switzerland's accounting rules for financial institutions. The Annual Report shows the positive replacement values, contract volumes and credit equivalents broken down by counterparty credit quality, together with the positive replacement values and credit equivalents classified according to the maturity of the relevant product (see pages 55/56).

For details of CSFB's business policy with regard to the recording, management and limitation of these risks and the manner in which this policy is implemented see the notes in the respective sections.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

(a) Basis of accounting and consolidation Credit Suisse First Boston's ('the Bank's') financial statements are prepared in accordance with the Swiss Federal Law on Banks and Saving Banks, the Implementing Ordinance on Banks and Saving Banks and the Guidelines of the Federal Banking Commission Concerning the Preparation of Financial Statements of Banks as amended through October 22, 1997 ('Swiss GAAP for banks') as well as the 4th and 7th EU Directives and the EU Guidelines on the preparation of accounts for banks.

These consolidated financial statements, which are based on the significant accounting policies outlined below, give a true and fair view of the financial position of the Bank and the results of its operations and its cash flows.

Swiss GAAP for banks conforms in all material aspects to the 4th and 7th EU Directives and to the EU Guidelines on the preparation of accounts for banks. However, Swiss GAAP for banks contains no provision equivalent to Article 37 of the EU Guidelines on the preparation of accounts for banks concerning undervaluation of certain types of assets. There are also minor differences, which are described in (c) below.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries in which the Bank controls either directly or indirectly more than 50% of voting rights or through other means. The net assets of subsidiaries have been consolidated using the purchase method.

Minority interests held by third parties (including the interests held by Credit Suisse Group, the parent company of the Bank) in the equity and in the annual profit of companies controlled by the Bank are shown as separate items. Intercompany balances and transactions are eliminated on consolidation.

The equity method of accounting is used in determining income and carrying values of companies in which the Bank has a 20% or more, but not more than 50% investment in voting stock. These investments are included in 'non-consolidated participations' and the Bank's percentage interest in their profits is included in 'income from participations' in the consolidated income statement. Investments in companies, which are held for resale, are accounted for at cost less provisions for permanent impairment in value.

A listing of the Bank's principal subsidiaries, equity investments and non-consolidated participations is provided in the notes to the consolidated financial statements.

(b) Foreign currency translation In the financial statements of individual companies, assets and liabilities in foreign currencies are translated into the companies' reporting currency at the rate of exchange existing at the balance sheet date. Resulting exchange differences are included in the income statement.

For the purpose of consolidating individual financial statements, assets and liabilities and off-balance sheet items in foreign currencies are translated into Swiss Francs using rates of exchange prevailing at the balance sheet date. Revenues and expenses are translated into Swiss Francs at average rates of exchange prevailing throughout the year.

Translation differences arising on consolidation of subsidiaries and branches reporting in currencies other than Swiss Francs together with gains and losses arising on related hedges and related tax effect are taken to shareholders' equity.

(c) Deviations from EU Guidelines The areas in which the accounting policies deviate from EU Guidelines on the Preparation of Accounts for Banks are as follows:

- The classification criteria used in the consolidated balance sheet and the consolidated income statement differ from the classification criteria proposed by the EU Guidelines; however, all significant information is provided.

- The difference between the purchase price of securities and precious metal trading positions and their market value used in preparing the consolidated financial statements is not disclosed in the notes to the consolidated financial statements.
- The proportion of overall income and expenditure accounted for by operations outside Switzerland is not broken down by geographical location but is provided as one amount.
- No specific information is provided concerning emoluments paid to Members of the Board of Directors and to Members of the Executive Board.

(d) Recording of business All completed business is recorded in the financial statements as follows: Foreign exchange, money market and precious metal transactions are recorded on value (settlement) date. Prior to the value date, foreign exchange and precious metal transactions are recorded as off-balance-sheet business. Securities transactions are recorded on a trade date basis.

(e) Reporting of repurchase and reverse repurchase agreements Repurchase and reverse repurchase transactions are shown in the balance sheet as advances secured by securities or as deposits against which the Bank's securities are pledged. Depending on the type of counterparty, they are shown as claims on ('due from') or liabilities to ('due to') banks or customers. Those held for funding purposes are carried in the balance sheet at the amounts at which the securities were initially acquired or sold as specified by the respective agreements, plus interest accrued to the balance sheet date. Those held for trading purposes are carried at fair value. Unrealized as well as realized gains and losses arising from the valuation of the trading portfolio are shown under 'net trading income' in the income statement.

(f) Securities lending and borrowing Assets and liabilities arising from securities lending and borrowing operations are recorded at fair value and, depending on the type of counterparty, shown as claims on ('due from') or liabilities to ('due to') banks or customers. Securities positions arising as a result of securities borrowing which are not used to cover short trading or securities lending positions are included as part of the securities and precious metal trading portfolios.

(g) Cash and other liquid assets, money market papers, funds due from and to banks and customers including mortgages, financial leases and liabilities

Receivables and liabilities are generally accounted for at nominal value. Money market instruments held for trading are carried at their fair value. Unrealized as well as realized gains and losses arising from the valuation of the trading portfolio are shown under 'net trading income' in the income statement. Unearned discounts from money market papers classified as held-to-maturity are accrued over the term of the claim. A provision is made as soon as serious doubts arise as to the collectability of an asset. The necessary provision against the asset's principal and related accrued interest is made in accordance with the principle of prudent accounting, the level of security provided and the general economic climate. If the receivable shown in the accounts cannot be collected, a provision will be made which is set off against the corresponding assets. Endangered interest and commission income due from banks and customers is not credited to income from interest business but accounted for as a provision and credited to the income statement after its collection.

In the case of claims subject to country risk, provisions are made as soon as serious doubts arise as to the collectability of an asset. The necessary provisions against the asset's capital value and accrued interest are made in accordance with the principle of prudent accounting, 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 related provision.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

(h) Securities and precious metals trading portfolio Upon purchase, securities and precious metals are classified as either part of the trading portfolio or as financial investments. The trading portfolio consists of precious metals, tradeable securities, which are readily realizable, and securities acquired as a result of underwriting operations. Traded and OTC options are included under 'other assets'.

The trading portfolio is carried at market values as of the balance sheet date where positions are exchange traded or traded on a representative market. All other positions are carried at fair value. Both are referred to as fair value, which is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Unrealized as well as realized gains and losses arising from the valuation of the trading portfolio are shown under 'net trading income' in the income statement. Interest and dividend income on the trading portfolio is included in 'net interest income' in the income statement.

(i) Financial investments Where management has the positive intent and ability to hold a debt security to maturity, securities are designated as held-to-maturity. Held-to-maturity debt securities are reported at amortized cost less provisions necessary when management has serious doubts about the future repayment of the principal and future interest receivable. Interest income, including amortization of premiums and discount, is included in the income statement under 'interest and dividend income from financial investments'. Profits arising from sales on debt securities designated as held-to-maturity, are deferred and amortized over the original lifetime of the security.

Financial investments not classified as held-to-maturity are classified as available-for-sale and accounted for at the lower of cost or fair value. Interest and dividend income is included in the income statement under 'interest and dividend income from financial investments'. Profits arising from sales of available for sale securities (not classified as held-to-maturity) are included in 'income from the sale of financial investments'.

(j) Tangible fixed assets Real estate is valued at acquisition cost less accumulated depreciation. New buildings and refurbishments are depreciated over 67 years. No depreciation is recorded on land, however, a provision is recorded for permanent impairment in market value.

Other fixed assets such as fixtures and fittings installed in rented properties, computers, furnishings and vehicles are depreciated over the estimated useful lives of the related assets which range between three and five years.

(k) Goodwill Goodwill, the excess of cost over the fair value of net assets acquired, is amortized over its estimated useful life on a straight line basis. The amortization term may not be longer than five years unless a longer period, which may not exceed twenty years starting from the date of the acquisition, is justified.

Prior to 1997, goodwill was charged against shareholder's equity upon acquisition. The theoretical effect on the consolidated balance sheet and the consolidated income statement of amortizing this goodwill over its estimated useful life is disclosed in the notes to the consolidated financial statements.

(l) Reserve against general banking risks The reserve against general banking risks represents reserves as at the balance sheet date against future banking risks. The reserve is included as tier 1 capital with related movements included in earnings.

(m) Derivative financial instruments Forward rate agreements, futures, swaps, options, forward contracts and other over-the-counter off-balance sheet instruments held for trading purposes are carried at their fair value and the resulting profits and losses are included in 'trading income' in the income statement. The resulting replacement values are included in 'other assets' or 'other liabilities' as appropriate and are presented net by counterparty for transaction in those products where the Bank has a legal right of set off; otherwise the replacement values are presented gross by contract.

Where derivative financial instruments are used for hedging purposes, positive and negative replacement value is calculated with the difference in value to the accrued amount included in a compensation account within 'other assets' or 'other liabilities'. Replacement values when the Bank is an agent for exchange traded contracts, are not disclosed, except in the exceptional cases where the accrued daily loss is not fully covered through margin payments. Replacement values where the Bank is an agent for over-the-counter contracts are calculated even when they are covered through margin payments.

Gains and losses on derivative financial instruments used to hedge items reported at cost or lower of cost or fair value are deferred and recognized in income when costs relating to the hedged item are recognized in income. In order to qualify for hedge accounting, the derivative financial instrument must meet the following conditions: the item to be hedged must expose the Bank to price or interest rate risk; it must be probable that the results of the hedge will substantially offset the price or interest change in the hedged item; and the derivative financial instrument must be designated as a hedge to the item.

Business policy with regard to the use of derivatives and risk management is further discussed in the notes to the Bank's operations.

(n) Pension plan accounting The Bank operates a number of pension fund plans. The costs associated with defined contribution plans are recorded on an accrual accounting basis. The annual contributions and related expenses of defined benefit plans are based on actuarial advice.

(o) Income and capital taxes Taxes are charged on the current year's profit. Deferred tax assets and liabilities are established for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. In establishing the deferred tax rate used to calculate deferred tax assets, consideration is taken of the ultimate deferred tax, which will be of benefit; for deferred tax liabilities, the enacted tax rate is used. Deferred tax assets are not established for tax loss carry forwards.

(p) Changes to accounting principles

- **Endangered interest** Starting in 1998 the set up and release of provisions for endangered interest is recorded under 'interest income'. Prior to 1998, provisions set up for endangered interest overdue less than 90 days and the reclassification of provisions for endangered interest, which were not necessary any longer from an economic point of view, were recorded under 'valuation adjustments, provisions and losses'. The prior year financial statements have not been restated. The impact on the 1997 consolidated income statement is not material.
- **Assets held in the trading book** are carried at market values as at December 31, 1998 where positions are exchange traded or traded on a representative market. All other positions are carried at fair value. Both are referred to as fair value, which is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Prior to 1998, the trading portfolio was valued at market value. Assets that were not traded on a recognized stock

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting policies

exchange or on a representative market were carried at the lower of cost or market value. The prior year financial statements have not been restated. Impact on the 1997 consolidated balance sheet and income statement:

Valuation adjustments and provisions:	CHF – 69 m
Net trading income:	CHF 69 m

EVENTS SINCE THE BALANCE SHEET DATE

On February 15, 1999 Credit Suisse Group announced that CSAM will acquire Warburg Pincus Asset Management Inc., a leading U.S. asset manager with 260 employees and USD 22 billion in assets under management. The price of the asset management transaction was fixed at USD 650 million, including an initial USD 450 million and an additional USD 200 million earn-out over three years. Subject to regulatory approvals, the agreement is expected to close by mid of 1999.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Foreign currency translation rates

FOREIGN CURRENCY TRANSLATION RATES

applied to the consolidation of Group companies

	Year end rates for balance sheet and off-balance-sheet positions		Yearly average rates for income statement	
	31.12.98	31.12.97	1998	1997
MAIN CURRENCIES	CHF	CHF	CHF	CHF
1 US dollar	1.38	1.44	1.43	1.44
1 pound sterling	2.29	2.41	2.37	2.35
1 ecu	1.61	1.60	1.61	1.62
1 Canadian dollar	0.89	1.01	0.97	1.04
1 Australian dollar	0.84	0.94	0.90	1.07
1 Singapore dollar	0.82	0.85	0.86	0.97
1 Hong Kong dollar	0.18	0.19	0.18	0.19
100 deutschmarks	82.34	80.90	81.60	82.90
100 Luxembourg francs	3.99	3.90	3.95	4.02
100 French francs	24.55	24.02	24.30	24.60
100 lire	0.08	0.08	0.08	0.08
100 yen	1.21	1.11	1.10	1.19
100 pesetas	0.97	0.95	0.96	0.98

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Subsidiaries and associated companies

Company name	Domicile	Currency	Share capital in 1'000	Shareholding
CONSOLIDATED SUBSIDIARIES				
Primarily engaged in investment and commercial banking				
Credit Suisse First Boston Corp.	New York, USA	USD	1	100.00% ¹
Credit Suisse First Boston Mortgage Capital LLC	New York, USA	USD	1	100.00% ¹
Credit Suisse First Boston Equitech, Inc.	New York, USA	USD	1	100.00% ¹
Merchant GP, Inc.	New York, USA	USD	1	100.00% ¹
Credit Suisse First Boston Management Corp.	New York, USA	USD	0.1	100.00% ¹
Banco de Investimentos Credit Suisse First Boston Garantia S.A.	Sao Paulo, Brazil	BRL	164,834	100.00%
Credit Suisse First Boston Garantia Ltd.	Nassau, Bahamas	USD	16,917	100.00%
Credit Suisse First Boston (Singapore) Ltd.	Singapore	SGD	23,900	100.00%
Credit Suisse First Boston (Hong Kong) Ltd.	Hong Kong, China	HKD	109,713	100.00%
Credit Suisse First Boston Pacific Capital Markets Ltd.	Sydney, Australia	AUD	10,000	100.00%
Credit Suisse First Boston Australia Securities Ltd.	Sydney, Australia	AUD	28,402	100.00%
Credit Suisse First Boston Australia Limited	Sydney, Australia	AUD	64	100.00%
Credit Suisse First Boston Securities (Japan) Ltd.	Tokyo, Japan	JPY	38,422,000	100.00%
Credit Suisse First Boston (Europe) Ltd.	London, United Kingdom	USD	27,300	100.00%
Credit Suisse First Boston Equities Ltd.	London, United Kingdom	GBP	15,000	100.00%
Credit Suisse First Boston Canada	Toronto, Canada	CAD	157,312	100.00%
Credit Suisse First Boston Aktiengesellschaft	Frankfurt, Germany	DEM	211,073	100.00%
Credit Suisse First Boston (Moscow) A/O	Moscow, Russia	USD	20,000	99.00%
Credit Suisse First Boston (Cyprus) Limited	Limassol, Cyprus	USD	270,000	100.00%
Finanz AG Zürich	Zurich, Switzerland	CHF	15,000	100.00%
Primarily engaged in derivative business				
Credit Suisse Financial Products	London, United Kingdom	USD	482,325	80.00%
Finance and financial holding companies				
Credit Suisse First Boston, Inc.	New York, USA	USD	2,183	100.00% ¹
Credit Suisse First Boston International (Guernsey) Ltd.	St. Peter Port, Guernsey	GBP	200	100.00%
Credit Suisse First Boston (International) AG	Zug, Switzerland	USD	37,500	100.00%
Credit Suisse First Boston (Latin America) Holdings LLC	Grand Cayman, Cayman Islands	USD	84,550	100.00%
Credit Suisse First Boston Australia (Finance) Ltd.	Melbourne, Australia	AUD	10,000	100.00%
Credit Suisse First Boston Finance (Guernsey) Ltd.	St. Peter Port, Guernsey	USD	158	100.00%
Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	NLG	40	100.00%
Credit Suisse First Boston Australia (Holdings) Ltd.	Sydney, Australia	AUD	390	100.00%
Fund management companies				
Credit Suisse Bond Fund Management Company SA	Luxembourg	CHF	300	100.00%
Credit Suisse Equity Fund Management Company SA	Luxembourg	CHF	300	100.00%
Credit Suisse Money Market Fund Management Company SA	Luxembourg	CHF	300	100.00%
Credit Suisse Portfolio Fund Management Company SA	Luxembourg	CHF	300	100.00%
Credit Suisse Asset Management Funds	Zurich, Switzerland	CHF	7,000	100.00%
Primarily engaged in Asset Management				
Credit Suisse Trust & Banking Co. Ltd.	Tokyo, Japan	JPY	9,000,000	100.00%
Credit Suisse Asset Management Ltd.	London, United Kingdom	GBP	19	100.00%
Credit Suisse Asset Management (Australia)	Sydney, Australia	AUD	270	100.00%
Credit Suisse Asset Management (former BEA Associates)	New York, USA	USD	6,700	100.00%
Credit Suisse Asset Management (Deutschland) GmbH	Frankfurt, Germany	DEM	5,000	100.00%
Credit Suisse Asset Management (France) S.A.	Paris, France	FRF	32,000	100.00%
Credit Suisse Asset Management SIM S.p.A.	Milan, Italy	LIT	12,000,000	100.00%

¹ 49% voting stock held by Credit Suisse Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Subsidiaries and associated companies

Company name	Domicile	Currency	Share capital in '000	Shareholding
Real estate companies				
S.I. Come-à-Vin (in Liquidation)	Geneva, Switzerland	CHF	80,000	100.00%
GTN Global Properties Holding Ltd.	Limassol, Cyprus	USD	2	100.00%
NON-CONSOLIDATED PARTICIPATIONS				
Associated companies (accounted for by the equity method)				
Valcambi SA	Balerna, Switzerland	CHF	12,000	100.00%
Innovent Capital Ltd.	Grand Cayman, Cayman Islands	CHF	10,588	38.57%
Premex AG	Zurich, Switzerland	CHF	1,500	33.33%
Reinsurance Finance Consultants AG	Zurich, Switzerland	CHF	750	33.33%
Participations				
Main companies				
Banco General de Negocios	Buenos Aires, Argentina	ARG	163,000	24.06% ¹
Banco Exterior Suiza SA	Geneva, Switzerland	CHF	115,000	10.00%
Banco Comercial SA	Montevideo, Uruguay	URU	215,877	19.90% ²
Telekurs Holding AG	Zurich, Switzerland	CHF	45,000	17.40%
Intersettle Swiss Corp.	Zurich, Switzerland	CHF	36,000	9.50%
SEGA Schweiz. Effekten-Giro AG	Olten, Switzerland	CHF	10,000	18.50%
SNOC Swiss Nominee Company	Zurich, Switzerland	CHF	2,000	25.00%
Euro-Clear Clearance System Ltd.	London, United Kingdom	GBP	2,500	6.00%
NCO Dealer Soc. Fin.	Lisbon, Portugal	POR	500,000	18.00%
San Luis Financial and Investment Co. Ltd.	Panama City, Panama	PAN	480	12.14%
North Bay Ltd.	Nassau, Bahamas	USD	8,000	100.00%
SWIFT	La Hulpe, Belgium	BEF	439,900	1.64%
Swiss Euro Clearing Bank GmbH	Frankfurt, Germany	DEM	15,000	15.00%
FINANCIAL INVESTMENTS				
Main companies				
Cancun Coral Investment Corporation	Panama City, Panama	USD	10	100.00%
Compania Suiza Argentina de Negocios	Buenos Aires, Argentina	ARG	20,000	50.00%
Ismeca Holding SA	La Chaux-de-Fonds, Switzerland	CHF	7,000	19.25%

¹ voting rights 12.14 %.

² voting rights 27.40 %.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Changes to the scope of consolidation

CHANGES TO THE SCOPE OF CONSOLIDATION DURING BUSINESS YEAR 1998

Company name	Domicile	Shareholding
Purchases		
Banco de Investimentos Credit Suisse First Boston Garantia S.A.	Sao Paulo, Brazil	100.00%
Credit Suisse First Boston Garantia Limited	Nassau, Bahamas	100.00%
Credit Suisse First Boston (Nederland) NV (former BZW Nederland NV)	Amsterdam, Netherlands	100.00%
Credit Suisse First Boston Sociedad de Valores y Bolsa SA (former BZW, Sociedad de Valores y Bolsa SA)	Madrid, Spain	100.00%
Credit Suisse First Boston de Zoete & Bevan Limited (former BZW De Zoete & Bevan Limited)	London, United Kingdom	100.00%
Credit Suisse First Boston Australia Equities Group Ltd. (former First Pacific Group Limited)	Sydney, Australia	100.00%
Credit Suisse First Boston Australia Administration Pty Ltd. (former First Pacific Australia Services Pty Ltd.)	Sydney, Australia	100.00%
Credit Suisse First Boston Australia Equities Ltd. (former First Pacific Stockbroker Ltd.)	Sydney, Australia	100.00%
Credit Suisse First Boston Australia Registered Traders Pty Ltd. (former First Pacific Registered Traders Ltd.)	Sydney, Australia	100.00%
Credit Suisse First Boston Australia Investment Services (former First Pacific Management Ltd.)	Sydney, Australia	100.00%
Credit Suisse First Boston Administration Pty Ltd. (former First Pacific Staff Services Pty Ltd.)	Sydney, Australia	100.00%
Credit Suisse First Boston NZ Investment Ltd. (former First NZ Capital Investments Ltd.)	Wellington, New Zealand	100.00%
Credit Suisse First Boston Holdings Limited (former First NZ Capital Holdings Ltd.)	Wellington, New Zealand	100.00%
Credit Suisse First Boston NZ Equity Futures Limited (former First NZ Capital Futures Ltd.)	Wellington, New Zealand	100.00%
Credit Suisse First Boston NZ Limited (former First NZ Capital Limited)	Wellington, New Zealand	100.00%
Credit Suisse First Boston NZ Securities Limited (former First NZ Capital Securities Ltd.)	Wellington, New Zealand	100.00%
Sales		
Immobiliare Credito Svizzero SA	Lugano, Switzerland	100.00%
Peterhof AG	Zurich, Switzerland	100.00%
Orell-Füssli-Hof AG	Zurich, Switzerland	100.00%
AG zur Utobrincke	Zurich, Switzerland	100.00%
Boden AG	Zurich, Switzerland	100.00%
Commerz & Verwaltungs AG	Sarnen, Switzerland	100.00%
Schwalbe AG	Zurich, Switzerland	100.00%
Credit Suisse (Luxembourg) S.A.	Luxembourg	100.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated income statement

	1998 CHF m	1997 CHF m	Change CHF m
ANALYSIS OF INCOME			
NET INTEREST INCOME			
Interest and discount income	14,542	13,520	1,022
Interest income from claims on customers	6,859	5,094	1,765
Interest income from claims on banks	6,657	7,660	-1,003
Interest/discount income from bills of exchange and money market paper	756	566	190
Credit commissions treated as interest earnings	270	200	70
Interest and dividend income from trading portfolio	5,530	5,679	-149
Interest income	5,066	5,525	-459
Dividend income	464	154	310
Interest and dividend income from financial investments	228	257	-29
Interest income	216	244	-28
Dividend income	12	13	-1
Interest expense	-17,897	-17,411	-486
Interest expense on liabilities to customers	-10,834	-8,204	-2,630
Interest expense on liabilities to banks	-7,063	-9,207	2,144
<i>of which interest expense on subordinated liabilities</i>	<i>-486</i>	<i>-605</i>	<i>119</i>
Total net interest income	2,403	2,045	358
NET COMMISSION AND SERVICE FEE INCOME			
Income from credit business	235	250	-15
Credit commissions	235	253	-18
less commission expense	0	-3	3
Income from securities business	2,204	1,583	621
Commission income from stock exchange business and securities underwriting	2,328	1,749	579
less commission expense	-124	-166	42
Income from investment business	2,525	1,885	640
Commission income from investment business and asset management	2,600	1,980	620
less commission expense	-75	-95	20
Other commission and fee income	8	40	-32
Other commission and fee income	13	44	-31
less commission expense	-5	-4	-1
Total net commission and service fee income	4,972	3,758	1,214
NET TRADING INCOME			
(including derivatives and expenditure on brokerage/commissions)			
Income from securities trading	804	2,694 ¹	-1,890
Loss/income from foreign exchange and banknote trading	-490	473	-963
Income from precious metal trading	158	203	-45
Income from trading in interest rate instruments	782	972	-190
Other income from trading	349	419	-70
Total net trading income	1,603	4,761	-3,158

¹ CHF 30 million were reclassified from net trading income to other ordinary income to be consistent with the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated income statement

	1998 CHF m	1997 CHF m	Change CHF m
ANALYSIS OF EXPENSES			
PERSONNEL EXPENSES			
Personnel compensation	5,301	4,943	358
Staff benefits	334	299	35
Other staff costs	297	240	57
Total personnel expenses	5,932	5,482	450
OTHER OPERATING EXPENSES			
Bank premises and real estate	420	288	132
Expenditure on IT, machinery, furnishings, vehicles and other equipment	189	187	2
Expense allocations from Credit Suisse Group BU/entities	442	383	59
Expense allocations to Credit Suisse Group BU/entities	-237	-325	88
Other operating expenses	1,265	1,106	159
<i>of which communications and advertising costs</i>	176	146	30
<i>of which legal and consultancy fees</i>	364	265	99
<i>of which fees and commissions</i>	64	90	-26
<i>of which other costs</i>	661	605	56
Total other operating expenses	2,079	1,639	440
DEPRECIATION AND WRITE-DOWNS ON NON-CURRENT ASSETS			
Depreciation on tangible fixed assets	336	323	13
Depreciation on intangible assets	16	0	16
Total depreciation and write-downs on non-current assets	352	323	29
VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES			
Provisions and valuation adjustments for default risks	1,595	356	1,239
Provisions and valuation adjustments for other business risks	269	193	76
Other losses	7	61	-54
Total valuation adjustments, provisions and losses	1,871	610	1,261

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated income statement

ANALYSIS OF EXTRAORDINARY INCOME AND EXPENSES	1998 CHF m	1997 CHF m	Change CHF m
EXTRAORDINARY INCOME			
Gains realized from the disposal of participations	35	20	15
Gains realized from the disposal of tangible fixed assets	0	17	-17
Other extraordinary income	426	41	385
<i>of which release of Reserves against general banking risks</i>	412	0	412
Total extraordinary income	461	78	383
EXTRAORDINARY EXPENSES			
Restructuring costs relating to BZW acquisition	0	332	-332
Real estate related provisions - Moscow	83	0	83
IT provision for Year 2000 and EMU events	0	220	-220
Restructuring costs relating to Credit Suisse Group reorganization	50	79	-29
Losses realized from the disposal of participations	5	0	5
Other extraordinary expenses	371	170	201
<i>of which World War II settlement</i>	365	0	365
Total extraordinary expenses	509	801	-292

	1998		1997	
INCOME AND EXPENSES FROM ORDINARY BANKING BUSINESS: SWITZERLAND AND ABROAD	Switzerland CHF m	Abroad CHF m	Switzerland CHF m	Abroad CHF m
Net interest income	150	2,253	143	1,902
Net commissions and service fee income	585	4,387	748	3,010
Net trading income	492	1,111	354 ¹	4,407
Net other ordinary income	220	79	152 ¹	76
NET OPERATING INCOME	1,447	7,830	1,397	9,395
Operating expenses				
Personnel expenses	355	5,577	469	5,013
<i>of which personnel compensation</i>	304	4,997	395	4,548
<i>of which staff benefits</i>	35	299	57	242
<i>of which other staff costs</i>	16	281	17	223
Other operating expenses	353	1,726	304	1,335
<i>of which bank premises</i>	66	354	25	264
<i>of which expenditure on IT, machinery, furnishings, vehicles, etc.</i>	12	177	14	173
<i>of which other property, equipment and administrative costs</i>	275	1,195	265	898
Total operating expenses	708	7,303	773	6,348
GROSS OPERATING PROFIT	739	527	624	3,047
<i>% of total</i>	58%	42%	17%	83%
Taxes	15	-24	44	651
<i>% of total</i>	-167%	267%	6%	94%
GROSS OPERATING PROFIT LESS TAXES	724	551	580	2,396
<i>% of total</i>	57%	43%	19%	81%

¹ CHF 30 million were reclassified to be consistent with the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

	31.12.98	31.12.97	Change
MONEY MARKET PAPERS	CHF m	CHF m	CHF m
Bills of exchange and money market paper eligible for discount with central banks	18,588	7,257	11,331
<i>of which short and medium-term federal securities</i>	16,004	2,569	13,435
Other bills of exchange and money market paper	276	8,878	-8,602
TOTAL MONEY MARKET PAPERS	18,864	16,135	2,729

		Form of security		Unsecured CHF m	Total CHF m	
		Secured by mortgage CHF m	Other security CHF m			
CLAIMS BALANCE SHEET						
Claims on banks		December 31, 1998	0	97,977	42,019	139,996
of which securities lending and reverse repurchase agreements			0	71,146	7,157	78,303
		December 31, 1997	0	113,104	30,888	143,992
Lendings						
Claims on customers (including financial leasing)			47	35,245	27,644	62,936
of which securities lending and reverse repurchase agreements			0	26,061	2,573	28,634
Mortgages			7,246	-	-	7,246
of which residential			12	-	-	12
houses and owner-occupied flats			10	-	-	10
offices and business property			6,849	-	-	6,849
commercial and industrial property			40	-	-	40
other property			335	-	-	335
Total lendings		December 31, 1998	7,293	35,245	27,644	70,182
		December 31, 1997	7,196	75,018	31,767	113,981

		Form of security		Unsecured CHF m	Total CHF m		
		Secured by mortgage CHF m	Other security CHF m				
CLAIMS OFF-BALANCE SHEET BUSINESS							
Contingent liabilities							
Credit guarantees in the form of aval, guarantee and indemnity liabilities		7	5,807	1,993	7,807		
Bid bonds, delivery and performance bonds, letters of indemnity, other performance-related guarantees		16	1,434	1,198	2,648		
<i>Irrevocable commitments in respect of documentary credits</i>		1	131	2,067	2,199		
Other contingent liabilities		5	85	1,654	1,744		
Total contingent liabilities	December 31, 1998	29	7,457	6,912	14,398		
	December 31, 1997	27	5,588	14,270	19,885		
Irrevocable commitments	December 31, 1998	2,750	40,722	39,780	83,252		
	December 31, 1997	1	24,868	37,917	62,786		
Call liabilities	December 31, 1998	0	0	1	1		
	December 31, 1997	0	0	4	4		
Confirmed credits	December 31, 1998	0	0	262	262		
	December 31, 1997	0	10	463	473		
Total secured claims off-balance sheet business	December 31, 1998	2,779	48,179	46,955	97,913		
	December 31, 1997	28	30,466	52,654	83,148		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

LENDINGS (CLAIMS ON CUSTOMERS, MORTGAGES) BY ECONOMIC SECTOR

	Swiss borrowers ¹		Foreign borrowers ¹		Total lendings		Change CHF m	% of total 31.12.98	% of total 31.12.97
	31.12.98 CHF m	31.12.97 CHF m	31.12.98 CHF m	31.12.97 CHF m	31.12.98 CHF m	31.12.97 CHF m			
Private households	14	177	384	1,051	398	1,228	-830	0.6	1.1
Non-profit institutions	0	31	0	836	0	867	-867	0.0	0.8
Private sector enterprises									
(non-financial)	849	1,537	27,188	25,067	28,037	26,604	1,433	40.0	23.2
Agriculture and mining	0	0	808	959	808	959	-151	1.2	0.8
Manufacturing	482	515	6,498	10,179	6,980	10,694	-3,714	9.9	9.4
Food	0	6	653	1,113	653	1,119	-466	0.9	1.0
Beverages	0	0	132	225	132	225	-93	0.2	0.2
Textiles	0	0	197	410	197	410	-213	0.3	0.4
Timber, furniture	0	0	359	614	359	614	-255	0.5	0.5
Graphical trades	0	0	40	209	40	209	-169	0.1	0.2
Plastics, rubber, leather	4	112	380	1,402	384	1,514	-1,130	0.5	1.3
Chemicals	120	111	531	1,248	651	1,359	-708	0.9	1.2
Oil	17	116	814	1,391	831	1,507	-676	1.2	1.3
Metals, building installations	16	21	787	899	803	920	-117	1.1	0.8
Machinery, equipment, vehicles	312	91	2,281	2,077	2,593	2,168	425	3.7	1.9
Other consumer goods	0	4	208	378	208	382	-174	0.3	0.3
Other	13	54	116	213	129	267	-138	0.2	0.2
Construction	0	0	612	724	612	724	-112	0.9	0.6
Energy, environmental protection	0	0	5,971	3,442	5,971	3,442	2,529	8.5	3.0
Services	367	1,022	13,299	9,763	13,666	10,785	2,881	19.5	9.4
Wholesale and retail trade	23	697	3,277	1,634	3,300	2,331	969	4.7	2.0
Transport, hotels and catering	103	70	1,142	1,172	1,245	1,242	3	1.8	1.1
Other services	241	255	8,880	6,957	9,121	7,212	1,909	13.0	6.3
Public sector enterprises									
(non-financial)	0	0	0	1,045	0	1,045	-1,045	0.0	0.9
Financial enterprises	637	2,100	39,718	57,429	40,355	59,529	-19,174	57.4	52.2
Public authorities	5	12	1,386	3,402	1,391	3,414	-2,023	2.0	3.0
Other borrowers	0	0	1	21,294	1	21,294	-21,293	0.0	18.7
TOTAL LENDINGS	1,505	3,857	68,677	110,124	70,182	113,981	-43,799	100.0	100.0
% of total	2.1	3.4	97.9	96.6	100.0	100.0			

¹ By customer domicile.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

	31.12.98	31.12.97	Change
	CHF m	CHF m	CHF m
SECURITIES AND PRECIOUS METALS TRADING PORTFOLIO			
Interest-bearing securities and loan stock rights	68,313	72,196	-3,883
<i>of which own bonds</i>	<i>332</i>	<i>1,182</i>	<i>-850</i>
<i>of which issued by public sector entities</i>	<i>43,701</i>	<i>48,937</i>	<i>-5,236</i>
Quoted on stock exchanges	40,628	40,609	19
Not quoted on stock exchanges	27,685	31,587	-3,902
 Equities	 30,876	 28,671	 2,205
<i>of which Credit Suisse Group shares¹</i>	<i>2,239</i>	<i>1,372</i>	<i>867</i>
<i>of which units in equity funds</i>	<i>77</i>	<i>628</i>	<i>-551</i>
Quoted on stock exchanges	28,361	27,166	1,195
Not quoted on stock exchanges	2,515	1,505	1,010
 Precious metals	 1,775	 1,518	 257
<i>of which serving as cover for delivery commitments shown as liabilities</i>	<i>1,775</i>	<i>1,518</i>	<i>257</i>
TOTAL SECURITIES AND PRECIOUS METALS TRADING PORTFOLIO	100,964	102,385	-1,421
<i>of which securities eligible for discount with central banks</i>	<i>28,114</i>	<i>28,984</i>	<i>-870</i>
 Material assets and liabilities included under other balance sheet positions which are valued in accordance with fair value as well as trading portfolio which are borrowed or lent out are as follows:			
Lending of trading portfolio²	44,984	33,823	11,161
<i>to banks</i>	<i>34,213</i>	<i>28,625</i>	<i>5,588</i>
<i>to customers</i>	<i>10,771</i>	<i>5,198</i>	<i>5,573</i>
Borrowing of trading portfolio³	44,863	31,063	13,800
<i>from banks</i>	<i>36,099</i>	<i>13,643</i>	<i>22,456</i>
<i>from customers</i>	<i>8,764</i>	<i>17,420</i>	<i>-8,656</i>
Positive replacement values of trading portfolio derivatives (other assets)	45,816	50,739	-4,923
Negative replacement values of trading portfolio derivatives (other liabilities)	49,384	50,603	-1,219

¹ Current positions in Credit Suisse Group shares are subject to delivery commitments under derivatives as well as Securities Borrowing contracts. When these commitments are taken into account, the CSFB's holdings of Credit Suisse Group shares are insignificant.

² Shown in the balance sheet as due from banks or customers.

³ Shown in the balance sheet as due to banks or customers.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

	Book value		Cost ^a		Fair value ^a		Change
	31.12.98 CHF m	31.12.97 CHF m	31.12.98 CHF m	31.12.97 CHF m	31.12.98 CHF m	31.12.97 CHF m	
FINANCIAL INVESTMENTS¹							
Interest-bearing securities	6,253	6,526	-	-	-	-	-273
<i>of which own bonds and cash bonds</i>	<i>58</i>	<i>375</i>	-	-	-	-	<i>-317</i>
<i>of which issued by public sector entities</i>	<i>5,583</i>	<i>2,639</i>	-	-	-	-	<i>2,944</i>
<i>of which valued at accrual method</i>	<i>2,586</i>	<i>2,344</i>	-	-	-	-	<i>242</i>
<i>of which valued at lower of cost or fair value</i>	<i>3,667</i>	<i>4,182</i>	<i>3,735</i>	<i>4,182</i>	<i>3,667</i>	<i>4,182</i>	<i>-515</i>
Quoted on stock exchanges	6,054	2,872	-	-	-	-	3,182
Not quoted on stock exchanges	199	3,654	-	-	-	-	-3,455
Equities	2,618	2,435⁷	2,664	2,510	2,618	2,639	183
<i>of which qualifying equity interests²</i>	<i>260</i>	<i>221</i>	-	-	-	-	<i>39</i>
Real estate⁶	1,323	1,043	1,323	1,043	1,323	1,043	280
TOTAL FINANCIAL INVESTMENTS	10,194	10,004	-	-	-	-	190
<i>of which securities eligible for discount with central banks</i>	<i>5,675</i>	<i>5,424</i>	-	-	-	-	<i>251</i>
Borrowing of financial investments³	3,067	2,726	-	-	-	-	341
<i>borrowed from banks</i>	<i>0</i>	<i>505</i>	-	-	-	-	<i>-505</i>
<i>borrowed from customers</i>	<i>3,067</i>	<i>2,221</i>	-	-	-	-	<i>846</i>
Lending of financial investments⁴	0	0	-	-	-	-	0

¹ Investments which are not held for trading or participation purposes (equity participations and real estate).

² At least 10% capital or voting rights.

³ Shown in the consolidated balance sheet as due to banks or customers.

⁴ Shown in the consolidated balance sheet as due from banks or customers.

⁵ Details only for financial investments that are valued at the lower of cost or fair value.

⁶ Real estate held for resale.

⁷ Reclassification of certain assets from other assets to financial investments amounting to CHF 247 million to be consistent with the current year.

	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
NON-CONSOLIDATED			
Quoted on stock exchanges	0	0	0
Not quoted on stock exchanges	445	272	173
TOTAL NON-CONSOLIDATED PARTICIPATIONS	445	272	173

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

FIXED ASSETS AT DECEMBER 31, 1998	Cost 31.12.97 CHF m	Accumulated deprecia- tions CHF m	Net book value 31.12.97 CHF m	Translation difference CHF m	Investments/ Income from equity CHF m	Disposals CHF m	Transfers CHF m	Depreciation ³ CHF m	Extraordinary deprecia- tions CHF m	Net book value 31.12.98 CHF m
Participations accounted for using the equity method	166	0	166	-11	191	-37	0	0	0	309
Other participations	106	0	106	0	46	-4	-3	-4	-5	136
Total participations	272	0	272	-11	237	-41	-3	-4	-5	445
Bank premises	3,349	-519	2,830	-31	138	-187	259	-43	-6	2,960
Other real estate	334	-7	327	0	24	-57	-41	-10	-2	241
Total real estate ¹	3,683	-526	3,157	-31	162	-244	218	-53	-8	3,201
Leasehold improvements	715	-302	413	-16	66	-27	3	-35	-3	401
Other physical assets	1,666	-667	999	-37	466	-1	-215	-263	-10	939
Total tangible fixed assets	6,064	-1,495	4,569	-84	694	-272	6	-351	-21	4,541
Goodwill ²	0	0	0	0	597	-2	0	-16	0	579
TOTAL FIXED ASSETS	6,336	-1,495	4,841	-95	1,528	-315	3	-371	-26	5,565

¹ The bulk of real estate is used for the banking infrastructure needs of Credit Suisse Group. Real estate owned by the Bank but used by Credit Suisse or other entities within Credit Suisse Group is held for rental to such entities.

² Prior to January 1, 1997, goodwill was charged directly against shareholders' equity. Had goodwill been recorded in the consolidated balance sheet and depreciated through the consolidated income statement, net loss would have amounted to CHF 1,027 million, an increase of CHF 31 million (1997: consolidated net profit would have been CHF 36 million lower). The figures shown for total assets and shareholder's equity would have been CHF 45 million higher (1997: CHF 76 million). Since January 1 1997, acquired goodwill is capitalized and depreciated over its estimated useful life.

³ whereof CHF 19 million booked in extraordinary expenses

FURTHER DETAILS ON FIXED ASSETS	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
Fire insurance value of bank premises and other real estate	3,189	3,152	37
Fire insurance value of other physical assets	1,390	1,026	364
Liabilities: future leasing instalments in connection with operational leasing	28	26	2

**PLEDGED AND ASSIGNED ASSETS
AND ASSETS UNDER
RESERVATION OF OWNERSHIP**

	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
Assets pledged and assigned as collateral	52,921	48,774	4,147
Actual commitments secured	24,523	21,894	2,629

None of the CSFB's assets were under reservation of ownership either in 1998 or in the previous year.

LIABILITIES IN RESPECT OF OWN PENSION FUNDS

On the balance sheet date, total liabilities in respect of the CSFB's own pension funds amounted to CHF 715 million (as of December 31, 1997: CHF 771 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

BONDS AND MORTGAGE-BACKED BONDS ISSUED BY THE CENTRAL MORTGAGE BOND INSTITUTIONS AND THE CENTRAL ISSUING OFFICE	31.12.98	31.12.97	Change
	CHF m	CHF m	CHF m
Bonds	36,442	36,562	-120
Bonds issued by the Swiss central issuing offices	0	0	0
Bonds and mortgage-backed bonds issued by the Swiss central mortgage bond institutions	0	0	0
Subparticipation ¹	-1,565	-1,565	0
TOTAL	34,877	34,997	-120

¹ To banks within Credit Suisse Group

BONDS AND MORTGAGE BONDS ISSUED BY CSFB (PARENT COMPANY)

Redemption date	Coupon	Year of issue	Call date	Currency	Outstanding amount in millions
3.1999	7.00%	1991		CHF	5.000
5.1999	6.50%	1991		CHF	5.000
9.1999	5.00%	1994		CHF	200.000
9.1999	6.75%	1991		CHF	4.000
1.2000	7.25%	1990		CHF	150.000 ¹
9.2000	4.50%	1995		CHF	250.000
10.2000	5.79%	1997	10.1999	USD	1,995.964 ²
6.2001	7.25%	1990		CHF	170.000
7.2001	7.00%	1991		CHF	150.000 ¹
9.2001	6.00%	1989	9.1999	CHF	200.000 ¹
10.2001	5.79%	1997		USD	1,496.072 ²
1.2002	7.00%	1992		CHF	100.000
2.2002	7.50%	1991		CHF	75.000 ¹
5.2002	6.75%	1992		CHF	60.000
3.2003	3.50%	1993		CHF	75.000 ¹
3.2003	3.50%	1993		CHF	125.000 ¹
4.2003	2.00%	1996		USD	73.501 ³
9.2003	6.25%	1993		USD	200.000 ^{1 3}
11.2003	6.13%	1993		DEM	600.000 ^{1 3}
2.2004	5.00%	1989	2.1999	CHF	159.060 ¹
4.2004	4.38%	1996		CHF	200.000
11.2004	8.50%	1994		USD	300.000 ^{1 3}
12.2004	6.13%	1994		DEM	100.000 ^{1 3}
3.2005	5.75%	1995		CHF	225.000 ¹
11.2005	2.00%	1997		USD	100.000 ³
11.2005	2.00%	1997		USD	200.000 ³
6.2006	7.21%	1996		USD	237.500 ^{1 4}
6.2006	6.84%	1997		USD	95.000 ^{1 4}
perpetual	7.90%	1997	5.2007	USD	500.000 ^{1 3}
perpetual	6.50%	1997	6.2007	FFR	750.000 ^{1 3}
perpetual	6.50%	1997	6.2007	FFR	500.000 ^{1 3}
7.2007	5.25%	1995		CHF	150.000 ¹
7.2007	5.25%	1995		CHF	100.000 ¹
perpetual	4.38%	1997	7.2007	CHF	497.725 ^{1 3}
2.2008	2.00%	1998		USD	250.000 ³
5.2008	6.50%	1998		USD	200.000 ^{1 5}
perpetual	8.25%	1997	7.2009	GBP	150.000 ^{1 3}
5.2010	5.75%	1998		DEM	415.000 ^{1 3}
3.2016	5.00%	1986	3.2006	CHF	200.000 ¹
perpetual	7.74%	1997	7.2007	USD	100.000 ¹
perpetual	4.51%	1998	12.2029	JPY	10,000.000 ^{1 3}

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

BONDS ISSUED BY SUBSIDIARIES

Redemption date	Coupon	Year of issue	Currency	Outstanding amount in millions
Credit Suisse First Boston Finance (Guernsey) Ltd., Guernsey				
2.2000	0.00%	1990	CAD	500.000
10.2002	0.00%	1992	DEM	500.000
Credit Suisse First Boston International (Guernsey) Ltd., Guernsey				
3.1999	various	1998	USD	60.000
3.1999	various	1998	USD	65.000
3.1999	5.28%	1998	USD	100.000
4.1999	various	1998	USD	29.997
7.1999	various	1998	USD	325.000
10.1999	various	1998	USD	25.000
4.2000	5.93%	1998	USD	10.000
4.2001	4.34%	1998	DEM	9.500
4.2001	4.23%	1998	DEM	2.850
8.2003	2.67%	1998	CHF	19.000
Credit Suisse First Boston Finance B. V., Amsterdam				
3.1999	6.07%	1993	USD	250.000
3.1999	5.25%	1993	CHF	150.000
9.1999	6.05%	1992	USD	56.000
9.1999	6.05%	1992	USD	85.000
2.2000	7.50%	1992	NLG	350.000
6.2000	7.75%	1993	LUF	2,000.000 ¹
7.2003	6.07%	1993	LUF	3,000.000 ¹
Undated	5.69%	1986	USD	150.000
5.2003	5.88%	1993	USD	200.000 ¹
8.2003	5.50%	1993	USD	200.000 ¹
Credit Suisse First Boston (Cayman) Ltd., Cayman Islands				
6.2000	variable	1997	USD	1.162
6.2000	10.00%	1997	USD	2.003
7.2000	10.00%	1997	USD	4.039
8.2000	10.00%	1997	USD	3.999
9.2000	10.00%	1997	USD	10.254
10.2000	variable	1997	USD	10.011
5.2001	variable	1998	USD	25.000
Credit Suisse First Boston Inc., New York				
1.1999	5.66%	1994	USD	8.000 ¹
6.1999	9.25%	1992	USD	170.000 ¹
7.1999	5.19%	1997	USD	1.750
9.1999	5.56%	1998	USD	149.843
10.1999	6.39%	1992	USD	5.000
10.1999	7.23%	1992	USD	5.000 ¹
10.1999	5.86%	1992	USD	10.000
1.2000	5.32%	1995	USD	35.000
1.2000	5.32%	1996	USD	15.000
1.2000	5.36%	1997	USD	25.000
1.2000	6.00%	1994	USD	25.000 ¹
3.2000	6.15%	1993	USD	9.995
5.2000	5.60%	1995	DEM	147.000 ¹
11.2000	5.72%	1994	PTE	32.335 ¹
2.2001	5.92%	1996	DEM	136.147 ¹
3.2001	5.75%	1996	USD	5.000 ¹
4.2001	5.89%	1996	USD	20.000 ¹
4.2001	5.79%	1992	USD	200.000 ¹
5.2001	5.50%	1996	USD	6.500
6.2001	5.79%	1994	USD	52.000 ¹

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

Redemption date	Coupon	Year of issue	Currency	Outstanding amount in millions
8.2001	5.88%	1996	USD	10.000 ¹
8.2001	5.66%	1996	USD	2.000 ¹
8.2001	5.76%	1995	FFR	156.000
8.2002	6.07%	1994	USD	5.000 ¹
9.2002	7.83%	1992	USD	3.000
1.2003	6.64%	1993	USD	5.008 ¹
2.2003	6.50%	1993	USD	5.000 ¹
2.2003	6.45%	1993	USD	35.000
4.2003	6.07%	1992	USD	7.000
4.2003	5.69%	1993	USD	20.992 ¹
2.2004	6.08%	1994	USD	150.000 ¹
3.2004	8.95%	1992	USD	10.696
3.2004	8.75%	1992	USD	41.903
3.2004	5.71%	1994	USD	164.788 ¹
4.2004	5.96%	1995	DEM	106.686 ¹
4.2004	9.30%	1992	USD	100.000
10.2005	5.60%	1993	USD	200.000 ¹
11.2005	6.95%	1995	USD	4.975 ¹
5.2006	6.09%	1996	USD	264.950 ¹
2.2007	5.98%	1995	USD	15.000 ¹
2.2007	5.95%	1995	USD	15.000 ¹
2.2007	5.98%	1995	USD	15.000 ¹
2.2007	5.95%	1995	USD	15.000 ¹
2.2013	8.50%	1993	USD	3.000
4.2018	7.71%	1993	USD	5.230 ¹
various	6.50%	various	USD	6.386 ¹
various	variable	1993	USD	143.286 ¹
various	variable	1993-95	USD	8.588 ¹
various	variable	1995/96	USD	66.371 ¹
Credit Suisse Financial Products, London				
1999	various	1996-1997	CHF	78.200
1999	various	1995-1996	DEM	71.000
11.1999	1.25%	1994	GBP	59.500
1999	various	1998	HKD	1,210.000
1999	various	1996-1997	ITL	17,000.000
1999	various	1996-1998	JPY	60,020.760
7.1999	1.25%	1994	NLG	25.000
1999	1.00%	1998	PTE	2,370.000
1999	various	1997-1998	SEK	325.000
1999	various	1992-1998	USD	430.900
4.1999	7.75%	1992	XEU	47.000 ¹
2000	various	1997-1998	DEM	41.000
12.2000	3.00%	1995	FIM	25.000
11.2000	7.50%	1997	GBP	25.000
4.2000	10.25%	1998	GRD	10,000.000
2000	various	1997-1998	ITL	109,000.000
2000	various	1995-1998	JPY	22,417.316
2000	0.00% Zero Coupon Notes	1994-1998	NLG	55.890
2000	variable Floating Rate Notes	1997-1998	PTE	6,750.000
2000	various	1998	SEK	197.000
2000	various	1992-1998	USD	453.045
6.2001	6.50%	1997	BEF	100.000
2001	various	1996-1998	DEM	100.021
2001	various	1997-1998	ITL	188,000.000
2001	various	1995-1998	JPY	18,816.800

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

Redemption date	Coupon	Year of issue	Currency	Outstanding amount in millions
9.2001	0.00% Zero Coupon Notes	1998	NLG	17.650
10.2001	variable Floating Rate Notes	1998	PTE	1,500.000
2.2001	various	1998	SEK	150.000
2001	various	1995-1998	USD	628.590
8.2001	variable Floating Rate Notes	1991	USD	108.835 ¹
5.2001	variable	1994	XEU	15.000
10.2002	variable Floating Rate Notes	1997	CHF	75.000 ¹
2002	various	1996-1998	DEM	70.000
12.2002	0.00% Zero Coupon Notes	1997	ITL	20,000.000 ¹
2002	various	1996-1998	JPY	88,530.000
2002	various	1992	LUF	3,500.000 ¹
2002	various	1996-1998	USD	183.366
7.2002	0.00% Zero Coupon Notes	1997	XEU	10.000
8.2003	various	1998	ATS	400.000
6.2003	8.00%	1997	BEF	200.000
11.2003	0.00% Zero Coupon Notes	1995	FRF	25.000
2003	various	1997-1998	GBP	39.200
4.2003	0.00%	1998	GRD	14,393.000
2003	various	1997-1998	ITL	139,000.000
2003	various	1997-1998	JPY	14,400.000
3.2003	7.63%	1993	LUF	1,500.000 ¹
2003	various	1994-1998	USD	852.656
2003	various	1998	XEU	11.950
12.2004	0.00% Zero Coupon Notes	1994	CHF	13.000 ¹
2004	variable	1997	DEM	25.000
2004	various	1996-1997	ITL	430,000.000
2004	0.00% Zero Coupon Notes	1997-1998	ITL	105,000.000 ¹
2004	various	1995-1998	JPY	5,500.000
2004	0.00% Zero Coupon Notes	1997	NOK	110.000
2004	various	1995-1998	USD	216.200
6.2004	8.50%	1997	XEU	2.600
12.2004	0.00%	1994	XEU	10.000 ¹
6.2005	8.25%	1995	BEF	200.000 ¹
9.2005	variable Floating Rate Notes	1995	DEM	46.895 ¹
12.2005	0.00% Zero Coupon Notes	1997	FRF	200.000
2005	various	1997-1998	ITL	406,000.000
2005	various	1997-1998	ITL	70,000.000 ¹
2005	various	1996-1998	JPY	7,200.000
12.2005	0.00% Zero Coupon Notes	1997	NOK	160.000
4.2005	variable Floating Rate Notes	1998	PTE	500.000
2005	0.00% Zero Coupon Notes	1997	PTE	9,362.045 ¹
2005	various	1995-1998	USD	51,286.050
2006	variable	1996-1998	DEM	19.336 ¹
11.2006	0.00% Zero Coupon Notes	1997	FIM	50.000
2.2006	9.13%	1998	GBP	4.500
2006	various	1997-1998	ITL	347,980.000
2006	0.00% Zero Coupon Notes	1998	ITL	30,000.000 ¹
12.2006	5.70%	1996	JPY	500.000
2006	various	1995-1998	USD	118.050
7.2006	0.00% Zero Coupon Notes	1994	USD	40.000 ¹
2007	various	1996-1997	CHF	120.000
2007	various	1997	DEM	70.000
5.2007	variable Floating Rate Notes	1997	DEM	80.000 ¹
11.2007	0.00% Zero Coupon Notes	1997	FIM	50.000
2007	various	1997	ITL	113,600.000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

Redemption date	Coupon	Year of issue	Currency	Outstanding amount in millions
2007	various	1996-1998	JPY	45,200.000
2007	various	1996-1998	USD	203.500
7.2007	variable Floating Rate Notes	1997	USD	40.000 ¹
2008	various	1998	DEM	155.000
2008	0.00% Zero Coupon Notes	1993-1994	DEM	152.753 ¹
2008	various	1997-1998	ITL	118,000.000
2.2008	variable	1998	ITL	100,000.000 ¹
2008	various	1997-1998	JPY	3,300.000
2008	various	1998	PTE	2,500.000
2008	various	1995-1998	USD	302.981
2009	various	1997-1998	DEM	108.000
2009	0.00% Zero Coupon Notes	1994-1996	DEM	212.579 ¹
5.2009	variable	1997	ITL	17,000.000
2009	various	1996-1997	JPY	3,100.000
2009	various	1997-1998	USD	18.000
1.2010	0.00% Zero Coupon Notes	1997	DEM	20.000
6.2010	0.00% Zero Coupon Notes	1997	DEM	59.942 ¹
10.2010	0.00%	1998	ITL	27,500.000
3.2010	0.00% Zero Coupon Notes	1995	ITL	30,000.000 ¹
2010	various	1997-1998	USD	109.000
2011	various	1993-1998	USD	113.275
6.2012	0.00% Zero Coupon Notes	1997	DEM	35.000
4.2012	variable	1998	ITL	12,000.000
4.2012	8.00%	1998	ITL	20,000.000 ¹
2012	various	1996-1998	USD	29.000
4.2013	variable	1998	ITL	27,500.000
2013	various	1998	JPY	13,600.000
12.2014	0.00% Zero Coupon Notes	1994	ITL	250,000.000 ¹
10.2014	0.00% Zero Coupon Notes	1995	USD	29.000
9.2016	variable Floating Rate Notes	1998	USD	19.850
9.2017	0.00% Zero Coupon Notes	1997	DEM	15.000
5.2017	variable	1997	JPY	5,000.000
9.2017	0.00% Zero Coupon Notes	1997	PTE	1,700.000
2.2018	6.00%	1998	DEM	30.000 ¹
2018	variable	1997-1998	ITL	74,000.000
2018	various	1998	JPY	2,100.000
1.2020	variable Floating Rate Notes	1996	CAD	162.496
9.2021	variable	1996	JPY	10,000.000
12.2021	0.00% Zero Coupon Notes	1995	USD	81.281 ¹
10.2022	0.00% Zero Coupon Notes	1997	DEM	40.000
2.2025	0.00% Zero Coupon Notes	1998	USD	20.000
12.2028	10.76%	1998	USD	133.407
perpetual	various	1995-1998	CHF	130.000 ¹
perpetual	various	1998	DEM	610.000 ¹
perpetual	10.25%	1995	GBP	100.000 ¹
perpetual	variable	1998	ITL	50,000.000 ¹
perpetual	variable	1993-1995	JPY	20,000.000 ¹
perpetual	various	1995-1997	NLG	60,000.000 ¹
perpetual	0.00%	1998	PTE	1,250.000 ¹
perpetual	variable	1992-1997	USD	220.000 ¹

¹ Subordinated bonds.

² Credit linked notes issued by Credit Suisse First Boston Guernsey branch.

³ Issued by Credit Suisse First Boston London branch.

⁴ Issued by Credit Suisse First Boston Nassau branch.

⁵ Issued by Credit Suisse First Boston New York branch.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

VALUATION ADJUSTMENTS AND PROVISIONS/ RESERVES AGAINST GENERAL BANKING RISKS	Total 31.12.97 CHF m	Specific write-downs CHF m	Reclassifi- cations ¹ CHF m	Change consolidated companies CHF m	Recoveries, endangered interest, currency differences CHF m	Net charges to consoli- dated income statement CHF m	Release/ charges to consoli- dated income statement (extra- ordinary) CHF m	Write-backs credited to consolidated income statement CHF m	Total 31.12.98 CHF m
Valuation adjustments and provisions for default risks	1,081	-308	-17	0	-32	1,595	0	0	2,319
Valuation adjustments and provisions for other risks	536	-185	324	-23	-20	0	0	-49	583
Provisions for restructuring	356	-269	0	0	-9	0	50	0	128
Provisions for taxes and deferred taxes	1,085	-1,266	-55	-71	181	608 ²	0	0	482
Other provisions	448	-363	80	-5	-10	318	20	0	488
Total write-downs and provisions	3,506	-2,391	332	-99	110	2,521	70	-49	4,000
Less direct charge-offs against specific assets	-507	-	-	-	-	-	-	-	-2,220
Total write-downs and provi- sions shown in balance sheet	2,999	-	-	-	-	-	-	-	1,780
Reserves against general banking risks	412	0	0	0	0	0	-412	0	0

¹ CHF -55 million for deferred income tax due to BZW retention award; CHF 128 million relates to a reclassification of reserves for the liquidation of a real estate subsidiary; CHF -34 million relates to a reclassification of credit risks to trading securities; CHF 115 million relates to various reclassifications from other liabilities. CHF -28 million relates to a reclassification from default risks to financial investments; CHF 186 million relates to a reclassification of trading securities to default risks.

² CHF 617 million deviation to income statement due to deferred tax assets that are not included in the provisions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

		Sight deposits	Callable	Maturity					Total
				within 3 months	within 3-12 months	over 1 to 5 years	over 5 years	No maturity	
MATURITY STRUCTURE OF CURRENT ASSETS AND BORROWED FUNDS		CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Current assets									
Cash		1,179	-	-	-	-	-	-	1,179
Money market papers		0	5	15,706	3,153	0	0	-	18,864
Due from banks		8,761	3,117	122,525	3,851	1,619	123	-	139,996
Due from customers		6,174	993	44,687	4,929	4,164	1,989	-	62,936
Mortgages		0	44	776	507	4,049	1,870	-	7,246
Securities and precious metals trading portfolio		100,964	-	-	-	-	-	-	100,964
Financial investments		2,608	0	3,278	969	624	1,392	1,323	10,194
Total current assets	December 31, 1998	119,686	4,159	186,972	13,409	10,456	5,374	1,323	341,379
	December 31, 1997	117,295	3,199	220,255	26,622	15,702	4,430	1,043	388,546
Borrowed funds									
Liabilities in respect of money market paper		0	259	11,137	1,960	6,417	162	-	19,935
Due to banks		54,012	860	123,856	6,798	1,131	65	-	186,722
Due to customers									
in savings and investment deposits		0	1,922	112	0	0	0	-	2,034
Due to customers, other deposits		10,422	484	59,900	11,258	2,917	335	-	85,316
Bonds and mortgage-backed bonds		-	-	1,632	2,962	17,381	12,902	-	34,877
Total borrowed funds	December 31, 1998	64,434	3,525	196,637	22,978	27,846	13,464	-	328,884
	December 31, 1997	57,765	6,457	242,736	32,043	25,015	12,163	-	376,179

**CLAIMS ON AND LIABILITIES TO AFFILIATED COMPANIES,
AND LOANS TO MEMBERS OF THE BANK'S GOVERNING BODIES**

	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
Claims on affiliated companies ¹	7,796	6,438	1,358
Liabilities to affiliated companies ¹	31,866	29,648	2,218
Loans to members of CSFB's governing bodies ²	7	0	7

¹ Affiliated companies are entities which are not subsidiaries of Credit Suisse First Boston but which are grouped together under unitary management within the organisation of Credit Suisse Group.

² Loans to members of the bank's governing bodies¹ include all claims on Members of the Board of Directors, Executive Management and the statutory auditors and on any companies controlled by them.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

	1998 CHF m	Minority interests 1998 CHF m	Total 1998 CHF m	Total 1997 CHF m	Change CHF m
SHAREHOLDER'S EQUITY					
Beginning shareholder's equity					
Share capital	3,149		3,149	3,149	0
Capital reserves	4,307		4,307	4,307	0
Retained earnings	1,030		1,030	2,627	-1,597
Minority interests in shareholder's equity		1,185	1,185	881	304
Reserves against general banking risks	412		412	412	0
Consolidated net profit	1,214		1,214	-1,705	2,919
Total beginning shareholder's equity as of January 1, 1998/97	10,112	1,185	11,297	9,671	1,626
Other changes to/transfer from reserves	-412		-412	0	-412
Capital increase					
Capital increase by Credit Suisse Group	111		111	0	111
Minority investments in subsidiaries		656	656	290	366
Share premium on capital increase	892		892	0	892
Payments					
Dividend	-850		-850	0	-850
Paid by subsidiaries to minority interests		-73	-73	-114	41
Foreign currency translation differences	-202	-75	-277	109	-386
Changes in scope of consolidation					
Transfer of subsidiary to Credit Suisse retroactively to January 1, 1997	0		0	21	-21
Consolidated net loss/profit	-1,020		-1,020	1,214	-2,234
Net profit minority interests		24	24	106	-82
Total shareholder's equity as of December 31, 1998/97	8,631	1,717	10,348	11,297	-949
Share capital	3,260		3,260	3,149	111
Capital reserves	5,268		5,268	4,307	961
Retained earnings	1,123		1,123	1,030	93
Minority interests in shareholder's equity including net loss/profit		1,717	1,717	1,185	532
Reserves against general banking risks			0	412	-412
Consolidated net loss/profit	-1,020		-1,020	1,214	-2,234

¹ CHF 1,409 million (1997: CHF 792 million) represents perpetual non-cumulative non voting preferred shares held by Credit Suisse Group as direct investments in subsidiaries of Credit Suisse First Boston.

	Total 1998 CHF m	Total 1997 CHF m
Components of Tier 1 capital		
Shareholder's equity	10,348	11,297
Dividend 1998/1997	- 240	- 850
Deductions	- 579	0
Total Tier 1 capital	9,529	10,447

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

BREAKDOWN OF ASSETS AND LIABILITIES SWITZERLAND AND ABROAD (BY LOCATION OF ASSETS)	31.12.98		31.12.97	
	Switzerland CHF m	Abroad CHF m	Switzerland CHF m	Abroad CHF m
Assets				
Cash	1,021	158	999	1,050
Money market papers	1,562	17,302	1,488	14,647
Due from banks	8,217	131,779	8,695	135,297
Due from customers	1,454	61,482	3,802	103,015
Mortgages	51	7,195	55	7,109
Securities and precious metals trading portfolio	10,500	90,464	10,108	92,277
Financial investments	454	9,740	759	9,245
Non-consolidated participations	113	332	102	170
Tangible fixed assets	2,686	1,855	3,389	1,180
Intangible assets	0	579	0	0
Accrued income and prepaid expenses	511	6,371	491	5,398
Other assets	6,367	43,509	8,247	45,371
TOTAL ASSETS	32,936	370,766	38,135	414,759
Liabilities and shareholder's equity				
Liabilities in respect of money market paper	429	19,506	438	17,313
Due to banks	31,609	155,113	22,756	183,844
Due to customers, savings and investment deposits	1,925	109	2,020	275
Due to customers, other deposits	26,429	58,887	32,183	82,353
Bonds and mortgage-backed bonds	2,761	32,116	3,256	31,741
Accrued expenses and deferred income	865	8,372	409	7,822
Other liabilities	6,181	47,272	6,033	48,155
Valuation adjustments and provisions	241	1,539	500	2,499
<i>Total liabilities</i>	<i>70,440</i>	<i>322,914</i>	<i>67,595</i>	<i>374,002</i>
Reserve against general banking risks	0	0	412	0
Shareholder's equity (excluding minority interests pre consolidated net loss/profit)	3,558	6,093	2,851	5,635
Minority interests in shareholder's equity	10	1,683	10	1,069
Consolidated net loss/profit	685	-1,681	329	991
<i>of which minority interests</i>	<i>1</i>	<i>23</i>	<i>1</i>	<i>105</i>
<i>Total shareholder's equity</i>	<i>4,253</i>	<i>6,095</i>	<i>3,602</i>	<i>7,695</i>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	74,693	329,009	71,197	381,697

¹ Reclassification of certain assets from other assets to financial investments amounting to CHF 247 million to be consistent with the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

GEOGRAPHICAL ANALYSIS OF ASSETS (BY LOCATION OF ASSETS)	31.12.98		31.12.97		Change CHF m
	CHF m	% of total	CHF m	% of total	
Switzerland	32,936	8.2	38,135	8.4	-5,199
EU ¹	125,114	31.0	127,274	28.1	-2,160
USA	145,255	35.9	167,533	37.0	-22,278
Canada	2,249	0.6	2,870	0.6	-621
Japan	55,848	13.8	37,369	8.3	18,479
Other industrial countries ²	7,135	1.8	9,985	2.2	-2,850
Financial centres outside industrial countries	12,069	3.0	33,077	7.3	-21,008
of which Hong Kong	1,678	0.4	3,614	0.8	-1,936
Singapore	2,633	0.7	7,932	1.7	-5,299
Other ³	7,758	1.9	21,531	4.8	-13,773
Oil-producing countries ⁴	4,333	1.1	5,902	1.3	-1,569
Newly industrialised countries ⁵	12,297	3.0	15,045	3.3	-2,748
Eastern Europe and Commonwealth of Independent States ⁶	4,633	1.1	12,946	2.9	-8,313
Other developing countries ⁷	1,833	0.5	2,758	0.6	-925
Total assets outside Switzerland	370,766	91.8	414,759	91.6	-43,993
TOTAL ASSETS	403,702	100.0	452,894	100.0	-49,192

The above analysis is based on the location of asset and does not take any collateral or hedges through structured off-balance sheet transactions into account. Market and credit risks can therefore not be judged based on the above schedule.

Countries not listed separately above in which assets amount to more than CHF 100 million:

¹ Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

² Australia, Liechtenstein, New Zealand, Norway, South Africa.

³ Aruba-Curaçao (Netherl. Antilles), Bahamas, Bermuda, Cayman Islands, Trinidad/Tobago.

⁴ Bahrain, Indonesia, Iran, Kuwait, Mexico, Saudi Arabia.

⁵ Argentina, Brazil, Chile, Colombia, Egypt, Israel, Malaysia, Philippines, South Korea, Taiwan, Thailand, Turkey.

⁶ Czech Republic, Hungary, Poland, Romania, Russian Federation, Turkmenistan, Ukraine.

⁷ China (excl. Hong Kong), India.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

CURRENCY STRUCTURE OF THE BALANCE SHEET	CHF		USD		Other Currencies		Total	
	31.12.98	31.12.97	31.12.98	31.12.97	31.12.98	31.12.97	31.12.98	31.12.97
	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m	CHF m
Assets								
Cash	934	792	72	880	173	377	1,179	2,049
Money market papers	1,567	1,507	7,939	7,695	9,358	7,033	18,864	16,135
Due from banks	14,305	12,370	58,641	62,108	67,050	69,514	139,996	143,992
Due from customers	2,662	6,316	45,456	53,677	14,818	46,824	62,936	106,817
Mortgages	48	57	6,878	6,762	320	345	7,246	7,164
Securities and precious metals trading portfolio	12,745	21,189	41,023	39,287	47,196	41,909	100,964	102,385
Financial investments	948	916	3,750	3,647 ³	5,496	5,441	10,194	10,004
Non-consolidated participations	131	102	207	113	107	57	445	272
Tangible fixed assets	2,617	2,771	801	863	1,123	935	4,541	4,569
Intangible assets	0	0	444	0	135	0	579	0
Accrued income and prepaid expenses	808	636	1,407	2,752	4,667	2,501	6,882	5,889
Other assets	7,481	10,518	9,515	42,388 ³	32,880	712	49,876	53,618
TOTAL ASSETS	44,246	57,174	176,133	220,072	183,323	175,648	403,702	452,894
Liabilities and shareholder's equity								
Liabilities in respect of money market paper	262	15	18,345	15,304	1,328	2,432	19,935	17,751
Due to banks	32,090	20,163	72,241	83,078	82,391	103,359	186,722	206,600
Due to customers, savings and investment deposits	1,928	2,024	104	261	2	10	2,034	2,295
Due to customers, other deposits	17,091	17,746	46,719	52,533	21,506	44,257	85,316	114,536
Bonds and mortgage-backed bonds	3,511	4,050	16,794	19,283	14,572	11,664	34,877	34,997
Accrued expenses and deferred income	1,011	631	4,286	4,799	3,940	2,801	9,237	8,231
Other liabilities	8,283	13,469	8,363	30,223	36,807	10,496	53,453	54,188
Valuation adjustments and provisions	229	527	1,238	1,899	313	573	1,780	2,999
<i>Total liabilities¹</i>	<i>64,405</i>	<i>58,625</i>	<i>168,090</i>	<i>207,380</i>	<i>160,859</i>	<i>175,592</i>	<i>393,354</i>	<i>441,597</i>
Reserve against general banking risks	0	412	0	0	0	0	0	412
Shareholder's equity (excluding minority interests pre consolidated net loss/profit)	3,558	2,851	4,703	4,743	1,390	892	9,651	8,486
Minority interests in shareholder's equity	10	10	1,662	1,069	21	0	1,693	1,079
Consolidated net loss/profit	685	329	-1,845	817	164	174	-996	1,320
<i>of which minority interests</i>	<i>1</i>	<i>1</i>	<i>35</i>	<i>105</i>	<i>-12</i>	<i>0</i>	<i>24</i>	<i>106</i>
<i>Total shareholder's equity²</i>	<i>4,253</i>	<i>3,602</i>	<i>4,520</i>	<i>6,629</i>	<i>1,575</i>	<i>1,066</i>	<i>10,348</i>	<i>11,297</i>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	68,658	62,227	172,610	214,009	162,434	176,658	403,702	452,894

¹ Currency breakdown excludes impact of off-balance sheet transactions.

² Based upon functional currency of reporting unit.

³ Reclassification of certain assets from other assets to financial investments amounting to CHF 247 million to be consistent with the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

FURTHER DETAILS ON SELECTED BALANCE SHEET ITEMS	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
Financial leasing - capital goods¹	188	281	-93
Other assets			
Positive replacement value of derivatives	46,385	50,946	-4,561
of which positive replacement value of trading derivatives	45,816	50,739	-4,923
of which positive replacement value of other derivatives	569	207	362
Transitory accruals and deferrals	1,838	1,257	581
Compensation account for adjustments to carrying value having no income effect	0	76	-76
Other	1,653	1,339 ²	314
Total other assets	49,876	53,618	-3,742
Other liabilities			
Negative replacement values of derivatives	49,502	50,650	-1,148
of which negative replacement value of trading derivatives	49,384	50,603	-1,219
of which negative replacement value of other derivatives	118	47	71
Transitory accruals and deferrals	708	1,290	-582
Compensation account for adjustments to carrying value having no income effect	196	98	98
Other	3,047	2,150	897
Total other liabilities	53,453	54,188	-735
Debt securities			
Money market paper	19,935	17,751	2,184
Bonds and mortgage-backed bonds	34,877	34,997	-120
Total debt securities	54,812	52,748	2,064
Claims on associated companies and long-term holdings			
Due from banks	0	37	-37
Due from customers	0	28	-28
Total claims on associated companies and long-term holdings	0	65	-65
Liabilities in respect of associated companies and long-term holdings			
Due to customers	0	15	-15
Total liabilities in respect of associated companies and long-term holdings	0	15	-15

¹ Shown in the balance sheet under 'Due from customers'.

² Reclassification of certain assets from other assets to financial investments amounting to CHF 247 million to be consistent with the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated balance sheet

FURTHER DETAILS	31.12.98	31.12.97	Change
ON SELECTED BALANCE SHEET ITEMS	CHF m	CHF m	CHF m
Subordinated balance sheet items			
Assets subject to subordination clause			
Due from banks	11	12	-1
Due from customers	0	106	-106
Securities holdings	2,946	2,280	666
<i>of which trading portfolio</i>	2,643	1,980	663
<i>of which financial investments</i>	303	300	3
Total assets subject to subordination clause	2,957	2,398	559
Liabilities subject to subordination clause			
Due to banks	0	270	-270
Due to customers	240	313	-73
Bonds and mortgage-backed bonds	13,023	12,682	341
Total liabilities subject to subordination clause	13,263	13,265	-2

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As of December 31

STAFF NUMBERS	1998	1997
America	5,816	4,932
Europe	7,493	6,539
<i>of which Switzerland</i>	1,458	1,574
Asia/Pacific	2,362	1,730
Total	15,671	13,201

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated off-balance sheet business

	1998 CHF m	1997 CHF m	Change CHF m
OFF-BALANCE SHEET BUSINESS			
Contingent liabilities			
Credit guarantees in the form of aval, guarantee and indemnity liabilities	10,402	14,425	-4,023
less subparticipations allocated	-2,597	-4,763	2,166
Bid bonds, delivery and performance bonds, letters of indemnity, other performance-related guarantees	3,029	3,816	-787
less subparticipations allocated	-379	-375	-4
Irrevocable commitments in respect of documentary credits	2,210	3,488	-1,278
less subparticipations allocated	-11	-424	413
Other contingent liabilities	1,744	3,718	-1,974
Total contingent liabilities	14,398	19,885	-5,487
Irrevocable commitments	83,252	62,786	20,466
Call liabilities	1	4	-3
Confirmed credits (Acceptance credits)	262	473	-211
Fiduciary transactions			
Fiduciary placements with third-party institutions	1,456	3,648	-2,192
Fiduciary placements with affiliated banks	0	4	-4
Fiduciary loans with and other fiduciary transactions	7,064	2,204	4,860
Total fiduciary transactions	8,520	5,856	2,664

	Gross positive replacement value				Credit equivalent ⁴			
	Remaining life			31.12.98 Total CHF bn	Remaining life			31.12.98 Total CHF bn
	< 1 year CHF bn	1-5 years CHF bn	> 5 years CHF bn		< 1 year CHF bn	1-5 years CHF bn	> 5 years CHF bn	
OPEN DERIVATIVE CONTRACTS								
Maturity								
Total interest rate instruments	5.1	27.7	41.0	73.8	5.1	31.1	48.6	84.8
Total foreign exchange	20.8	6.1	2.6	29.5	28.2	10.3	6.4	44.9
Total precious metals	0.7	0.6	0.1	1.4	1.2	0.9	0.3	2.4
Total equities/indices	4.0	9.0	0.3	13.3	5.5	10.5	1.0	17.0
Total other	0.2	0.1	0.0	0.3	0.2	0.2	0.0	0.4
Total	30.8	43.5	44.0	118.3	40.2	53.0	56.3	149.5

OPEN DERIVATIVE CONTRACTS¹	Contract volume 31.12.98		Replacement value ³ 31.12.98		Credit equivalent ⁴ 31.12.98	
	CHF bn	%	CHF bn	%	CHF bn	%
Internal bank rating²						
AAA	444.9	10.2	6.4	15.6	9.0	12.5
AA	1,856.9	42.8	14	34.2	24.6	34.1
A	1,221.0	28.2	10.1	24.7	22.2	30.8
BBB	640.3	14.8	8.5	20.8	10.7	14.8
BB or lower	173.4	4.0	1.9	4.7	5.6	7.8
Total	4,336.5	100.0	40.9	100.0	72.1	100.0

¹ OTC contracts, excluding OTC option sales.

² Using Standard & Poor's rating structure, and taking collaterals into consideration, where applicable.

³ Taking account of legally enforceable netting agreements and after deduction of CHF 4.4 billion of assets pledged as security.

⁴ Potential exposures: Positive replacement values plus add-on's.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Additional information on the consolidated off-balance sheet business

		Contract volume ¹				Gross replacement values (RV)				
		Remaining life			31.12.98	31.12.97	31.12.98		31.12.97	
		< 1 year CHF bn	1-5 years CHF bn	> 5 years CHF bn			Positive RV ⁵ CHF bn	Negative RV ⁵ CHF bn	Positive RV ⁵ CHF bn	Negative RV ⁵ CHF bn
OPEN DERIVATIVE CONTRACTS					Total CHF bn	Total CHF bn				
Interest rate instruments										
OTC	FRAs and other forward contracts	158.9	24.4	21.8	205.1	194.1	0.3	0.3	0.3	0.2
	Swaps	486.0	1,099.9	798.5	2,384.4	1,545.1	65.0	60.4	39.3	38.0
	Options bought	174.4	143.4	108.4	426.2	266.3	8.5	-	5.1	-
	Options sold	205.0	168.9	113.2	487.1	331.3	-	8.8	-	5.0
Traded	Futures	384.2	153.0	0.2	537.4	417.9	-	-	-	-
	Options	626.1	7.6	0.0	633.7	218.9	-	-	-	-
Total interest rate instruments		2,034.6	1,597.2	1,042.1	4,673.9	2,973.6	73.8	69.5	44.7	43.2
Foreign exchange contracts										
OTC	Forward contracts ^{2,3}	776.4	12.8	1.7	790.9	632.1	14.8	17.0	18.8	17.2
	Swaps ⁴	60.1	111.1	69.3	240.5	212.8	9.2	11.5	9.2	10.3
	Options bought	155.7	8.5	0.8	165.0	275.1	5.5	-	5.3	-
	Options sold	164.9	7.1	1.8	173.8	254.3	-	6.1	-	5.6
Traded	Futures	1.4	0.0	0.2	1.6	0.4	-	-	-	-
	Options	0.3	0.0	0.0	0.3	0.1	-	-	-	-
Total foreign exchange contracts		1,158.8	139.5	73.8	1,372.1	1,374.8	29.5	34.6	33.3	33.1
Precious metal contracts										
OTC	Forward contracts ²	13.2	4.5	1.1	18.8	25.8	0.9	1.1	1.5	2.0
	Options bought	4.8	1.1	1.2	7.1	3.0	0.5	-	0.5	-
	Options sold	4.0	3.1	1.1	8.2	5.5	-	0.9	-	0.7
Traded	Futures	0.2	0.0	0.0	0.2	1.9	-	-	-	-
	Options	0.4	0.0	0.0	0.4	0.0	-	-	-	-
Total precious metal contracts		22.6	8.7	3.4	34.7	36.2	1.4	2.0	2.0	2.7
Equity/index contracts										
OTC	Forward contracts	2.7	0.4	0.0	3.1	1.1	0.3	0.3	0.1	0.0
	Options bought	47.2	42.8	3.1	93.1	77.4	13.0	-	10.1	-
	Options sold	51.0	39.8	5.4	96.2	123.2	-	14.7	-	10.1
Traded	Futures	34.3	0.7	0.0	35.0	17.7	-	-	-	-
	Options	49.8	2.2	0.0	52.0	49.1	-	-	-	-
Total equity/index contracts		185.0	85.9	8.5	279.4	268.5	13.3	15.0	10.2	10.1
Other contracts										
OTC	Forward contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Options bought	0.3	1.8	0.2	2.3	1.6	0.3	-	0.1	-
	Option sold	0.6	1.1	0.0	1.7	1.5	-	0.1	-	0.0
Traded	Futures	8.2	0.3	0.0	8.5	9.5	-	-	-	-
	Options	0.0	0.1	0.0	0.1	0.6	-	-	-	-
Total other contracts		9.1	3.3	0.2	12.6	13.2	0.3	0.1	0.1	0.0
TOTAL		3,410.1	1,834.6	1,128.0	6,372.7	4,666.3	118.3	121.2	90.3	89.1
of which OTC contract volume		2,305.2	1,670.7	1,127.6	5,103.5	3,950.2				
Replacement value taking into consideration legally enforceable netting agreements							40.9 ⁶	48.2	47.8 ⁶	48.7

¹ Gross volume of purchases and sales (proprietary and customer transactions).

² Including outstanding spot transactions.

³ Of which up to one month: CHF 354.7 billion.

⁴ Cross-currency interest rate swaps.

⁵ No replacement values are shown for traded derivatives (futures and traded options) subject to daily margining requirements. Total positive and negative replacement values on traded derivatives amount to CHF 1.1 billion and CHF 1.3 billion respectively.

⁶ Positive replacement value after deduction of CHF 4.4 billion (1997: CHF 3.1 billion) of assets pledged as security.

REPORT OF THE GROUP AUDITORS TO THE ANNUAL GENERAL MEETING OF
CREDIT SUISSE FIRST BOSTON, ZURICH

As Group auditors of Credit Suisse First Boston, we have audited the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and notes to consolidated financial statements) for the year ended December 31, 1998. The consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss accounting rules for banks and comply with the requirements of Swiss law. Furthermore, the consolidated financial statements comply with the European Union accounting directives applicable for banks, taking into consideration the deviations described in the notes to the consolidated financial statements. The financial review is in accordance with the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG Klynveld Peat Marwick Goerdeler SA

Brendan R. Nelson Peter Hanimann

Chartered Accountant Certified Accountant

Auditors in Charge

Zurich, February 26, 1999

FINANCIAL REVIEW

The Parent company's results in 1998 were positive.

Net operating income was CHF 3,132 million (CHF 74 million or 2.3% less than in 1997), gross operating profit was CHF 1,579 million (CHF 359 million or 18.5% less than in 1997) and profit before extraordinary items and taxes was CHF 1,124 million (CHF 149 million or 11.7% less than in 1997). *Due to lower net extraordinary charges and lower taxes, net annual profit was CHF 1,187 million an increase of CHF 164 million or 16% more than in 1997.*

The balance sheet has increased slightly from CHF 195.6 billion to CHF 204.0 billion.

At the Annual General Meeting of February 26, 1999, shareholders will be asked to approve the Board of Director's proposed appropriation of retained earnings, which includes a dividend of CHF 240 million (CHF 7.35 per bearer and registered share).

INCOME STATEMENT PARENT COMPANY

INCOME AND EXPENDITURE FROM ORDINARY BANKING BUSINESS	Notes page	1998 CHF m	1997 CHF m	Change to 1997 CHF m	Change to 1997 %
Results from interest business					
Interest and discount income		7,701	6,546	1,155	17.6
Interest and dividend income from trading portfolio		321	331	-10	- 3.0
Interest and dividend income from financial investments		225	200	25	12.5
Interest expense		-7,476	-6,330	-1,146	18.1
Net interest income		771	747	24	3.2
Results from commission and service fee activities					
Commission income from lending activities		236	223	13	5.8
Commission from securities and investment transactions		529	456	73	16.0
Commission from other services		65	35	30	85.7
Commission expense		-85	-74	-11	14.9
Net commission and service fee income		745	640	105	16.4
Net trading income	65	1,067	1,098	-31	- 2.8
Other ordinary income					
Income from the sale of financial investments		130	14	116	828.6
Income from participations [†]		389	753	-364	- 48.3
Real estate income		5	9	-4	- 44.4
Other ordinary income		64	42	22	52.4
Other ordinary expenses		-39	-97	58	- 59.8
Net other ordinary income		549	721	-172	- 23.9
Net operating income		3,132	3,206	-74	- 2.3
Operating expenses					
Personnel expenses		-785	-746	-39	5.2
Other operating expenses		-768	-522	-246	47.1
Total operating expenses		-1,553	-1,268	-285	22.5
Gross operating profit		1,579	1,938	-359	- 18.5
NET ANNUAL PROFIT					
Gross operating profit		1,579	1,938	-359	- 18.5
Depreciation and write-downs on non-current assets		-365	-103	-262	254.4
Valuation adjustments, provisions and losses	65	-90	-562	472	- 84.0
Annual profit before extraordinary items and taxes		1,124	1,273	-149	- 11.7
Extraordinary income	65	352	47	305	648.9
Extraordinary expenses	65	-257	-164	-93	56.7
Taxes		-32	-133	101	- 75.9
Net annual profit		1,187	1,023	164	16.0

[†] CHF 240 million represents dividends on 1998 profit, declared and received in early 1999 (1997: CHF 90 million).

BALANCE SHEET PARENT COMPANY

	31.12.98	31.12.97	Change to	Change to
	CHF m	CHF m	31.12.97	31.12.97
			CHF m	%
ASSETS				
Cash	1,138	1,777	-639	- 36.0
Money market papers	18,664	15,297	3,367	22.0
Due from banks	64,641	72,196	-7,555	- 10.5
<i>of which securities lending and reverse repurchase agreements</i>	18,250	24,602	-6,352	- 25.8
Due from customers	53,516	46,872	6,644	14.2
<i>of which securities lending and reverse repurchase agreements</i>	20,495	12,300	8,195	66.6
Mortgages	7,112	836	6,276	750.7
Securities and precious metals trading portfolio	21,854	16,478	5,376	32.6
Financial investments	7,623	7,161	462	6.5
Participations	4,679	4,197	482	11.5
Tangible fixed assets	2,605	2,009	596	29.7
Accrued income and prepaid expenses	3,026	2,356	670	28.4
Other assets	19,140	26,405	-7,265	- 27.5
TOTAL ASSETS	203,998	195,584	8,414	4.3
<i>Total subordinated claims</i>	881	807	74	9.2
<i>Total due from consolidated participations and qualified shareholders</i>	77,225	59,243	17,982	30.4

	Notes	31.12.98	31.12.97	Change to	Change to
	page	CHF m	CHF m	31.12.97	31.12.97
				CHF m	in %
LIABILITIES					
Liabilities in respect of money market paper		13,501	13,260	241	1.8
Due to banks		88,104	80,801	7,303	9.0
<i>of which securities borrowing and repurchase agreements</i>		18,394	8,023	10,371	129.3
Due to customers, savings and investment deposits		2,034	2,289	-255	- 11.1
Due to customers, other deposits		55,327	46,698	8,629	18.5
<i>of which securities borrowing and repurchase agreements</i>		15,322	9,530	5,792	60.8
<i>of which borrowed mortgages</i>		6,604	0	6,604	-
Bonds and mortgage-backed bonds	66	12,693	14,567	-1,874	- 12.9
Accrued expenses and deferred income		2,843	2,135	708	33.2
Other liabilities		19,249	26,196	-6,947	- 26.5
Valuation adjustments and provisions	67	429	829	-400	- 48.3
Total liabilities		194,180	186,775	7,405	4.0
Reserves against general banking risks	67	0	330	-330	- 100.0
Share capital	68	3,260	3,149	111	3.5
General legal reserves		5,268	4,307	961	22.3
Other reserves		103	0	103	-
Net annual profit		1,187	1,023	164	16.0
Total shareholder's equity	69	9,818	8,809	1,009	11.5
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		203,998	195,584	8,414	4.3
<i>Total subordinated liabilities</i>		6,280	6,226	54	0.9
<i>Total liabilities due to participations and qualified shareholders</i>		29,489	12,350	17,139	138.8

OFF-BALANCE SHEET BUSINESS PARENT COMPANY

	Notes page	31.12.98 CHF m	31.12.97 CHF m	Change to 31.12.97 CHF m	Change to 31.12.97 %
OFF-BALANCE SHEET BUSINESS					
Contingent liabilities		17,093	22,953	-5,860	- 25.5
Irrevocable commitments		77,794	59,525	18,269	30.7
Call liabilities		1	1	0	0.0
Confirmed credits		260	435	-175	- 40.2
Derivative financial instruments					
- gross positive replacement value		25,613	27,639	-2,026	- 7.3
- gross negative replacement value		26,589	26,179	410	1.6
- contract volume		1,658,688	1,363,265	295,423	21.7
Fiduciary transactions	71	1,392	775	617	79.6

PROPOSED APPROPRIATION OF RETAINED EARNINGS PARENT COMPANY
at the disposal of the February 26, 1999, Annual General Meeting

	31.12.98 CHF m	31.12.97 CHF m	Change to 1997 CHF m
RETAINED EARNINGS			
Net annual profit	1,186.7	1,023.0	163.7
Profit carried forward from previous year	0.5	0.0	0.5
Retained earnings at the year-end	1,187.2	1,023.0	164.2
ADJUSTMENT FOR PROFIT DISTRIBUTION			
Transfer from the general legal reserves	0.0	0.0	0.0
Allocation to reserves			
Allocation to general legal reserves	7.7	69.3	-61.6
Allocation to other reserves	0.0	103.0	-103.0
Total allocation to reserves	7.7	172.3	-164.6
Dividends in respect of share capital:			
1998: CHF 7.35 per bearer share with a nominal value of CHF 100 on the share capital of CHF 1,531,600,000 ranking for dividends	112.6		
CHF 7.35 per registered share with a nominal value of CHF 100 on the share capital of CHF 1,728,676,600 ranking for dividends	127.1		
1997: CHF 27 per bearer share with a nominal value of CHF 100 on the share capital of CHF 1,531,600,000 ranking for dividends		413.6	
CHF 27 per registered share with a nominal value of CHF 100 on the share capital of CHF 1,617,160,400 ranking for dividends		436.6	
Total dividends	239.7	850.2	-610.5
Dividends and allocations to reserves	247.4	1,022.5	-775.1
BALANCE TO BE CARRIED FORWARD	939.8	0.5	939.3

		Bearer shares (nom. value CHF 100)	Registered shares (nom. value CHF 100)
1998 DIVIDEND			
Dividend per Credit Suisse First Boston share after acceptance of the above proposals	CHF	7.35	CHF 7.35
less 35% federal withholding tax	CHF	2.55	CHF 2.55
NET DIVIDEND	CHF	4.80	CHF 4.80

Payable as from February 26, 1999, by cheque or into the account of the registered shareholder, or against presentation of the coupon number 8 for holders of bearer shares.

Zurich, February 26, 1999

For the Board of Directors

Chairman: Rainer E. Gut

For the Business Units

Business Unit Credit Suisse First Boston

Allen D. Wheat

Chief Executive Officer

Business Unit Credit Suisse Asset Management

Phillip M. Colebatch

Chief Executive Officer

Chief Financial Officer of the Bank

Stephen A.M. Hester

NOTES TO FINANCIAL STATEMENTS

Accounting and valuation policies

The parent company's financial statements are prepared in accordance with the Swiss Federal Law on Banks and Savings Banks, the Implementing Ordinance on Banks and Savings Banks and the Guidelines of the Federal Banking Commission Concerning the Preparation of Financial Statements as amended through October 22, 1997.

In general, the parent company's financial statements are based on the same accounting and valuation principles used for the consolidated financial statements. However, unlike the consolidated financial statements, which give a 'true and fair view' of the financial position and the results of operations, the parent company's financial statements may include and be influenced by undisclosed reserves. Undisclosed reserves arise from economically unnecessary write-downs on fixed assets and participations or through market related price increases, which are not reflected in the income statement. In addition, undisclosed reserves arise from recording excessive provisions and loan loss reserves or if provisions and loan reserves, which are no longer necessary, are not written back to income.

Notes on risk management

For information on the Bank's policy with regard to risk management and the use of financial derivatives, see notes to consolidated financial statements.

Year 2000 The Year 2000 issue extends to almost every aspect of the Bank's daily operations and interaction with the markets. As a consequence, the Bank is addressing the issue on a global basis, including all branches, subsidiaries and associated companies. Further information on the Bank's Year 2000 issue is disclosed in the notes to the consolidated financial statements (page 23).

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company income statement

	1998	1997	Change
	CHF m	CHF m	CHF m
ANALYSIS OF INCOME			
NET TRADING INCOME			
Income from securities trading	342	256	86
Income from foreign exchange and banknote trading	402	763	-361
Income from precious metal trading	58	54	4
Income from trading in interest rate instruments	266	17	249
Other loss/income from trading	-1	8	-9
Total net trading income	1,067	1,098	-31

	1998	1997	Change
	CHF m	CHF m	CHF m
ANALYSIS OF EXPENSES			
VALUATION ADJUSTMENTS, PROVISIONS AND LOSSES			
Provisions and valuation adjustments for default risks	89	455	-366
Provisions and valuation adjustments for other business risks	3	47	-44
Other gains/losses	-2	60	-62
<i>of which losses in credit business</i>	10	18	-8
Total valuation adjustments, provisions and losses	90	562	-472

	1998	1997	Change
	CHF m	CHF m	CHF m
ANALYSIS OF EXTRAORDINARY INCOME AND EXPENSES			
EXTRAORDINARY INCOME			
Gains realized from the disposal of participations	5	10	-5
Other extraordinary income	347	37	310
<i>of which release of Reserves against general banking risks</i>	330	0	330
Total extraordinary income	352	47	305

	1998	1997	Change
	CHF m	CHF m	CHF m
EXTRAORDINARY EXPENSES			
Other extraordinary expenses	257	164	93
<i>of which World War II settlement</i>	161	0	161
Total extraordinary expenses	257	164	93

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company balance sheet

BONDS AND MORTGAGE BONDS ISSUED BY CSFB (PARENT COMPANY)

Redemption date	Coupon	Year of issue	Call date	Currency	Issue amount in millions	Subparticipation in millions
1.1999	7.50%	1991		CHF	100.0	100.0 ³
3.1999	7.00%	1991		CHF	5.0	
5.1999	4.50%	1994		CHF	100.0	100.0 ³
5.1999	6.50%	1991		CHF	5.0	
9.1999	5.00%	1994		CHF	200.0	
9.1999	6.75%	1991		CHF	4.0	
1.2000	7.25%	1990		CHF	150.0 ¹	
9.2000	4.50%	1995		CHF	250.0	
10.2000	5.79%	1997	10.1999	USD	1,996.0 ²	
6.2001	7.25%	1990		CHF	170.0	
7.2001	7.00%	1991		CHF	150.0 ¹	
9.2001	6.00%	1989	9.1999	CHF	200.0 ¹	
10.2001	5.79%	1997		USD	1,496.1 ²	
1.2002	7.00%	1992		CHF	100.0	
2.2002	7.50%	1991		CHF	200.0 ¹	125.0 ³
5.2002	6.75%	1992		CHF	60.0	
3.2002	7.25%	1990	3.2000	CHF	150.0	150.0 ³
1.2003	7.75%	1991		CHF	100.0	100.0 ³
1.2003	7.25%	1992		CHF	100.0	100.0 ³
2.2003	5.00%	1988	2.2000	CHF	170.0	170.0 ³
3.2003	3.50%	1993		CHF	75.0 ¹	
3.2003	3.50%	1993		CHF	125.0 ¹	
4.2003	2.00%	1996		USD	73.5	
9.2003	6.25%	1993		USD	200.0 ¹	
11.2003	6.13%	1993		DEM	600.0 ¹	
2.2004	5.00%	1989	2.1999	CHF	300.0 ¹	120.0 ³
4.2004	4.38%	1996		CHF	200.0	
11.2004	8.50%	1994		USD	300.0 ¹	
12.2004	6.13%	1994		DEM	100.0 ¹	
2.2005	5.50%	1995		CHF	100.0	100.0 ³
3.2005	5.75%	1995		CHF	225.0 ¹	
11.2005	3.13%	1995		CHF	300.0	300.0 ³
11.2005	2.00%	1997		USD	100.0	
11.2005	2.00%	1997		USD	200.0	
6.2006	7.21%	1996		USD	237.5 ¹	
6.2006	6.84%	1997		USD	95.0 ¹	
perpetual	7.90%	1997	5.2007	USD	500.0 ¹	
perpetual	6.50%	1997	6.2007	FFR	750.0 ¹	
perpetual	6.50%	1997	6.2007	FFR	500.0 ¹	
7.2007	5.25%	1995		CHF	150.0 ¹	
7.2007	5.25%	1995		CHF	100.0 ¹	
perpetual	4.38%	1997	7.2007	CHF	497.7 ¹	
2.2008	4.50%	1996		CHF	200.0	200.0 ³
2.2008	2.00%	1998		USD	250.0	
5.2008	6.50%	1998		USD	200.0 ¹	
perpetual	8.25%	1997	7.2009	GBP	150.0 ¹	
5.2010	5.75%	1998		DEM	415.0 ¹	
3.2016	5.00%	1986	3.2006	CHF	200.0 ¹	
perpetual	7.74%	1997	7.2007	USD	100.0 ¹	
perpetual	4.51%	1998	12.2029	JPY	10,000.0 ¹	

¹ Subordinated bonds.

² Credit linked notes issued by Credit Suisse First Boston Guernsey branch.

³ To banks within Credit Suisse Group.

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company balance sheet

DETAILS OF CREDIT SUISSE GROUP SHARES HELD BY CREDIT SUISSE FIRST BOSTON ¹	Registered shares (nom. value CHF 20)	
	Quantity (1,000)	Book value CHF m
Securities trading portfolio		
Portfolio at December 31, 1997	4,749	1,073
Portfolio at December 31, 1998	6,537	1,405

¹ Net current positions in Credit Suisse Group shares are subject to delivery commitments under derivatives contracts. When these commitments are taken into account, the CSFB parent's net proprietary holdings of Credit Suisse Group shares are insignificant.

PLEDGED AND ASSIGNED ASSETS AND ASSETS UNDER RESERVATION OF OWNERSHIP	31.12.98 CHF m	31.12.97 CHF m	Change CHF m
Assets pledged and assigned as collateral	13,603	3,688	9,915
Actual commitments secured	11,850	555	11,295

LIABILITIES IN RESPECT OF OWN PENSION FUNDS

On the balance sheet date, total liabilities in respect of the CSFB's own pension funds amounted to CHF 713 million
(as of December 31, 1997: CHF 757 million).

VALUATION ADJUSTMENTS AND PROVISIONS/ RESERVES AGAINST GENERAL BANKING RISKS	Total 31.12.97 CHF m	Specific write-downs CHF m	Reclassifi- cations ¹ CHF m	Recoveries, endangered interest, currency differences CHF m	Net charges to income statement CHF m	Release/ Charges to income statement (extra- ordinary) CHF m	Write-backs credited to income statement CHF m	Total 31.12.98 CHF m
Valuation adjustments and provisions for default risks	797	-261	119	-4	89	0	0	740
Valuation adjustments and provisions for other business risks	34	0	-29	-1	1	0	0	5
Valuation adjustments and provisions for restructuring	25	-81	0	0	0	56	0	0
Provisions for taxes and deferred taxes	270	-120	0	-5	36 ²	0	0	181
Other provisions	108	-77	130	8	3	20	0	192
Total write-downs and provisions	1,234	-539	220	-2	129	76	0	1,118
Less direct charge-offs against specific assets	405	-	-	-	-	-	-	689
Total write-downs and provisions shown in balance sheet	829	-	-	-	-	-	-	429
Reserves against general banking risks	330	0	0	0	0	-330	0	0

¹ CHF 128 million relates to a reclassification of reserves for the liquidation of Corne-à-Vin from bank buildings; CHF 100 million relates to various reclassifications from other liabilities. CHF -28 million relates to a reclassification from default risks to financial investments.

² CHF 4 million deviation to income statement due to deferred tax assets that are not included in the provisions.

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company balance sheet

COMPOSITION OF SHARE CAPITAL	1998			1997		
	Quantity	Total nominal value CHF	Capital ranking for dividends CHF	Quantity	Total nominal value CHF	Capital ranking for dividends CHF
Paid-up capital						
Bearer shares at CHF 100						
Capital on January 1	15,316,000	1,531,600,000		15,316,000	1,531,600,000	
Capital on December 31	15,316,000	1,531,600,000	1,531,600,000	15,316,000	1,531,600,000	1,531,600,000
Registered shares at CHF 100						
Capital on January 1	16,171,604	1,617,160,400		6,171,604	617,160,400	
Capital increase on February 6, 1997				10,000,000	1,000,000,000	
Capital increase on July 31, 1998	1,115,162	111,516,200				
Capital on December 31	17,286,766	1,728,676,600	1,728,676,600	16,171,604	1,617,160,400	1,617,160,400
TOTAL SHARE CAPITAL		3,260,276,600	3,260,276,600		3,148,760,400	3,148,760,400

AUTHORISED AND CONDITIONAL CAPITAL	1998		1997		1996	
	Quantity	Total nominal value CHF	Quantity	Total nominal value CHF	Quantity	Total nominal value CHF
Authorised share capital						
Registered shares at CHF 100						
Authorised share capital on January 1	0	0	10,000,000	1,000,000,000	1,000,000	100,000,000
In accordance with the decision of the Extraordinary General Meeting of December 4, 1996					10,000,000	1,000,000,000
Capital increase on February 6, 1997			-10,000,000	-1,000,000,000		
Authorised share capital on March 27, 1998	5,000,000	500,000,000				
Capital increase on July 31, 1998	-1,115,162	-111,516,200				
Authorised share capital on December 31	3,884,838	388,483,800	0	0	10,000,000	1,000,000,000
Conditional share capital on December 31	0	0	0	0	0	0

MAJOR SHAREHOLDERS AND GROUPS OF SHAREHOLDERS ¹	31.12.1998			31.12.1997		
	Quantity	Total nominal value CHF	Share %	Quantity	Total nominal value CHF	Share %
Bearer shares at CHF 100 with voting rights						
Credit Suisse Group	15,316,000	1,531,600,000	100	15,314,681	1,531,468,100	99.99
Other shareholders	0	0	0	1,319	131,900	0.01
Total	15,316,000	1,531,600,000	100	15,316,000	1,531,600,000	100.0
Registered shares at CHF 100 with voting rights						
Credit Suisse Group	17,286,766	1,728,676,600	100	16,171,293	1,617,129,300	99.99
Other shareholders	0	0	0	311	31,100	0.01
Total	17,286,766	1,728,676,600	100	16,171,604	1,617,160,400	100.0

¹ The BZ Group hold 7.27 % of Credit Suisse Group registered shares and therefore indirectly exceed 5 % of all voting rights of Credit Suisse First Boston.

² Cancelled at the Extraordinary General Meeting of December 4, 1996.

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company balance sheet

	1998 CHF m	1997 CHF m	Change CHF m
SHAREHOLDER'S EQUITY			
Beginning shareholders' equity			
Share capital	3,149	3,149	0
General legal reserves	4,307	4,307	0
Other reserves	0	0	0
Reserves against general banking risks	330	330	0
Retained earnings	1,023	0	1,023
<i>of which carried forward from previous year</i>	0	0	0
<i>of which net annual profit</i>	1,023	0	1,023
Total beginning shareholder's equity	8,809	7,786	1,023
Other changes to/transfers from reserves	-330	0	-330
Capital Increase	111	0	111
Share premium on capital increase	892	0	892
Payments			
Dividend	-850	0	-850
Net annual profit	1,187	1,023	164
Total shareholder's equity as of December 31	9,818	8,809	1,009
Share capital	3,260	3,149	112
General legal reserves	5,268	4,307	961
Other reserves	103	0	103
Reserves against general banking risks	0	330	-330
Retained earnings	1,187	1,023	164
<i>of which carried forward from previous year</i>	0	0	0
<i>of which net annual profit</i>	1,187	1,023	164

CAPITAL INCREASE

As described on page 68 the Bank increased its share capital. The Statutory Auditors examined the capital increase in accordance with the provisions of the law and issued the following report.

Auditors' report to the Board of Directors of Credit Suisse First Boston on capital increase

As statutory auditors of Credit Suisse First Boston in accordance with Swiss law we examined the capital increase report dated July 31, 1998, presented by yourselves.

The capital increase report is the responsibility of the Board of Directors. Our responsibility is to express an opinion on the capital increase report based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our examination was conducted in accordance with auditing standards promulgated by the profession in Switzerland and accordingly, was planned and performed to obtain reasonable assurance about whether the capital increase report is free from material misstatements. We have performed necessary procedures in order to form our opinion thereon. We believe that our examination provides a reasonable basis for our opinion.

In our opinion the information provided in the capital increase report is complete and accurate and in accordance with Swiss law and the resolution of the General Meeting of Shareholders of Credit Suisse First Boston dated March 27, 1998.

KPMG Klynveld Peat Marwick Goerdeler SA

P. Hanimann

A. Hausmann

Zurich, July 31, 1998

NOTES TO FINANCIAL STATEMENTS

Additional information on the parent company balance sheet and off-balance sheet business

CLAIMS ON AND LIABILITIES TO AFFILIATED COMPANIES, AND LOANS TO MEMBERS OF THE BANK'S GOVERNING BODIES	31.12.98	31.12.97	Change
	CHF m	CHF m	CHF m
Claims on affiliated companies	6,486	6,072	414
Liabilities to affiliated companies	30,972	28,865	2,107
Loans to members of the bank's governing bodies	7	0	7

FURTHER DETAILS ON SELECTED BALANCE SHEET ITEMS	31.12.98	31.12.97	Change
	CHF m	CHF m	CHF m
Fire insurance value			
Real estate	2,193	1,866	327
Other fixed assets	98	148	-50

BREAKDOWN OF FIDUCIARY TRANSACTIONS	31.12.98	31.12.97	Change
	CHF m	CHF m	CHF m
Fiduciary placements with third-party institutions	1,339	573	766
Fiduciary placements with affiliated and associated banks	0	4	-4
Fiduciary placements and other fiduciary transactions	53	198	-145
Total fiduciary transactions	1,392	775	617

Additional Disclosures

As of December 31	1998	1997
Staff numbers		
Switzerland	1,439	1,425
Abroad	1,010	1,149
Total staff	2,449	2,574

As of December 31	1998	1997
Offices		
Switzerland	7	8
Abroad	28	36
Total offices	35	44

REPORT OF THE STATUTORY AUDITORS TO THE ANNUAL GENERAL MEETING OF
CREDIT SUISSE FIRST BOSTON, ZURICH

As statutory auditors of Credit Suisse First Boston, we have audited the accounting records and the financial statements (balance sheet, income statement and notes to financial statements) for the year ended December 31, 1998. The financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the profession in Switzerland, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and the financial statements and the proposed appropriation of retained earnings comply with the law and the company's articles of association.

We recommend that the financial statements submitted to you be approved.

KPMG Klynveld Peat Marwick Goerdeler SA

Brendan R. Nelson Peter Hanimann

Chartered Accountant Certified Accountant

Auditors in Charge

Zurich, February 26, 1999

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