CREDIT SUISSE GROUP
Form 6-K
November 15, 2002

# FORM 6 K

## SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**Report of Foreign Private Issuer**
Dated November 14, 2002

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

For the month of November 14, 2002

Commission File Number 001 15244

# CREDIT SUISSE GROUP

(Translation of registrant's name into English)

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

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

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

**Contents**

Back to Contents

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**Credit Suisse Group Reports Net Operating Loss of CHF 1.8 Billion and Net Loss of CHF 2.1 Billion for the Third Quarter**

**Significant Insurance Losses Impact Results by CHF 1.4 Billion  Insurance Results Expected to Recover in Fourth Quarter 2002**

**Legacy Costs and Credit Provisions at CSFB, Exceptional Items in Private Banking and Lower Revenues due to Current Market Conditions Partially Offset by Further Cost Reductions**

**Board of Directors Appoints Leonhard Fischer  Former Member of the Boards of Management of Allianz AG and Dresdner Bank AG  New Chief Executive Officer of Winterthur Group**

*Zurich, November 14, 2002*  In the third quarter of 2002, Credit Suisse Group recorded a net operating loss, which excludes the amortization of acquired intangible assets and goodwill as well as exceptional items, of CHF 1.8 billion. This compared with a net operating loss of CHF 285 million in the second quarter of 2002 and a net operating profit of CHF 21 million in the third quarter of 2001. The Groups net loss for the third quarter of 2002 amounted to CHF 2.1 billion, versus a net loss of CHF 579 million in the second quarter of 2002 and a net loss of CHF 299 million in the third quarter of 2001.

Back to Contents

Credit Suisse Group's third quarter 2002 result is largely attributable to further significant net operating losses in the insurance units due to low investment income, which negatively impacted the Group's performance by CHF 1.4 billion. Other factors contributing to the Group's result included a net operating loss of CHF 426 million at Credit Suisse First Boston due to legacy costs, higher credit provisions and reduced revenues due to poor market conditions. Private Banking posted a lower net operating profit before exceptional items and minority interests of CHF 303 million, and Swiss Corporate & Retail Banking continued to perform well with a net operating profit before minority interests of CHF 102 million. The Group recorded an additional write-down of CHF 206 million on its investment in Swiss Life. Credit Suisse Group's net loss includes exceptional items of CHF 119 million recognized in connection with the realignment of the European Private Banking offering.

For the first nine months of 2002, the Group recorded a net operating loss, which excludes the amortization of acquired intangible assets and goodwill as well as exceptional items, of CHF 1.4 billion and a net loss of CHF 2.4 billion, versus a net operating profit of CHF 3.4 billion and a net profit of CHF 2.4 billion for the first nine months of 2001.

In September 2002, Oswald J. Grübel, Chief Executive Officer of Credit Suisse Financial Services, and John J. Mack, Chief Executive Officer of Credit Suisse First Boston, were appointed Co-CEOs of the Group, in addition to their current roles leading their respective business units. They are moving ahead with an accelerated agenda of

Back to Contents

measures in an effort to restore the Group’s earnings strength in the coming quarters.

Oswald J. Grübel stated, “I am very pleased that the Board of Directors has appointed Leonhard Fischer the new Chief Executive Officer of Winterthur Group. Leonhard Fischer is a former Member of the Boards of Management of Allianz AG and of Dresdner Bank AG, where he was Head of the Corporate Client business and Investment Banking. Under his leadership, we will continue realigning Winterthur’s strategy, premium structure, cost base and investment policy so that it will again be profitable in an environment where investment income will remain at a much lower level than in previous years.”

He added, “To further strengthen our Private Banking franchise, we have begun realigning our European offering to substantially reduce costs, and we will continue to concentrate on enhancing client solutions and innovation.”

John J. Mack said, “Credit Suisse First Boston’s revenues declined across all businesses due to challenging conditions in the third quarter, but our core businesses remain strong, as demonstrated by our ability to maintain or improve market share and rankings in key areas. We will continue aggressively adapting our cost structure to the current environment and have launched an initiative to save another USD 500 million, in addition to the USD 2.4 billion achieved already.”

He continued, “Additional measures to improve our financial performance include the disposal of legacy asset portfolios associated with non-continuing businesses, as well as the contractual run-off of remaining incentive compensation guarantees and retention awards related to the acquisition

Back to Contents

of DLJ. The implementation of these measures should enable Credit Suisse First Boston to achieve a return to profitability in 2003."

John J. Mack and Oswald J. Grübel concluded, "Credit Suisse Group's third quarter results were clearly unsatisfactory. While the Group's core businesses remain strong, our financial performance must improve. We are working together closely to enhance our bottom line, restore profitability in 2003 and build long-term value for the Group's shareholders, clients and employees."

**Capital Base Remains Adequate**

As of September 30, 2002, the Group's consolidated BIS tier 1 ratio stood at 9.0%, versus 9.2% at the end of the second quarter. The capital ratios for the Group's individual businesses are well within the target ranges set by the Group and in line with industry peers: the BIS tier 1 ratio for the Group's banking business stood at 9.4%, up from 9.3% at the end of the second quarter. The BIS tier 1 ratios for the operating entities Credit Suisse and Credit Suisse First Boston remained strong at 7.0% and 11.9%, respectively, compared with 7.4% and 12.6%, respectively, in the second quarter of 2002. Winterthur's solvency margin, calculated in line with the EU directive, stood at 155%, up from 123% at the end of the second quarter.

As the Group expects to report a loss for the full-year 2002, it is lowering dividend estimates to CHF 0.10 per share. The Board of Directors will submit the dividend proposal to the Annual General Meeting of Shareholders on April 25, 2003, based on the 2002 consolidated results.

Back to Contents

Throughout the year, Credit Suisse Group has demonstrated its ability to maintain adequate capital resources to support its businesses. Going forward, additional measures to strengthen the Groups capital base, if appropriate opportunities arise, could include a capital-qualifying financing, including equity-linked debt instruments, balance sheet securitizations and potential divestitures of non-core businesses. The likelihood as well as the amount and timing of such measures will depend on the market environment.

**Net New Assets Affected by Weak Market Conditions**

Credit Suisse Financial Services reported net new assets of CHF 1.5 billion in the third quarter of 2002, which included net new assets of CHF 3.4 billion in Private Banking and CHF 0.4 billion in Life & Pensions. These were largely offset, however, by CHF 2.3 billion in net outflows from Corporate & Retail Banking, due primarily to seasonality in the account balances of corporate clients. Credit Suisse First Boston reported net asset outflows of CHF 15.2 billion, of which CHF 12.2 billion was attributable to its Institutional Asset Management business and was caused by foreign exchange impacts and performance issues, primarily from a single fixed income product. A CHF 3.0 billion outflow from the Investment Banking segment due to the divestiture of the global opportunities fund also contributed to Credit Suisse First Bostons results. For Credit Suisse Group, an overall net asset outflow of CHF 13.7 billion resulted in the third quarter, versus an inflow of CHF 4.2 billion in net new assets in the second quarter. For the first nine months of 2002, the Group reported net new assets of CHF 4.0 billion, compared with CHF 49.0 billion for the first nine months of 2001. The Groups total assets under management stood at CHF 1,221.8

Back to Contents

billion as of September 30, 2002, corresponding to a decline of 5.5% versus June 30, 2002.

**Business Unit Results**

The **Credit Suisse Financial Services** business unit reported a net operating loss, which excludes the amortization of acquired intangible assets and goodwill as well as exceptional items, of CHF 1.0 billion in the third quarter of 2002. This compared with a net operating loss of CHF 271 million in the second quarter of 2002 and a net operating profit of CHF 738 million in the third quarter of 2001. The decline of CHF 1.8 billion versus the third quarter of 2001 is primarily attributable to much lower investment income from the insurance units as a result of the income statement recognition of lower equity valuations and the realization of losses when reducing the equity exposure of the investment portfolio. The business unit's net loss of CHF 1.2 billion in the third quarter of 2002 includes exceptional items of CHF 119 million recognized in connection with the realignment of the European Private Banking offering.

The Private Banking segment reported a net operating profit before exceptional items and minority interests of CHF 303 million in the third quarter of 2002, down 38% versus the second quarter of 2002. Operating income fell 16% versus the second quarter due to seasonal weakness, investor passivity and significantly lower revenues from the sale of structured products. Operating expenses fell 8% quarter-on-quarter due to reduced bonus accruals reflecting the lower results, as well as the implementation of cost reduction measures and the realization of synergies. Going forward, Private Banking expects good growth, particularly from Asia, the Middle East and Latin America.

Back to Contents

The Corporate & Retail Banking segment posted a net operating profit before minority interests of CHF 102 million in the third quarter of 2002, up 7% on the second quarter of 2002 and up 29% on the third quarter of 2001. The growth in net operating profit versus the second quarter of 2002 is primarily attributable to a 7% decrease in operating expenses. Operating income declined 2% quarter-on-quarter. The operating cost/income ratio stood at 67.6% in the third quarter of 2002, compared with 69.8% in the second quarter of 2002. The return on average allocated capital increased to 10.5%, from 9.5% in the second quarter of 2002. Credit Suisse will, in the future, focus its online banking services in Switzerland on "Direct Net", and will further expand this platform. The online brokerage "youtrade" will be discontinued as of January 31, 2003, due to the significant decline in trading volumes and revenues.

The Life & Pensions segment reported a net operating loss before minority interests of CHF 1.5 billion in the first nine months of the year, versus a net operating profit before minority interests of CHF 500 million in the first nine months of 2001. This result reflects a CHF 3.0 billion decline in investment income compared with the first nine months of 2001. Life & Pensions recorded an increase in gross premiums written of 18% in the first nine months of 2002 versus the first nine months of 2001. Adjusted for acquisitions and divestitures, premiums rose 17% on a local currency basis. The expense ratio for the first nine months of 2002 stood at 9.3%, excluding write-downs of deferred acquisition costs of CHF 235 million, which were recognized as a result of lower long-term investment return expectations. After taking account of these write-downs, the expense ratio stood at 10.9% in the first nine months of 2002 and was thus still below the expense ratio of 11.5%

Back to Contents

in the first nine months of 2001, reflecting cost management efforts.

Due to lower investment income, the Insurance segment reported a net operating loss before minority interests of CHF 998 million in the first nine months of 2002, compared with a net operating profit before minority interests of CHF 500 million in the first nine months of 2001. Net premiums earned increased by 4% in the first nine months of 2002, compared with the first nine months of 2001, to CHF 11.7 billion. Adjusted for acquisitions and divestitures, the segment reported growth of approximately 8% on a local currency basis. The combined ratio improved by 2.9 percentage points against the first nine months of 2001, to 103.5% in the first nine months of 2002.

Both insurance units further reduced the equity exposure of their investment portfolios in the third quarter of 2002, in an effort to mitigate the impact of equity market volatility on their capital.

The **Credit Suisse First Boston** business unit reported a net operating loss, which excludes the amortization of acquired intangible assets and goodwill, of USD 255 million (CHF 426 million) in the third quarter of 2002, compared with a net operating profit of USD 229 million (CHF 371 million) in the second quarter of 2002 and a net operating loss of USD 103 million (CHF 170 million) in the third quarter of 2001. A net loss of USD 425 million (CHF 679 million) was recorded in the third quarter of 2002, compared with a net profit of USD 61 million (CHF 101 million) in the preceding quarter and a net loss of USD 281 million (CHF 472 million) in the third quarter of 2001. The decline in results versus the second quarter of 2002 was mainly attributable to lower operating income, which was down 24% on the second quarter

Back to Contents

to USD 2.6 billion (CHF 3.9 billion), and to higher provisions and charges associated with commercial lending and legacy items, including losses for non-continuing real estate, distressed assets and private equity. The third quarter of 2002 also included a USD 65 million (CHF 104 million) provision related to excess office facilities. As a result of cost reduction measures, third quarter 2002 operating expenses fell 18% versus the second quarter of 2002 and 29% versus the third quarter of 2001 to USD 2.2 billion (CHF 3.2 billion). In the first nine months of 2002, Credit Suisse First Boston has reduced expenses by USD 2.4 billion or 25% (CHF 4.8 billion or 29%) versus the first nine months of 2001, and it has launched an initiative in October 2002 with a view to achieving an additional USD 500 million (approximately CHF 770 million) in savings.

The Investment Banking segment reported third quarter 2002 operating income of USD 2.1 billion (CHF 3.1 billion), down 27% compared with the second quarter of 2002, reflecting declines in all divisions, and down 27% on the third quarter of 2001. As a result of cost reduction measures, third quarter 2002 operating expenses were USD 1.8 billion (CHF 2.6 billion), down 21% compared with the second quarter of 2002 and down 33% compared with the third quarter of 2001.

The CSFB Financial Services segment reported operating income of USD 501 million (CHF 742 million) for the third quarter of 2002, reflecting a decline of 9% compared with the second quarter of 2002 and of 7% compared with the third quarter of 2001. Operating expenses were down 11% compared with the third quarter of 2001 due to cost reduction measures and the sale of CSFB*direct* and Autranet reported earlier this year.

Back to Contents

**Accounting Policy**

The Group is considering changing its accounting policy to allow for capitalization of deferred tax assets on net operating losses, as well as changing its estimation methodology with respect to inherent credit losses. The related impacts would be reflected in the fourth quarter 2002 results.

**Outlook  Restored Profitability in 2003**

Credit Suisse Group remains cautious in its outlook for its fourth quarter 2002 results given the continued challenging market environment. However, the Group anticipates that the fourth quarter should see a recovery in results at Winterthur, as the impact of lower equity valuations on the investment portfolio is expected to be significantly reduced. The Group expects that the measures being implemented will restore sound profitability in 2003.

**Enquiries**

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Additional information on Credit Suisse Group's third quarter results (Q3 Report; slide presentation) can be found on the Internet at **www.credit-suisse.com**.

Back to Contents

**Credit Suisse Group**

Credit Suisse Group is a leading global financial services company headquartered in Zurich. The business unit Credit Suisse Financial Services provides private clients and small and medium-sized companies with Private Banking and financial advisory services, banking products, and Pension and Insurance solutions from Winterthur. The business unit Credit Suisse First Boston, an Investment Bank, serves global institutional, corporate, government and individual clients in its role as a financial intermediary. Credit Suisse Group’s registered shares (CSGN) are listed in Switzerland and Frankfurt, and in the form of American Depositary Shares (CSR) in New York. The Group employs around 80,000 staff worldwide. As of September 30, 2002, it reported assets under management of CHF 1,221.8 billion.

**Cautionary statement regarding forward-looking information**

This press release contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to our plans, objectives or goals; our future economic performance or prospects; the potential effect on our future performance of certain contingencies; and assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include (i) market and interest rate fluctuations; (ii) the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular; (iii) the ability of counterparties to meet their obligations to us; (iv) the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations; (v) political and social developments, including war, civil unrest or terrorist activity; (vi) the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations; (vii) the ability to maintain sufficient liquidity and access capital markets; (viii) operational factors such as systems failure, human error, or the failure to properly implement procedures; (ix) actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations; (x) the effects of changes in laws, regulations or accounting policies or practices; (xi) competition in geographic and business areas in which we conduct our operations; (xii) the ability to retain and recruit qualified personnel; (xiii) the ability to maintain our reputation and promote our brands; (xiv) the ability to increase market share and control expenses; (xv) technological changes; (xvi) the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users; (xvii) acquisitions, including the ability to integrate successfully acquired

Back to Contents

businesses; and (xviii) our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the risks identified in our most recent Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

Back to Contents

**Todays Presentation of the Results**

**Speakers**

- Oswald J. Grübel, Chief Executive Officer of Credit Suisse Financial Services and Co-Chief Executive Officer of Credit Suisse Group as of 2003
- John J. Mack, Chief Executive Officer of Credit Suisse First Boston and Co-Chief Executive Officer of Credit Suisse Group as of 2003
- Philip K. Ryan, Chief Financial Officer of Credit Suisse Group
- Richard E. Thornburgh, Chief Financial Officer of Credit Suisse First Boston

**Analysts presentation, Zurich (English)**

- November 14, 2002, 8.00 am CET / 7.00 am GMT / 2.00 am EST at the Credit Suisse Forum St. Peter, Zurich
- Internet:
  - Live broadcast at **www.credit-suisse.com/results**
  - Video playback available approximately 3 hours after the event
- Telephone:
  - Live audio dial-in on +41 91 610 4111 (Europe), +44 207 866 4111 (UK), or +1 412 858 4600 (USA), ask for Credit Suisse Group quarterly results; please dial in 10 minutes before the start of the presentation
  - Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe), +44 207 866 4300 (UK) or +1 412 858 1440 (USA), conference ID 600#

**Media conference, Zurich (English/German)**

- November 14, 2002, 10.00 am CET / 9.00 am GMT / 4.00 am EST at the Credit Suisse Forum St. Peter, Zurich
- Internet:
  - Simultaneous interpreting: German  English, English  German
  - Live broadcast at **www.credit-suisse.com/results**
  - Video playback available approximately 3 hours after the event
- Telephone:
  - Live audio dial-in on +41 91 610 4111 (Europe), +44 207 866 4111 (UK), or +1 412 858 4600 (USA), ask for Credit Suisse Group quarterly results; please dial in 10 minutes before the start of the presentation

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Back to Contents

- Telephone replay available approximately 1 hour after the event on +41 91 612 4330 (Europe), +44 207 866 43 00 (UK) or +1 412 858 1440 (USA), conference ID 846# (English)or 951# (German)

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Back to Contents

Curriculum vitae

# Leonhard H. Fischer

Born 1963

**As of January 1, 2003**

Member of the Executive Board of Credit Suisse Financial Services and Chief Executive Officer of Winterthur Group

**Professional experience**

| | |
|---|---|
| 2001 – 2002 | Allianz AG, Member of the Management Board of Allianz Holding, Head of Corporates and Markets |
| 1999 | Dresdner Bank AG, Frankfurt, Member of the Executive Board, Head of Investment Banking |
| 1998 | Dresdner Bank AG, Deputy Member of the Executive Board, Head of Global Markets and Asia |
| 1995 – 1997 | Dresdner Bank AG, Frankfurt, Head of Treasury and Proprietary Trading |
| From 1992 | JP Morgan, Frankfurt, Member of the Executive Board |
| 1991 – 1994 | JP Morgan, Frankfurt, Head of Annuity and Interest Rate Trading Frankfurt / Head of Annuity Options Trading, Europe |
| 1987 – 1995 | JP Morgan, Frankfurt |

**Education**

| | |
|---|---|
| 1987 | MA in Finance, University of Georgia |
| Until 1987 | Business Management degree, University of Bielefeld |

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Back to Contents

CREDIT SUISSE GROUP qUARTERLY REPORT 2002 / Q3

INDEX



Cautionary statement regarding forward-looking information

This Quarterly Report contains statements that constitute forward-looking statements.In addition,in the future we,and others on our behalf,may make statements that constitute forward-looking statements.Such forward-looking statements may include,without limitation,statements relating to our plans,objectives or goals;our future economic performance or prospects;the potential effect on our future performance of certain contingencies;and assumptions underlying any such statements. Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward--looking statements but are not the exclusive means of identifying such statements.We do not intend to update these forward-looking statements except as may be required by applicable laws. By their very nature,forward-looking statements involve inherent risks and uncertainties,both general and specific,and risks exist that predictions,forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved.We caution you that a number of important factors could cause results to differ materially from the plans,objectives,expectations,estimates and intentions expressed in such forward-looking statements.These factors include (i)market and interest rate fluctuations;(ii)the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations in particular;(iii)the ability of counterparties to meet their obligations to us;(iv)the effects of,and changes in,fiscal,monetary,trade and tax policies,and currency fluctuations;(v)political and social developments,including war,civil unrest or terrorist activity;(vi)the possibility of foreign exchange controls,expropriation,nationalization or confiscation of assets in countries in which we conduct our operations;(vii)the ability to maintain sufficient liquidity and access capital markets;(viii)operational factors such as systems failure,human error,or the failure to properly implement procedures;(ix)actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;(x)the effects of changes in laws,regulations or accounting policies or practices;(xi)competition in geographic and business areas in which we conduct our operations;(xii)the ability to retain and recruit qualified personnel;(xiii)the ability to maintain our reputation and promote our brands;(xiv)the ability to increase market share and control expenses;(xv)technological changes;(xvi)the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;(xvii)acquisitions,including the ability to integrate successfully acquired businesses;and (xviii)our success at managing the risks involved in the foregoing. We caution you that the foregoing list of important factors is not exclusive;when evaluating forward-looking statements,you should carefully consider the foregoing factors and other uncertainties and events,as well as the risks identified in our most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

EDITORIAL

Dear shareholders, clients and colleagues

Credit Suisse Group's performance in the third quarter of 2002 was clearly unsatisfactory. While the Group maintained its market position in its core businesses, results were impacted by low investment income from the insurance business, weak revenues due to current market conditions, and the legacy costs at Credit Suisse First Boston incurred in connection with non-continuing businesses. Although these factors were partially offset by cost reductions, the Group reported a net operating loss of CHF 1.8 billion and a net loss of CHF 2.1 billion for the third quarter.

We are pursuing a number of measures to restore the full earnings strength of the Group and are confident that we will return to sound profitability in 2003. At the same time, we have implemented measures to maintain an adequate capital position. As of September 30, 2002, the BIS tier 1 ratio for the Group's banking business stood at 9.4%, and Winterthur's solvency margin was 155%. These capital ratios are well within the target ranges set by the Group and are in line with industry peers.

As we expect to report a loss for the full-year 2002, we have lowered dividend estimates to CHF 0.10 per share. The Board of Directors will submit the dividend proposal to the Annual General Meeting of Shareholders on April 25, 2003, based on the 2002 consolidated results.

At Winterthur, realized losses in the equity portfolio and growth in premium volumes in the third quarter of 2002 gave rise to increased capital requirements. The Group responded with a CHF 2.0 billion capital contribution to strengthen the capital base of the insurance units. This transaction was financed with excess liquidity from the Group and did not impact the banking capital ratios. Winterthur also reduced its equity exposure in the third quarter to the targeted level going forward. Winterthur is now focusing on further adapting its premium structure, cost base and investment strategy to achieve profitability in an environment in which investment income is expected to be significantly lower than in previous years.

While Corporate & Retail Banking continued to record strong results, in Private Banking seasonal weakness, investor passivity and lower revenues from the sale of structured products negatively impacted operating income in the third quarter. In order to further reduce costs, we began refocusing the distribution network and infrastructure of our European offering in the third quarter. Going forward, Credit Suisse Financial Services will also concentrate on strengthening its private banking franchise in terms of client solutions, innovation and profitability.

Credit Suisse First Boston succeeded in maintaining its market shares and rankings in the third quarter, although market conditions – particularly for equity and investment banking-related businesses – continued to decline. The business unit moved actively to address legacy items, including negotiating agreements for sale covering certain non-continuing real estate, distressed assets and private equity investments. The cost reduction program initiated in 2001 continued to generate significant decreases in operating expenses of a total of USD 2.4 billion in the first nine months of 2002, corresponding to a decline of 25% compared with the same period in 2001. We have initiated further cost reductions to bring the cost structure in line with the current market opportunities. The assets and market position of Credit Suisse Group's core businesses remain strong. However, our financial performance must improve and, as the designated CEOs of Credit Suisse Group, we are both strongly focused on the bottom line.

We look forward to working closely with our new Chairman Walter Kielholz to deliver value to our shareholders, clients and employees.

| **John J. Mack** | **Oswald J. Grübel** |
|---|---|
| Chief Executive Officer Credit Suisse First Boston | Chief Executive Officer Credit Suisse Financial Services |

November 2002

top

CREDIT SUISSE GROUP FINANCIAL HIGHLIGHTS Q3/2002

Consolidated income statement

| in CHF m | **3Q2002** | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months **2002** | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Operating income | **5'666** | 7'647 | 8'720 | (26) | (35) | **21'643** | 30'993 | (30) |
| Gross operating profit | **314** | 1'079 | 1'490 | (71) | (79) | **3'225** | 7'606 | (58) |
| Net operating profit [1)] | **(1'752)** | (285) | 21 | – | – | **(1'351)** | 3'358 | – |
| Net profit | **(2'148)** | (579) | (299) | 271 | – | **(2'359)** | 2'417 | – |

Return on equity (ROE)

| in % | **3Q2002** | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months **2002** | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Reported ROE | **(26.9)** | (6.6) | (3.0) | 308 | – | **(9.2)** | 8.0 | – |
| Operating ROE [1)] | **(22.8)** | (3.2) | 0.2 | – | – | **(5.6)** | 10.9 | – |

Consolidated balance sheet

| in CHF m | **30.09.02** | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| Total assets | **999'158** | 987'585 | 1'022'513 | 1 | (2) |
| Shareholders' equity | **32'461** | 36'458 | 38'921 | (11) | (17) |
| Minority interests in shareholders' equity | **3'071** | 2'892 | 3'121 | 6 | (2) |

Capital data

| in CHF m | **30.09.02** | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| BIS risk-weighted assets | **218'700** | 220'467 | 222'874 | (1) | (2) |
| BIS tier 1 capital | **19'669** | 20'187 | 21'155 | (3) | (7) |
| of which non-cumulative perpetual preferred securities | **2'218** | 2'015 | 2'076 | 10 | 7 |
| BIS total capital | **33'647** | 34'174 | 34'888 | (2) | (4) |
| Solvency capital Winterthur | **10'127** | 7'907 | 8'555 | 28 | 18 |

Capital ratios

| in % | | | 30.09.02 | 30.06.02 | 31.12.01 |
|---|---|---|---|---|---|
| BIS tier 1 ratio | Credit Suisse | | **7.0** | 7.4 | 6.9 |
| | Credit Suisse First Boston | 2) | **11.9** | 12.6 | 12.9 |
| | Credit Suisse Group | 3) | **9.0** | 9.2 | 9.5 |
| | Credit Suisse Group (banking) | 4) | **9.4** | 9.3 | 8.8 |
| BIS total capital ratio | Credit Suisse Group | | **15.4** | 15.5 | 15.7 |
| EU solvency margin | Winterthur | | **155.1** | 122.9 | 128.6 |

Assets under management/client assets [5)]

| in CHF bn | 30.09.02 | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| Advisory assets under management | **606.3** | 638.6 | 723.5 | (5) | (16) |
| Discretionary assets under management | **615.5** | 654.6 | 707.1 | (6) | (13) |
| Total assets under management | **1'221.8** | 1'293.2 | 1'430.6 | (6) | (15) |
| Client assets | **1'821.0** | 1'936.9 | 2'138.2 | (6) | (15) |

Net new assets [5)]

| in CHF bn | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Net new assets | **(13.7)** | 4.2 | 7.2 | – | – | **4.0** | 49.0 | (92) |

1) Excluding amortization of acquired intangible assets and goodwill as well as exceptional items.

2) Ratio is based on a tier 1 capital of CHF 13.3 bn (30.06.02: CHF 13.9 bn; 31.12.01: CHF 15.2 bn), of which non-cumulative perpetual preferred securities is CHF 1.1 bn (30.06.02: CHF 1.0 bn; 31.12.01: CHF 1.1 bn).

3) Ratio is based on a tier 1 capital of CHF 19.7 bn (30.06.02: CHF 20.2 bn; 31.12.01: CHF 21.2 bn), of which non-cumulative perpetual preferred securities is CHF 2.2 bn (30.06.02: CHF 2.0 bn; 31.12.01: CHF 2.1 bn)

4) Ratio is based on a tier 1 capital of CHF 20.2 bn (30.06.02: CHF 20.2 bn; 31.12.01: CHF 19.4 bn), of which non-cumulative perpetual preferred securities is CHF 2.2 bn (30.06.02: CHF 2.0 bn; 31.12.01: CHF 2.1 bn)

[5] Certain reclassifications have been made to conform to the current presentation.

Number of employees

| | | 30.09.02 | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|---|
| Switzerland | banking | **21'700** | 21'646 | 21'794 | 0 | 0 |
| | insurance | **7'169** | 6'990 | 6'849 | 3 | 5 |
| Outside Switzerland | banking | **26'586** | 26'828 | 28'415 | (1) | (6) |
| | insurance | **24'982** | 24'856 | 23'103 | 1 | 8 |
| Total employees Credit Suisse Group | | **80'437** | 80'320 | 80'161 | 0 | 0 |

Share data

| | 30.09.02 | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| Shares issued | **1'189'348'956** | 1'197'049'884 | 1'196'609'811 | (1) | (1) |
| Shares repurchased[1] | **0** | 7'730'000 | 7'730'000 | – | – |
| Shares outstanding | **1'189'348'956** | 1'189'319'884 | 1'188'879'811 | 0 | 0 |
| Share price in CHF | **28.90** | 47.25 | 70.80 | (39) | (59) |
| Market capitalization in CHF m | **34'372** | 56'195 | 84'173 | (39) | (59) |
| Book value per share in CHF | **24.71** | 28.04 | 29.92 | (12) | (17) |

Share price

| in CHF | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| High | **48.85** | 63.50 | 75.88 | (23) | (36) | **73.60** | 87.00 | (15) |
| Low | **26.80** | 41.65 | 44.80 | (36) | (40) | **26.80** | 44.80 | (40) |

Earnings per share

| in CHF | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Basic earnings per share | **(1.81)** | (0.49) | (0.25) | 269 | – | **(1.98)** | 2.02 | – |
| Basic earnings per share - operating[1] | **(1.47)** | (0.24) | 0.02 | – | – | **(1.14)** | 2.81 | – |
| Diluted earnings per share | **(1.81)** | (0.48) | (0.25) | 277 | – | **(1.98)** | 2.00 | – |
| Diluted earnings per share - operating[1] | **(1.47)** | (0.24) | 0.02 | – | – | **(1.13)** | 2.79 | – |

[1] Excluding amortization of acquired intangible assets and goodwill as well as exceptional items.

top

AN OVERVIEW OF CREDIT SUISSE GROUP

Credit Suisse Group recorded a net operating loss of CHF 1.8 billion in the third quarter of 2002, excluding the amortization of acquired intangible assets and goodwill as well as exceptional items at Credit Suisse Financial Services, and a net loss of CHF 2.1 billion. This unsatisfactory result is largely attributable to the realization of further substantial losses in the Group’s insurance business due to falling equity market values. In Private Banking, results declined versus the previous quarter mainly as a result of market conditions and seasonal weakness. Swiss Corporate & Retail Banking achieved a good performance. Credit Suisse First Boston’s results were impacted by lower revenues, higher provisions and legacy costs, partially offset by further progress in the reduction of costs. The Group is implementing measures to return to sound profitability in 2003, while preserving an adequate capital base.

In addition to seasonal weakness, the third quarter of 2002 was characterized by a further substantial deterioration in equity market conditions. Against this backdrop, Credit Suisse Group’s insurance business realized additional losses on its investment portfolio and recorded further lower equity valuations. The resulting significant net operating losses in the insurance units negatively impacted the Group’s overall performance by CHF 1.4 billion in the third quarter. At Credit Suisse First Boston, a net operating loss of CHF 426 million was recorded, due mainly to reduced revenues, higher provisions and legacy costs. After accounting for the Corporate Center, which includes a further writedown on the Group’s investment in Swiss Life of CHF 206 million, Credit Suisse Group reported a net operating loss, excluding the amortization of acquired intangible assets and goodwill as well as exceptional items at Credit Suisse Financial Services, of CHF 1.8 billion in the third quarter. This compared with a net operating loss of CHF 285 million in the previous quarter and a net operating profit of CHF 21 million in the third quarter of 2001. The Group reported a net loss of CHF 2.1 billion in the third quarter, compared with a net loss of CHF 579 million in the previous quarter and a net loss of CHF 299 million in the third quarter of 2001. The third quarter 2002 net loss includes exceptional items of CHF 119 million recognized in connection with the realignment of the European offering at Private Banking. For the first nine months of the year, the Group recorded a net operating loss of CHF 1.4 billion and a net loss of CHF 2.4 billion, versus a net operating profit of CHF 3.4 billion and a net profit of CHF 2.4 billion for the first nine months of 2001.

**Equity capital**

As of September 30, 2002, the Group’s consolidated BIS tier 1 ratio stood at 9.0%, down from 9.2% at the end of the second quarter. However, Credit Suisse Group continues to believe that to obtain an accurate indication of the Group’s capital situation, it is necessary to focus on the capital ratios for the Group’s individual businesses, which are well within the target ranges set by the Group and in line with industry peers: the BIS tier 1 ratio for the Group’s banking business stood at 9.4%, up from 9.3% at the end of the second quarter. The BIS tier 1 ratios for the operating entities Credit Suisse and Credit Suisse First Boston remained strong at 7.0% and 11.9%, respectively. Winterthur’s solvency margin (calculated in line with the EU directive) stood at 155%, up from 123% at the end of the second quarter.

Winterthur further reduced the equity exposure of its investment portfolio in the third quarter to mitigate the impact of international equity market volatility on its solvency capital.

**Net new assets**

Credit Suisse Financial Services reported net new assets of CHF 1.5 billion in the third quarter, whereby net new assets of CHF 3.4 billion in Private Banking and of CHF 0.4 billion in Life & Pensions were offset by net outflows of CHF 2.3 billion from Corporate & Retail Banking due primarily to volatility in the account balances of corporate clients. Credit Suisse First Boston reported net asset outflows of CHF 15.2 billion, attributable mainly to a CHF 12.2 billion outflow from its institutional asset management business, as well as to a CHF 3.0 billion outflow from the investment banking segment. The outflows from the institutional asset management business relate to performance issues, primarily from a single fixed income product, and the loss of private client assets in the US. For Credit Suisse Group, an overall net asset outflow of CHF 13.7 billion resulted in the third quarter, versus an inflow of CHF 4.2 billion in net new assets in the second quarter. For the first nine months of 2002, the Group reported net new assets of CHF 4.0 billion. The Group’s total assets under management stood at CHF 1,221.8 billion as of September 30, 2002, corresponding to a decline of 5.5% versus June 30, 2002.

**Operating income and expenses**

The Group’s operating income stood at CHF 5.7 billion in the third quarter, down 26% from the previous quarter and down 35% versus the third quarter of 2001. Credit Suisse Financial Services reported a 16% decrease in operating income to CHF 2.3 billion versus the second quarter, reflecting a 38% decline in operating income in the insurance business and a 12% decline in operating income in the banking business. In particular, Private Banking revenues were adversely impacted by the seasonally weak third quarter and negative developments on the international equity markets. At Credit Suisse First Boston, operating income was down 24% quarter-on-quarter to USD 2.6 billion (CHF 3.9 billion). This was attributable to revenue declines across all divisions, in particular in the Investment Banking division – which was impacted by reduced business volumes in line with the industry – as well as in the Fixed Income division, which recorded revenues well below previous levels.

The Group’s third quarter operating expenses decreased 19% versus the previous quarter, to CHF 5.4 billion, and were down 26% on the third quarter of 2001. Credit Suisse Financial Services recorded a 4% reduction in operating expenses in the third quarter versus the previous quarter. Strict cost control and the realization of synergies were among the factors contributing to this decrease. At Credit Suisse First Boston, third quarter operating expenses fell 18% in US dollar terms versus the second quarter and were down 29% on the corresponding period of 2001, due primarily to a decrease in incentive compensation costs, as well as headcount reductions and a drop in other operating expenses.

**Valuation adjustments, provisions and losses**

In the third quarter of 2002, valuation adjustments, provisions and losses rose 73% to CHF 973 million versus the previous quarter. This increase was related primarily to Credit Suisse First Boston and was mainly attributable to weakness in the large corporate credit markets and provisions on its legacy asset portfolios.

**Senior management changes**

As announced on September 19, 2002, the Board of Directors has appointed Walter B. Kielholz its new Chairman, effective January 1, 2003. Walter Kielholz is currently a Member of the Board of Directors of Credit Suisse Group, as well as a Member of the Board of Directors and Chief Executive Officer of Swiss Re. Oswald J. Grübel, Chief Executive Officer of Credit Suisse Financial Services, and John J. Mack, Chief Executive Officer of Credit Suisse First Boston, will become Co-Chief Executive Officers of the Group as of January 2003, in addition to their roles as CEOs of the respective business units. Lukas Mühlemann will step down as Chairman and Member of the Board of Directors and as Chief Executive Officer of Credit Suisse Group at the end of 2002.

**Key priorities going forward**

The new Co-CEOs are moving ahead with an accelerated agenda of measures to restore the Group’s core earnings strength in the coming quarters. Credit Suisse Financial Services will focus on strengthening its private banking franchise in terms of client solutions, innovation and profitability. Additionally, it has initiated the realignment of the European offering at Private Banking in order to substantially reduce costs. Winterthur will focus on adapting its strategy, premium structure, cost base and investment policy in line with the altered market environment, in which investment income is expected to be significantly lower than in previous years.

Credit Suisse First Boston has succeeded in preserving the strength of its core businesses, as demonstrated by its ability to maintain or improve its market share and rankings in key areas. It has initiated further cost reductions to bring the cost structure in line with current market opportunities. In the fourth quarter, the business unit has launched an additional cost reduction initiative, aimed at achieving annual savings of approximately USD 500 million (approximately CHF 770 million). Lower costs will be realized primarily via headcount reductions. Additional initiatives include the accelerated disposal of legacy asset portfolios associated with non-continuing businesses and the termination of existing incentive compensation guarantees within the investment banking business. In addition, DLJ retention awards will largely terminate in June 2003. It is anticipated that the implementation of the above cost reduction measures should enable Credit Suisse First Boston to achieve a return to profitability.

**Outlook**

Credit Suisse Group remains cautious in its outlook for its fourth quarter results given the continued challenging market environment. However, the Group anticipates that the fourth quarter should see a recovery in results at Winterthur, as the impact of lower equity valuations on the investment portfolio is expected to be significantly reduced. The Group expects that the measures being implemented will restore sound profitability in 2003.

Overview of business unit results

| | Credit Suisse Financial Services | | | Credit Suisse First Boston | | | Adjust. incl. Corporate Center | | | Credit Suisse Gr | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in CHF m | **3Q2002** | 2Q2002 | 3Q2001 | **3Q2002** | 2Q2002 | 3Q2001 | **3Q2002** | 2Q2002 | 3Q2001 | **3Q2002** | 2Q2002 | 3( |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating income** | **2'289** | 2'718 | 3'498 | **3'757** | 5'440 | 5'676 | **(380)** | (511) | (454) | **5'666** | 7'647 |
| Personnel expenses | **1'490** | 1'474 | 1'472 | **2'179** | 3'258 | 3'725 | **124** | 84 | 79 | **3'793** | 4'816 |
| Other operating expenses | **884** | 909 | 820 | **1'157** | 1'172 | 1'633 | **(482)** | (329) | (499) | **1'559** | 1'752 |
| **Operating expenses** | **2'374** | 2'383 | 2'292 | **3'336** | 4'430 | 5'358 | **(358)** | (245) | (420) | **5'352** | 6'568 |
| **Gross operating profit** | **(85)** | 335 | 1'206 | **421** | 1'010 | 318 | **(22)** | (266) | (34) | **314** | 1'079 |
| Depreciation of non-current assets[1)] | **289** | 217 | 195 | **209** | 185 | 227 | **94** | 64 | 80 | **592** | 466 |
| Amortization of acquired intangible assets and goodwill | **31** | 46 | 22 | **308** | 330 | 367 | **(2)** | (2) | (2) | **337** | 374 |
| Valuation adjustments, provisions and losses | **91** | 95 | 84 | **867** | 420 | 341 | **15** | 47 | 228 | **973** | 562 |
| **Profit before extraordinary items and taxes** | **(496)** | (23) | 905 | **(963)** | 75 | (617) | **(129)** | (375) | (340) | **(1'588)** | (323) |
| Extraordinary income/(expenses), net | **6** | 21 | 6 | **(1)** | 26 | (13) | **(136)** | 63 | 13 | **(131)** | 110 |
| Taxes | **(692)** | (380) | (192) | **285** | 0 | 158 | **(3)** | (37) | (83) | **(410)** | (417) |
| **Net profit before minority interests** | **(1'182)** | (382) | 719 | **(679)** | 101 | (472) | **(268)** | (349) | (410) | **(2'129)** | (630) |
| Minority interests | **17** | 85 | (3) | **0** | 0 | 0 | **(36)** | (34) | (133) | **(19)** | 51 |
| **Net profit** | **(1'165)** | (297) | 716 | **(679)** | 101 | (472) | **(304)** | (383) | (543) | **(2'148)** | (579) |
| | | | | | | | | | | | |
| **Reconciliation to net operating profit** | | | | | | | | | | | |
| Amortization of acquired intangible assets and goodwill[2)] | **27** | 26 | 22 | **308** | 330 | 367 | **(2)** | (2) | (2) | **333** | 354 |
| Exceptional items | **119** | 0 | 0 | **0** | 0 | 0 | **0** | 0 | 0 | **119** | 0 |
| Tax impact | **(1)** | 0 | 0 | **(55)** | (60) | (65) | **0** | 0 | (2) | **(56)** | (60) |
| **Net operating profit** | **(1'020)** | (271) | 738 | **(426)** | 371 | (170) | **(306)** | (385) | (547) | **(1'752)** | (285) |

The Group's consolidated results are prepared in accordance with Swiss GAAP while the Group's segment reporting principles are applied for the presentation of the business unit results. For a detailed description of the Group's segment reporting principles, please refer to our Annual Report 2001, which is available on our website www.credit-suisse.com, and to the footnotes to the business unit results. This presentation of the business unit results is provided to assist in evaluating the operating performance of the business units, which should be considered in the context of the Group's consolidated financial statements.

1) Includes amortization of Present Value of Future Profits (PVFP) from the insurance business within Credit Suisse Financial Services.

2) Excluding a CHF 20 m write-off in 2Q2002 relating to a participation within Credit Suisse Financial Services.

Assets under management/client assets

| in CHF bn | **30.09.02** | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| **Credit Suisse Financial Services** | | | | | |
| **Private Banking** | | | | | |
| Assets under management | **494.5** | 517.3 | 546.8 | (4.4) | (9.6) |
| of which discretionary | **123.8** | 128.7 | 131.5 | (3.8) | (5.9) |
| Client assets | **526.7** | 550.0 | 583.3 | (4.2) | (9.7) |
| **Corporate & Retail Banking** | | | | | |
| Assets under management | **47.8** | 52.9 | 55.9 | (9.6) | (14.5) |
| Client assets | **63.1** | 68.9 | 73.3 | (8.4) | (13.9) |
| **Life & Pensions** | | | | | |
| Assets under management (discretionary) | **113.0** | 113.5 | 115.2 | (0.4) | (1.9) |
| Client assets | **113.0** | 113.5 | 115.2 | (0.4) | (1.9) |
| **Insurance** | | | | | |
| Assets under management (discretionary) | **31.1** | 29.6 | 30.5 | 5.1 | 2.0 |
| Client assets | **31.1** | 29.6 | 30.5 | 5.1 | 2.0 |
| **Credit Suisse Financial Services** | | | | | |
| Assets under management | **686.4** | 713.3 | 748.4 | (3.8) | (8.3) |
| of which discretionary | **269.2** | 273.4 | 278.9 | (1.5) | (3.5) |
| Client assets | **733.9** | 762.0 | 802.3 | (3.7) | (8.5) |

| | | | | | |
|---|---|---|---|---|---|
| **Credit Suisse First Boston** | | | | | |
| **Investment Banking** | | | | | |
| Assets under management | **35.2** | 38.5 | 41.7 | (8.6) | (15.6) |
| of which Private Equity on behalf of clients (discretionary) | **24.7** | 27.2 | 29.3 | (9.2) | (15.7) |
| Client assets | **86.8** | 103.0 | 121.7 | (15.7) | (28.7) |
| **CSFB Financial Services** | | | | | |
| Assets under management | **500.2** | 541.4 | 640.5 | (7.6) | (21.9) |
| of which discretionary | **313.8** | 346.1 | 393.6 | (9.3) | (20.3) |
| Client assets | **1'000.3** | 1'071.9 | 1'214.2 | (6.7) | (17.6) |
| **Credit Suisse First Boston** | | | | | |
| Assets under management | **535.4** | 579.9 | 682.2 | (7.7) | (21.5) |
| of which discretionary | **346.3** | 381.2 | 428.2 | (9.2) | (19.1) |
| Client assets | **1'087.1** | 1'174.9 | 1'335.9 | (7.5) | (18.6) |
| **Credit Suisse Group** | | | | | |
| Assets under management | **1'221.8** | 1'293.2 | 1'430.6 | (5.5) | (14.6) |
| of which discretionary | **615.5** | 654.6 | 707.1 | (6.0) | (13.0) |
| Client assets | **1'821.0** | 1'936.9 | 2'138.2 | (6.0) | (14.8) |

Net new assets

| in CHF bn | **3Q2002** | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months **2002** | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| **Credit Suisse Financial Services** | | | | | | | | |
| Private Banking | **3.4** | 5.6 | 5.1 | (39.3) | (33.3) | **18.2** | 27.1 | (32.8) |
| Corporate & Retail Banking | **(2.3)** | 0.3 | 1.1 | – | – | **(3.4)** | 0.4 | – |
| Life & Pensions | **0.4** | 1.3 | 0.1 | (69.2) | 300.0 | **4.7** | 3.2 | 46.9 |
| **Credit Suisse Financial Services** | **1.5** | 7.2 | 6.3 | (79.2) | (76.2) | **19.5** | 30.7 | (36.5) |
| **Credit Suisse First Boston** | | | | | | | | |
| Investment Banking | **(3.0)** | 1.4 | – | – | – | **1.9** | – | – |
| CSFB Financial Services[1)] | **(12.2)** | (4.4) | 0.9 | 177.3 | – | **(17.4)** | 18.3 | – |
| **Credit Suisse First Boston** | **(15.2)** | (3.0) | 0.9 | 406.7 | – | **(15.5)** | 18.3 | – |
| **Credit Suisse Group** | **(13.7)** | 4.2 | 7.2 | – | – | **4.0** | 49.0 | (91.8) |

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

1) Net new discretionary assets for institutional asset management.

top

REVIEW OF BUSINESS UNITS | CREDIT SUISSE FINANCIAL SERVICES

Credit Suisse Financial Services recorded a net operating loss, excluding the amortization of acquired intangible assets and goodwill as well as exceptional items, of CHF 1.0 billion and a net loss of CHF 1.2 billion in the third quarter of 2002. This loss is primarily attributable to low investment income from the insurance units. In Private Banking, revenues declined versus the previous quarter mainly as a result of market conditions and seasonal weakness. The Corporate & Retail Banking segment recorded good results. Credit Suisse Financial Services is implementing measures to return to profitability, such as adapting Winterthur's strategy, premium structure, cost base and investment policy to the altered market environment, and reducing cost levels in banking, particularly in European private banking.

Credit Suisse Financial Services business unit income statement

| in CHF m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| **Operating income[1)]** | **2'289** | 2'718 | 3'498 | (16) | (35) | **8'313** | 11'800 | (30) |
| Personnel expenses | **1'443** | 1'474 | 1'472 | (2) | (2) | **4'360** | 4'395 | (1) |
| Other operating expenses | **845** | 909 | 820 | (7) | 3 | **2'568** | 2'621 | (2) |
| **Operating expenses** | **2'288** | 2'383 | 2'292 | (4) | 0 | **6'928** | 7'016 | (1) |
| **Gross operating profit** | **1** | 335 | 1'206 | (100) | (100) | **1'385** | 4'784 | (71) |
| Depreciation of non-current assets | **141** | 174 | 122 | (19) | 16 | **477** | 363 | 31 |
| Amortization of Present Value of Future Profits (PVFP) | **119** | 43 | 73 | 177 | 63 | **205** | 159 | 29 |
| Valuation adjustments, provisions and losses | **91** | 95 | 84 | (4) | 8 | **285** | 335 | (15) |
| **Net operating profit before extraordinary items, exceptional items and taxes** | **(350)** | 23 | 927 | – | – | **418** | 3'927 | (89) |
| Extraordinary income/(expenses), net | **6** | 21 | 6 | (71) | 0 | **24** | 17 | 41 |
| Taxes[2)] | **(693)** | (380) | (192) | 82 | 261 | **(1'193)** | (962) | 24 |
| **Net operating profit before exceptional items and minority interests** | **(1'037)** | (336) | 741 | 209 | – | **(751)** | 2'982 | – |
| Amortization of acquired intangible assets and goodwill | **(27)** | (46) | (22) | (41) | 23 | **(102)** | (64) | 59 |
| Exceptional items | **(119)** | 0 | 0 | – | – | **(119)** | 0 | – |
| Tax impact | **1** | 0 | 0 | – | – | **2** | 1 | 100 |
| **Net profit before minority interests** | **(1'182)** | (382) | 719 | 209 | – | **(970)** | 2'919 | – |
| Minority interests | **17** | 85 | (3) | (80) | – | **100** | (91) | – |
| **Net profit** | **(1'165)** | (297) | 716 | 292 | – | **(870)** | 2'828 | – |
| | | | | | | | | |
| **Reconciliation to net operating profit** | | | | | | | | |
| Amortization of acquired intangible assets and goodwill[3)] | **27** | 26 | 22 | 4 | 23 | **82** | 64 | 28 |
| Exceptional items | **119** | 0 | 0 | – | – | **119** | 0 | – |
| Tax impact | **(1)** | 0 | 0 | – | – | **(2)** | (1) | 100 |
| **Net operating profit** | **(1'020)** | (271) | 738 | 276 | – | **(671)** | 2'891 | – |

For further information on the presentation of business unit results, please refer to the "Overview of business unit results" on page 4/5. Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in a) excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and b) excluding exceptional items from personnel expenses, other operating expenses, depreciation of non-current assets and amortization of goodwill. Acquisition-related costs and exceptional items are reported separately in the income statement.

1) For the purpose of the consolidated financial statements, operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.

2) Excluding tax impact on amortization of acquired intangible assets and goodwill.

3) Excluding a CHF 20 m write-off in 2Q2002 relating to a participation.

Credit Suisse Financial Services business unit key information

| | | | | 9 months | |
|---|---|---|---|---|---|
| | **3Q2002** | 2Q2002 | 3Q2001 | **2002** | 2001 |
| Cost/income ratio (operating)[1] [2] | **106.1%** | 94.1% | 69.0% | **89.1%** | 62.5% |
| Cost/income ratio (operating), banking[1] | **69.4%** | 64.5% | 64.3% | **63.3%** | 60.3% |
| Return on average allocated capital | **(38.9%)** | (12.7%) | 21.6% | **(10.5%)** | 27.3% |
| Return on average allocated capital (operating)[1] | **(34.1%)** | (11.9%) | 22.3% | **(8.4%)** | 27.9% |
| Average allocated capital in CHF m | **12'161** | 12'016 | 13'311 | **12'295** | 14'244 |
| Growth in net operating profit[1] | **–** | – | (32.0%) | **–** | (15.5%) |
| Growth in assets under management | **(3.8%)** | (5.7%) | (8.5%) | **(8.3%)** | (3.1%) |
| of which net new assets | **0.2%** | 1.0% | 0.8% | **2.6%** | 4.2% |
| of which market movement and structural effects | **(4.1%)** | (6.7%) | (9.2%) | **(10.6%)** | (7.8%) |
| of which acquisitions/(divestitures) | **0.1%** | – | (0.1%) | **(0.3%)** | 0.5% |
| of which discretionary | **(0.6%)** | (1.5%) | (2.1%) | **(1.3%)** | n/a |

| | **30.09.02** | 30.06.02 | 31.12.01 |
|---|---|---|---|
| Assets under management in CHF bn | **686.4** | 713.3 | 748.4 |
| Number of employees | **54'218** | 53'812 | 51'668 |

1) Excluding amortization of acquired intangible assets and goodwill as well as exceptional items.

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

Credit Suisse Financial Services reported a net operating loss, excluding the amortization of acquired intangible assets and goodwill as well as exceptional items, of CHF 1.0 billion in the third quarter of 2002. This decline of CHF 1.8 billion versus the third quarter of the previous year is attributable in particular to low investment income from the insurance units and to reduced revenues in the Private Banking segment. The marked decrease in investment income reported by the insurance business was a result of the sharp deterioration in the equity markets during the first nine months of the year, represented by a 25% drop in the Swiss market index. After the reduction of the equity exposure of the investment portfolio and the income statement recognition of lower equity valuations, an investment income of CHF 1.0 billion was recorded, compared to CHF 5.8 billion for the first nine months of 2001. The corresponding impact of the lower investment income on net operating profit for the first nine months of 2002 is approximately CHF 3.3 billion (CHF 1.8 billion for Life & Pensions and CHF 1.5 billion for Insurance). In the third quarter, the net operating result was affected by the fact that losses were concentrated in countries where the investment risk is mainly borne by the company and not by the policyholders. In addition, exceptional items of CHF 119 million were recognized in the third quarter of 2002 in connection with the focusing of the European initiative on private banking clients, to cover restructuring costs.

Credit Suisse Financial Services recorded a net loss of CHF 1.2 billion in the third quarter of 2002. The business unit's operating income fell 16% in the third quarter (banking business: down 12%; insurance business: down 38%) compared with the second quarter and operating expenses decreased 4% quarter-on-quarter. In the first nine months of the year, operating income declined 30% (banking business: down 7%; insurance business down 67%) and operating expenses fell 1% versus the corresponding 2001 period.

As a result of financial market weakness, assets under management declined 3.8% to CHF 686.4 billion in the third quarter and were down 8.3% versus end-2001. Net new assets totaled CHF 1.5 billion in the third quarter versus CHF 7.2 billion in the second quarter, and amounted to CHF 19.5 billion for the first nine months of the year (first nine months 2001: CHF 30.7 billion), corresponding to 3.5% of assets under management on an annualized basis.

As announced on October 2, 2002, Credit Suisse Group strengthened Winterthur's capital base with CHF 2.0 billion in the third quarter. As of September 30, 2002, Winterthur's solvency margin (calculated in line with the EU directive) stood at 155%, up from 123% at the end of the second quarter. In order to protect Winterthur's capital base going forward, the equity exposure of the investment portfolio was reduced from 18% at the start of 2002 to 8% (6% excluding the market value of hedges and equity participations) at the end of the third quarter.

Overview of business unit Credit Suisse Financial Services

| 3Q2002, in CHF m | Private Banking | Corp. & Retail Banking | Life & Pensions | Insurance | **Credit Suisse Financial Services** |
|---|---|---|---|---|---|
| **Operating income[1)]** | 1'440 | 615 | (168) | 402 | **2'289** |
| Personnel expenses | 576 | 237 | 252 | 378 | **1'443** |
| Other operating expenses | 352 | 152 | 140 | 201 | **845** |
| **Operating expenses** | 928 | 389 | 392 | 579 | **2'288** |
| **Gross operating profit** | 512 | 226 | (560) | (177) | **1** |
| Depreciation of non-current assets | 82 | 27 | 7 | 25 | **141** |
| Amortization of Present Value of Future Profits (PVFP) | – | – | 118 | 1 | **119** |
| Valuation adjustments, provisions and losses | 21 | 70 | – | – | **91** |
| **Net operating profit before extraordinary items, exceptional items and taxes** | 409 | 129 | (685) | (203) | **(350)** |

| | | | | | |
|---|---|---|---|---|---|
| Extraordinary income/(expenses), net | 2 | 4 | 0 | 0 | **6** |
| Taxes[2] | (108) | (31) | (396) | (158) | **(693)** |
| **Net operating profit before exceptional items and minority interests** | 303 | 102 | (1'081) | (361) | **(1'037)** |
| Amortization of acquired intangible assets and goodwill | | | | | **(27)** |
| Exceptional items | | | | | **(119)** |
| Tax impact | | | | | **1** |
| **Net profit before minority interests** | | | | | **(1'182)** |
| Minority interests | | | | | **17** |
| **Net profit** | | | | | **(1'165)** |
| | | | | | |
| **Reconciliation to net operating profit** | | | | | |
| Amortization of acquired intangible assets and goodwill | | | | | **27** |
| Exceptional items | | | | | **119** |
| Tax impact | | | | | **(1)** |
| **Net operating profit** | | | | | **(1'020)** |
| | | | | | |
| Average allocated capital | 3'599 | 3'893 | 4'669 | | **12'161** |

For further information on the presentation of business unit results, please refer to the "Overview of business unit results" on page 4/5. The operating basis income statement differs from the presentation of the Group's consolidated results in a) excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and b) excluding exceptional items from personnel expenses, other operating expenses, depreciation of non-current assets and amortization of goodwill. Acquisition-related costs and exceptional items are reported separately in the income statement.

[1] Operating income for the insurance business is defined as net premiums earned, less claims incurred and change in technical provisions and expenses for processing claims, less commissions, plus net investment income from the insurance business.

[2] Excluding tax impact on amortization of acquired intangible assets and goodwill.

**Private Banking**

In the third quarter of 2002, the Private Banking segment reported a net operating profit before exceptional items and minority interests of CHF 303 million, down 38% versus the previous quarter. Operating income fell 16% versus the second quarter due to seasonal weakness, investor passivity and significantly lower revenues from the sale of structured products. Operating expenses fell 8% quarter-on-quarter due to reduced bonus accruals on account of the weaker results, as well as to the implementation of cost reduction measures and the realization of synergies. In the first nine months of the year, operating expenses decreased 4% versus the corresponding period of the previous year. Net new assets of CHF 3.4 billion were recorded in the third quarter, corresponding to 2.6% of assets under management on an annualized basis. The segment has recorded a decrease in assets under management of 9.6% to CHF 494.5 billion versus end-2001, due to market performance and foreign exchange impacts.

A net operating profit before exceptional items and minority interests of CHF 1.4 billion was recorded in the first nine months of the year. This represented a 17% decrease versus the first nine months of 2001. The net margin stood at 35.7 bp in the first nine months of 2002, compared with 41.9 bp in the corresponding 2001 period. Net new assets of CHF 18.2 billion were recorded in this period, corresponding to 4.4% of assets under management on an annualized basis, versus CHF 27.1 billion in the first nine months of the previous year.

The European initiative was realigned during the third quarter to focus on private banking clients and thus concentrate on core competencies, as well as to reduce the high cost rate. While the business unit is providing top-tier private banking services in Italy, Spain, Germany, France and the UK, the market environment no longer supports the expansion of distribution networks targeting affluent clients in these markets. Exceptional items of CHF 119 million were recorded in the third quarter to cover restructuring costs. In Asia, the Middle East and Latin America, the business unit achieved above-average growth.

Private Banking income statement

| in CHF m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Net interest income | **400** | 437 | 458 | (8) | (13) | **1'277** | 1'476 | (13) |
| Net commission and service fee income | **955** | 1'096 | 1'075 | (13) | (11) | **3'284** | 3'459 | (5) |
| Net trading income | **72** | 150 | 139 | (52) | (48) | **377** | 487 | (23) |
| Other ordinary income | **13** | 27 | 10 | (52) | 30 | **46** | 88 | (48) |
| **Operating income** | **1'440** | 1'710 | 1'682 | (16) | (14) | **4'984** | 5'510 | (10) |
| Personnel expenses | **576** | 628 | 654 | (8) | (12) | **1'828** | 1'932 | (5) |
| Other operating expenses | **352** | 386 | 346 | (9) | 2 | **1'083** | 1'102 | (2) |
| **Operating expenses** | **928** | 1'014 | 1'000 | (8) | (7) | **2'911** | 3'034 | (4) |
| **Gross operating profit** | **512** | 696 | 682 | (26) | (25) | **2'073** | 2'476 | (16) |
| Depreciation of non-current assets | **82** | 56 | 48 | 46 | 71 | **191** | 116 | 65 |
| Valuation adjustments, provisions and losses[1)] | **21** | 29 | 14 | (28) | 50 | **64** | 116 | (45) |
| **Net operating profit before extraordinary items, exceptional items and taxes** | **409** | 611 | 620 | (33) | (34) | **1'818** | 2'244 | (19) |
| Extraordinary income/(expenses), net | **2** | 21 | 2 | (90) | 0 | **21** | 4 | 425 |
| Taxes | **(108)** | (146) | (121) | (26) | (11) | **(416)** | (526) | (21) |
| **Net operating profit before exceptional items and minority interests** | **303** | 486 | 501 | (38) | (40) | **1'423** | 1'722 | (17) |
| Increased/(decreased) credit-related valuation | **16** | (12) | (10) | | | **6** | (19) | |

adjustments[1)]

Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in a) excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and b) excluding exceptional items from personnel expenses, other operating expenses, depreciation of non-current assets and amortization of goodwill. Acquisition-related costs, exceptional items and minority interests are reported separately at the business unit level only.

[1)] Increased/(decreased) valuation adjustments taken at Group level resulting from the difference between the statistical and actual credit provisions.

Private Banking balance sheet information

| in CHF m | **30.09.02** | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| Total assets | **174'881** | 164'221 | 170'364 | 6 | 3 |
| Due from customers | **38'356** | 31'914 | 31'410 | 20 | 22 |
| Mortgages | **44'126** | 42'926 | 42'008 | 3 | 5 |

Private Banking key information

| | | | | 9 months | |
|---|---|---|---|---|---|
| | **3Q2002** | 2Q2002 | 3Q2001 | **2002** | 2001 |
| Cost/income ratio (operating)[1)] | **70.1%** | 62.6% | 62.3% | **62.2%** | 57.2% |
| Average allocated capital in CHF m | **3'599** | 3'708 | 3'353 | **3'541** | 3'260 |
| Pre-tax margin (operating)[1)] | **28.5%** | 37.0% | 37.0% | **36.9%** | 40.8% |
| Fee income/operating income | **66.3%** | 64.1% | 63.9% | **65.9%** | 62.8% |
| Net new assets in CHF bn | **3.4** | 5.6 | 5.1 | **18.2** | 27.1 |
| Growth in assets under management | **(4.4%)** | (7.2%) | (9.9%) | **(9.6%)** | (4.1%) |
| of which net new assets | **0.7%** | 1.0% | 0.9% | **3.3%** | 5.0% |
| of which market movement and structural effects | **(5.1%)** | (8.2%) | (11.0%) | **(12.9%)** | (10.0%) |
| of which acquisitions/(divestitures) | **–** | – | 0.2% | **–** | 0.9% |
| Net operating profit before exceptional items and minority interests/average AuM[1)] | **24.0 bp** | 36.0 bp | 36.9 bp | **35.7 bp** | 41.9 bp |

| | | | |
|---|---|---|---|
| | **30.09.02** | 30.06.02 | 31.12.01 |

| | | | |
|---|---|---|---|
| Assets under management in CHF bn | **494.5** | 517.3 | 546.8 |
| Number of employees | **15'249** | 15'174 | 14'818 |

[1)] Excluding amortization of acquired intangible assets and goodwill as well as exceptional items.

**Corporate & Retail Banking**

The Corporate & Retail Banking segment posted a net operating profit before minority interests of CHF 102 million in the third quarter, up 7% on the previous quarter and up 29% on the third quarter of 2001. The growth in net operating profit versus the previous quarter is primarily attributable to a 7% decrease in operating expenses. Operating income declined 2% quarter-on-quarter. Corporate & Retail Banking’s net interest margin increased to 238 bp, up from 231 bp in the second quarter. In the third quarter, assets under management declined by CHF 5.1 billion to CHF 47.8 billion, versus the previous quarter. The CHF 2.3 billion net asset outflow is mainly attributable to volatility in the account balances of corporate clients, of which CHF 1.1 billion resulted from the conversion of time deposits into sight deposits, which are not included in assets under management.

A net operating profit before minority interests of CHF 317 million was reported in the first nine months of the year, corresponding to an increase of 22% on the first nine months of 2001. The operating cost/income ratio stood at 66.0%, compared with 69.9% in the corresponding period of the previous year. The return on average allocated capital increased 1.8 percentage points compared with the first nine months of 2001, to 10.7%.

Corporate & Retail Banking recorded a 1% increase in mortgage volumes in the third quarter of 2002. The functionality of the segment’s Internet offering was extended to include bonds, options, futures and market-neutral products from Private Banking in the Portfolio Tracker and Watch List.

The overall quality of the credit portfolio was maintained at the same level as in the previous quarter and, in particular, the proportion of longstanding non-performing loans was further reduced in the third quarter of 2002. The provisions recorded were slightly above the statistical valuation adjustments due in particular to additional provisions on account of the anticipated liquidation of certain positions.

Corporate & Retail Banking income statement

| | | | | Change in % from | Change in % from | 9 months | | Change in % from |
|---|---|---|---|---|---|---|---|---|
| in CHF m | **3Q2002** | 2Q2002 | 3Q2001 | 2Q2002 | 3Q2001 | **2002** | 2001 | 2001 |
| Net interest income | **423** | 405 | 412 | 4 | 3 | **1'254** | 1'245 | 1 |
| Net commission and service fee income | **126** | 128 | 91 | (2) | 38 | **376** | 353 | 7 |
| Net trading income | **66** | 74 | 59 | (11) | 12 | **193** | 190 | 2 |
| Other ordinary income | **0** | 22 | 6 | – | – | **37** | 27 | 37 |
| **Operating income** | **615** | 629 | 568 | (2) | 8 | **1'860** | 1'815 | 2 |
| Personnel expenses | **237** | 245 | 257 | (3) | (8) | **705** | 765 | (8) |
| Other operating expenses | **152** | 175 | 121 | (13) | 26 | **459** | 459 | 0 |
| **Operating expenses** | **389** | 420 | 378 | (7) | 3 | **1'164** | 1'224 | (5) |
| **Gross operating profit** | **226** | 209 | 190 | 8 | 19 | **696** | 591 | 18 |
| Depreciation of non-current assets | **27** | 19 | 21 | 42 | 29 | **64** | 45 | 42 |
| Valuation adjustments, provisions and losses[1)] | **70** | 66 | 70 | 6 | 0 | **221** | 219 | 1 |
| **Net operating profit before extraordinary items and taxes** | **129** | 124 | 99 | 4 | 30 | **411** | 327 | 26 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Extraordinary income/(expenses), net | **4** | 0 | 4 | – | 0 | **3** | 13 | (77) |
| Taxes[2] | **(31)** | (29) | (24) | 7 | 29 | **(97)** | (80) | 21 |
| **Net operating profit before minority interests** | **102** | 95 | 79 | 7 | 29 | **317** | 260 | 22 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Increased/(decreased) credit-related valuation adjustments[1] | **15** | 20 | 26 | | | **29** | 31 | |

Certain reclassifications have been made to conform to the current presentation. The presentation of segment results differs from the presentation of the Group's consolidated results in excluding acquisition-related costs of amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses. Acquisition-related costs and minority interests are reported separately at the business unit level only.

[1] Increased/(decreased) valuation adjustments taken at Group level resulting from the difference between the statistical and actual credit provisions.

[2] Excluding tax impact on amortization of acquired intangible assets and goodwill.

Corporate & Retail Banking balance sheet information

| in CHF m | **30.09.02** | 30.06.02 | 31.12.01 | Change in % from 30.06.02 | Change in % from 31.12.01 |
|---|---|---|---|---|---|
| Total assets | **72'658** | 69'747 | 72'372 | 4 | 0 |
| Due from customers | **27'483** | 28'635 | 28'889 | (4) | (5) |
| Mortgages | **35'592** | 35'316 | 34'279 | 1 | 4 |
| Due to customers in savings and investment deposits | **17'586** | 17'649 | 17'631 | 0 | 0 |
| Due to customers, other | **26'686** | 26'972 | 29'218 | (1) | (9) |

Corporate & Retail Banking key information

| | | | | 9 months | |
|---|---|---|---|---|---|
| | **3Q2002** | 2Q2002 | 3Q2001 | **2002** | 2001 |
| Cost/income ratio (operating)[1] | **67.6%** | 69.8% | 70.2% | **66.0%** | 69.9% |
| Return on average allocated capital (operating)[1] | **10.5%** | 9.5% | 8.0% | **10.7%** | 8.9% |
| Average allocated capital in CHF m | **3'893** | 3'991 | 3'964 | **3'933** | 3'905 |
| Pre-tax margin (operating)[1] | **21.6%** | 19.7% | 18.1% | **22.3%** | 18.7% |
| Personnel expenses/operating income | **38.5%** | 39.0% | 45.2% | **37.9%** | 42.1% |
| Net interest margin | **238 bp** | 231 bp | 224 bp | **234 bp** | 226 bp |
| Loan growth | **(1.4%)** | (2.0%) | (4.2%) | **(0.1%)** | (1.6%) |

| | | | | | |
|---|---|---|---|---|---|
| Net new assets in CHF bn | **(2.3)** | 0.3 | 1.1 | **(3.4)** | 0.4 |

| | 30.09.02 | 30.06.02 | 31.12.01 |
|---|---|---|---|
| Deposit/loan ratio | **70.2%** | 69.8% | 74.2% |
| Assets under management in CHF bn | **47.8** | 52.9 | 55.9 |
| Number of employees | **6'818** | 6'792 | 6'898 |
| Number of branches | **223** | 224 | 227 |

1) Excluding amortization of acquired intangible assets and goodwill.

**Life & Pensions**

In the first nine months of 2002, the Life & Pensions segment recorded a strong increase in gross written premiums of 18% versus the corresponding period of 2001, 17% adjusted for acquisitions, divestitures and exchange rate impacts. The units in Switzerland, the UK, Italy and Belgium were the main contributors to this significant growth. Overall, the shift in the portfolio mix towards single premium and unit-linked business compared with 2001 continued.

The expense ratio for the first nine months stood at 9.3%, excluding write-downs of deferred acquisition costs of CHF 235 million, which were recognized as a result of lower investment return expectations in the long term. After taking account of these write-downs, the expense ratio stood at 10.9%, and was thus still below the expense ratio of 11.5% in the corresponding period of 2001, reflecting strict cost management. Net new assets amounted to CHF 4.7 billion for the first nine months, versus CHF 3.2 billion in the corresponding period of 2001.

As a result of low investment income, Life & Pensions recorded a net operating loss before minority interests of CHF 1.5 billion in the first nine months of the year. This was attributable to the income statement recognition of lower equity valuations and the realization of losses when reducing the equity exposure of the investment portfolio, which had a CHF 3.0 billion impact on investment income and a CHF 1.8 billion impact on net operating profit before minority interests compared with the first nine months of 2001.

In the third quarter of 2002, Life & Pensions continued to pursue its strategy to diversify its product portfolio for private clients in Europe and thereby increase synergies with Private Banking.

During the third quarter of 2002, Life & Pensions accelerated its cost reduction program with the aim of achieving further substantial savings in administration costs in 2003 despite additional growth. Measures include realigning the product portfolio to increase the offering of non-traditional capital-light products, and a greater focus on key markets. Further targeted capital management measures are being implemented to reduce capital requirements and improve profitability. The aim is for Life & Pensions to be able to operate profitably from current investment income only.

Life & Pensions income statement

| | | | | Change in % from | Change in % from | 9 months | | Change in % from |
|---|---|---|---|---|---|---|---|---|
| in CHF m | **3Q2002** | 2Q2002 | 3Q2001 | 2Q2002 | 3Q2001 | **2002** | 2001 | 2001 |
| **Gross premiums written** | **4'543** | 3'496 | 3'138 | 30 | 45 | **14'801** | 12'514 | 18 |
| Reinsurance ceded | **171** | (101) | (91) | – | – | **(26)** | (149) | (83) |
| **Net premiums written** | **4'714** | 3'395 | 3'047 | 39 | 55 | **14'775** | 12'365 | 19 |
| Change in provision for unearned premiums | **8** | (2) | 1 | – | – | **(33)** | (10) | 230 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Net premiums earned** | **4'722** | 3'393 | 3'048 | 39 | 55 | **14'742** | 12'355 | 19 |
| Death and other benefits incurred | **(2'672)** | (2'834) | (2'560) | (6) | 4 | **(9'319)** | (8'933) | 4 |
| Change in provision for future policyholder benefits (technical) | **(2'506)** | (1'071) | (766) | 134 | 227 | **(6'866)** | (4'513) | 52 |
| Change in provision for future policyholder benefits (separate account)[1)] | **1'104** | 687 | 1'319 | 61 | (16) | **1'650** | 1'767 | (7) |
| Dividends to policyholders incurred | **207** | 678 | (114) | (69) | – | **1'020** | (745) | – |
| Operating expenses, net (including commissions paid) | **(691)** | (495) | (463) | 40 | 49 | **(1'610)** | (1'416) | 14 |
| Investment income general account | **309** | 4 | 943 | – | (67) | **1'105** | 4'103 | (73) |
| Investment income separate account[1)] | **(1'104)** | (687) | (1'319) | 61 | (16) | **(1'650)** | (1'767) | (7) |
| Interest received on deposits and bank accounts | **19** | 27 | 25 | (30) | (24) | **69** | 62 | 11 |
| Interest on bonuses credited to policyholders | **(29)** | (47) | (27) | (38) | 7 | **(105)** | (99) | 6 |
| Other interest paid | **(49)** | (23) | (35) | 113 | 40 | **(122)** | (134) | (9) |
| Other income/(expenses) (including foreign exchange impact) | **5** | 87 | 11 | (94) | (55) | **98** | (55) | – |
| **Net operating profit before taxes and minority interests** | **(685)** | (281) | 62 | 144 | – | **(988)** | 625 | – |
| Taxes | **(396)** | (146) | 4 | 171 | – | **(505)** | (125) | 304 |
| **Net operating profit before minority interests** | **(1'081)** | (427) | 66 | 153 | – | **(1'493)** | 500 | – |

The presentation of segment results differs from the presentation of the Group's consolidated results as it reflects the way the insurance business is managed, which is in line with peers in the insurance industry. Amortization of goodwill is excluded from net operating expenses. Acquisition-related costs and minority interests are reported separately at the business unit level only.

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

Life & Pensions key information

| | | | | 9 months | |
|---|---|---|---|---|---|
| | **3Q2002** | 2Q2002 | 3Q2001 | **2002** | 2001 |
| Expense ratio[1)] | **14.6%** | 14.6% | 15.2% | **10.9%** | 11.5% |
| Growth in gross premiums written | **44.8%** | 9.7% | 17.7% | **18.3%** | 11.5% |
| Return on invested assets (excluding separate account business) | | | | | |
| Current income | **3.6%** | 4.5% | 3.9% | **4.0%** | 4.4% |
| Realized gains/losses and other income/expenses | **(2.4%)** | (4.4%) | – | **(2.5%)** | 1.2% |
| Total return on invested assets[2)] | **1.2%** | 0.1% | 3.9% | **1.5%** | 5.6% |

| | | | | | |
|---|---|---|---|---|---|
| Net new assets in CHF bn[3] | **0.4** | 1.3 | 0.1 | **4.7** | 3.2 |
| Total sales in CHF m[4] | **5'240** | 4'484 | 4'411 | **17'507** | 16'333 |

| | 30.09.02 | 30.06.02 | 31.12.01 |
|---|---|---|---|
| Assets under management in CHF bn[5] | **113.0** | 113.5 | 115.2 |
| Technical provisions in CHF m | **108'098** | 107'226 | 108'326 |
| Number of employees | **7'927** | 7'634 | 7'755 |

[1] Operating expenses/net premiums earned.

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

[3] Based on change in technical provisions for traditional business, adjusted for technical interests, net inflow of separate account business and change in off-balance sheet business such as funds.

[4] Includes gross premiums written and off-balance sheet sales.

[5] Based on savings-related provisions for policyholders plus off-balance sheet assets.

**Insurance**

The Insurance segment increased its net premiums earned by 4% in the first nine months of 2002, compared with the same period of 2001, to CHF 11.7 billion. Adjusted for acquisitions, divestitures and exchange rate impacts, the segment reported healthy growth of approximately 8% due, in particular, to considerable increases in premium rates and solid growth rates in the UK, Spain, Switzerland and North America.

The combined ratio improved by 2.9 percentage points to 103.5% in the first nine months of 2002. This improvement is attributable in particular to significant progress in motor insurance, resulting in a 6 percentage point decrease in the combined ratio to just over 100%.

In the first nine months of 2002, Winterthur Insurance’s claims ratio improved 2.7 percentage points to 74.7% versus the corresponding 2001 period. Significant progress was achieved in North America, Spain and the UK. Claims ratios in Switzerland and Germany deteriorated slightly in 2002 as a result of weather-related claims. The overall expense ratio improved by 0.2 percentage points to 28.8% compared with the first nine months of 2001.

The combined ratio continued to show a clear improvement on a quarterly basis, reflecting the positive development of both the claims and expense ratios. In the third quarter of 2002, the combined ratio stood at 102.8%, versus 103.7% in the previous quarter and 103.8% in the third quarter of 2001.

Despite a further improvement to its underwriting result of CHF 568 million versus the previous year, the Insurance segment reported a net operating loss before minority interests of CHF 998 million in the first nine months of 2002, as a result of lower investment income due to the income statement recognition of lower equity valuations and the realization of losses when further reducing the equity exposure of the investment portfolio. The impact on net operating profit before minority interests as a result of lower investment income was approximately CHF 1.5 billion compared to the first nine months of 2001.

Strict cost management led to a reduction in administration costs versus the previous quarter. Insurance has continued to implement further measures to improve underwriting results and to increase earnings strength, including a further significant reduction in administration costs; ongoing rate increases across lines of business and markets; continued improvements to claims management procedures and selective underwriting. The aim is for the Insurance segment to be able to operate profitably from current investment income only.

Insurance income statement

| in CHF m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| **Gross premiums written** | **3'755** | 4'122 | 3'614 | (9) | 4 | **14'545** | 14'727 | (1) |
| Reinsurance ceded | **(232)** | (204) | (317) | 14 | (27) | **(851)** | (1'363) | (38) |
| **Net premiums written** | **3'523** | 3'918 | 3'297 | (10) | 7 | **13'694** | 13'364 | 2 |
| Change in provision for unearned premiums and in provision for future policy benefits (health) | **414** | 65 | 411 | – | 1 | **(2'023)** | (2'152) | (6) |
| **Net premiums earned** | **3'937** | 3'983 | 3'708 | (1) | 6 | **11'671** | 11'212 | 4 |
| Claims and annuities incurred, net | **(2'920)** | (2'976) | (2'817) | (2) | 4 | **(8'715)** | (8'672) | 0 |
| Dividends to policyholders incurred, net | **(53)** | 117 | (78) | – | (32) | **(3)** | (261) | (99) |
| Operating expenses, net (including commissions paid) | **(1'126)** | (1'157) | (1'033) | (3) | 9 | **(3'360)** | (3'254) | 3 |
| **Underwriting result, net** | **(162)** | (33) | (220) | 391 | (26) | **(407)** | (975) | (58) |
| Net investment income | **110** | (266) | 360 | – | (69) | **(69)** | 1'714 | – |
| Interest received on deposits and bank accounts | **4** | 7 | 9 | (43) | (56) | **27** | 33 | (18) |
| Interest paid | **(40)** | (35) | (25) | 14 | 60 | **(94)** | (92) | 2 |
| Other income/(expenses) (including foreign exchange impact) | **(115)** | (104) | 22 | 11 | – | **(280)** | 51 | – |
| **Net operating profit before taxes and minority interests** | **(203)** | (431) | 146 | (53) | – | **(823)** | 731 | – |
| Taxes | **(158)** | (59) | (51) | 168 | 210 | **(175)** | (231) | (24) |
| **Net operating profit before minority interests** | **(361)** | (490) | 95 | (26) | – | **(998)** | 500 | – |

The presentation of segment results differs from the presentation of the Group's consolidated results as it reflects the way the insurance business is managed, which is in line with peers in the insurance industry. Amortization of goodwill is excluded from net operating expenses. Acquisition-related costs and minority interests are reported separately at the business unit level only.

Insurance key information

| | 3Q2002 | 2Q2002 | 3Q2001 | 9 months 2002 | 9 months 2001 |
|---|---|---|---|---|---|
| | **102.8%** | 103.7% | 103.8% | **103.5%** | 106.4% |

| | | | | | |
|---|---|---|---|---|---|
| Combined ratio (excluding dividends to policyholders) | | | | | |
| Claims ratio | **74.2%** | 74.7% | 76.0% | **74.7%** | 77.4% |
| Expense ratio | **28.6%** | 29.0% | 27.8% | **28.8%** | 29.0% |
| Return on invested assets | | | | | |
| Current income | **4.1%** | 5.0% | 3.9% | **4.3%** | 4.8% |
| Realized gains/losses and other income/expenses | **(2.5%)** | (8.8%) | 0.6% | **(4.6%)** | 2.4% |
| Total return on invested assets[1)] | **1.6%** | (3.8%) | 4.7% | **(0.3%)** | 7.2% |

| | 30.09.02 | 30.06.02 | 31.12.01 |
|---|---|---|---|
| Assets under management in CHF bn | **31.1** | 29.6 | 30.5 |
| Technical provisions in CHF m | **29'706** | 29'729 | 27'738 |
| Number of employees | **24'224** | 24'212 | 22'197 |

1) Total investment return on invested assets includes depreciation on real estate and investment expenses as well as investment income and realized gains and losses.

top

REVIEW OF BUSINESS UNITS | CREDIT SUISSE FIRST BOSTON

Credit Suisse First Boston posted a third quarter 2002 net operating loss of USD 255 million (CHF 426 million), excluding the amortization of acquired intangible assets and goodwill, compared with a net operating profit of USD 229 million (CHF 371 million) in the second quarter of 2002 and a net operating loss of USD 103 million (CHF 170 million) in the third quarter of 2001. Market conditions, particularly for equity and banking-related businesses, resulted in lower revenues. The cost reduction program initiated in 2001 generated another quarter of decreased expenses: these were down USD 2.4 billion (CHF 4.8 billion) in the first nine months of 2002, compared with the same period in 2001.

For the third quarter of 2002, Credit Suisse First Boston reported a net loss of USD 425 million (CHF 679 million), compared with a net profit of USD 61 million (CHF 101 million) in the preceding quarter and a net loss of USD 281 million (CHF 472 million) in the third quarter of 2001.

Operating income in the third quarter decreased 24% from the second quarter to USD 2.6 billion (CHF 3.9 billion), reflecting declines across all divisions. The Investment Banking division, which was unfavorably impacted by reduced volumes, experienced the most significant decline, followed by the Fixed Income business within the Securities division. Third quarter 2002 operating income decreased 24% compared with the third quarter of 2001, reflecting declines in the Fixed Income business, principally due to lower revenues in the developed markets rates business.

As a result of Credit Suisse First Boston’s commitment to cost reduction, third quarter 2002 operating expenses were USD 2.2 billion (CHF 3.2 billion), reflecting a 29% decline compared with the same period in 2001. Headcount at the end of September 2002 was down 16% from a year earlier. Compared with the same period in 2001, third quarter personnel expenses, including incentive compensation, and other operating expenses decreased 34% and 20%, respectively, in part due to the sale of non-core operations. Compared with the second quarter of 2002, third quarter operating expenses decreased 18%, principally due to a reduction in incentive compensation costs. In October 2002, Credit Suisse First Boston announced a further cost reduction initiative with the goal of reducing annual operating expenses by approximately USD 500 million (approximately CHF 770 million). The majority of the cost savings are expected from headcount reductions of 5% to 7%. Such reductions are intended to enable the business unit to adapt to the current market conditions. Any costs associated with the implementation of this initiative will be reflected in the fourth quarter.

Assets under management, including private equity, totaled USD 359.2 billion (CHF 535.4 billion) as of September 30, 2002, down 7.7% on a US dollar basis from June 30, 2002, due to unfavorable market performance and net asset outflows. Discretionary assets under management as of September 30, 2002, were USD 232.3 billion (CHF 346.3 billion), a 9.2% decrease from June 30, 2002, on a US dollar basis. Advisory assets under management as of September 30, 2002, were USD 126.9 billion (CHF 189.1 billion), down 4.8% on a US dollar basis from June 30, 2002.

Credit Suisse First Boston has put in place a number of measures intended to return the business to profitability in the current market environment. These measures include bringing down costs in line with market conditions; the resolution of various legacy asset portfolios to largely eliminate their impact on future earnings; further reducing the amount of guaranteed compensation going into 2003; and completing the amortization of the DLJ retention awards, which will largely terminate in June 2003. The business unit's key priority is to focus on its clients in order to preserve and grow its strong core franchise, which is evidenced by its primary and secondary market shares in all its core lines of business.

Credit Suisse First Boston business unit income statement

| in USD m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| **Operating income** | **2'638** | 3'493 | 3'483 | (24) | (24) | **9'408** | 12'191 | (23) |
| Personnel expenses | **1'394** | 1'921 | 2'104 | (27) | (34) | **5'123** | 7'001 | (27) |
| Other operating expenses | **775** | 734 | 971 | 6 | (20) | **2'284** | 2'836 | (19) |
| **Operating expenses** | **2'169** | 2'655 | 3'075 | (18) | (29) | **7'407** | 9'837 | (25) |
| **Gross operating profit** | **469** | 838 | 408 | (44) | 15 | **2'001** | 2'354 | (15) |
| Depreciation of non-current assets | **139** | 116 | 136 | 20 | 2 | **378** | 405 | (7) |
| Valuation adjustments, provisions and losses[1)] | **560** | 260 | 202 | 115 | 177 | **1'022** | 435 | 135 |
| **Net operating profit before extraordinary items, acquisition-related costs and taxes** | **(230)** | 462 | 70 | – | – | **601** | 1'514 | (60) |
| Extraordinary income/(expenses), net | **0** | 16 | (8) | – | – | **16** | (10) | – |
| Taxes[2)] | **84** | (111) | (17) | – | – | **(108)** | (365) | (70) |
| **Net operating profit before acquisition-related costs** | **(146)** | 367 | 45 | – | – | **509** | 1'139 | (55) |
| Acquisition interest | **(68)** | (99) | (106) | (31) | (36) | **(266)** | (389) | (32) |
| Amortization of retention payments | **(100)** | (112) | (113) | (11) | (12) | **(319)** | (352) | (9) |
| Amortization of acquired intangible assets and goodwill | **(207)** | (206) | (216) | 0 | (4) | **(626)** | (640) | (2) |
| Tax impact | **96** | 111 | 109 | (14) | (12) | **319** | 360 | (11) |
| **Net profit** | **(425)** | 61 | (281) | – | 51 | **(383)** | 118 | – |
| | | | | | | | | |
| **Reconciliation to net operating profit** | | | | | | | | |
| Amortization of acquired intangible assets and goodwill | **207** | 206 | 216 | 0 | (4) | **626** | 640 | (2) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Tax impact | **(37)** | (38) | (38) | (3) | (3) | **(114)** | (114) | 0 |
| **Net operating profit** | **(255)** | 229 | (103) | – | 148 | **129** | 644 | (80) |

See page 18 for footnotes.

Credit Suisse First Boston business unit income statement

| in CHF m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| **Operating income** | **3'856** | 5'598 | 5'853 | (31) | (34) | **14'959** | 20'481 | (27) |
| Personnel expenses | **2'031** | 3'078 | 3'536 | (34) | (43) | **8'146** | 11'762 | (31) |
| Other operating expenses | **1'157** | 1'172 | 1'633 | (1) | (29) | **3'631** | 4'765 | (24) |
| **Operating expenses** | **3'188** | 4'250 | 5'169 | (25) | (38) | **11'777** | 16'527 | (29) |
| **Gross operating profit** | **668** | 1'348 | 684 | (50) | (2) | **3'182** | 3'954 | (20) |
| Depreciation of non-current assets | **209** | 185 | 227 | 13 | (8) | **601** | 681 | (12) |
| Valuation adjustments, provisions and losses[1)] | **867** | 420 | 341 | 106 | 154 | **1'625** | 731 | 122 |
| **Net operating profit before extraordinary items, acquisition-related costs and taxes** | **(408)** | 743 | 116 | – | – | **956** | 2'542 | (62) |
| Extraordinary income/(expenses), net | **(1)** | 26 | (13) | – | (92) | **25** | (15) | – |
| Taxes[2)] | **143** | (178) | (27) | – | – | **(172)** | (614) | (72) |
| **Net operating profit before acquisition-related costs** | **(266)** | 591 | 76 | – | – | **809** | 1'913 | (58) |
| Acquisition interest | **(99)** | (158) | (177) | (37) | (44) | **(424)** | (653) | (35) |
| Amortization of retention payments | **(148)** | (180) | (189) | (18) | (22) | **(507)** | (592) | (14) |
| Amortization of acquired intangible assets and goodwill | **(308)** | (330) | (367) | (7) | (16) | **(995)** | (1'076) | (8) |
| Tax impact | **142** | 178 | 185 | (20) | (23) | **507** | 605 | (16) |
| **Net profit** | **(679)** | 101 | (472) | – | 44 | **(610)** | 197 | – |
| | | | | | | | | |
| **Reconciliation to net operating profit** | | | | | | | | |
| Amortization of acquired intangible assets and goodwill | **308** | 330 | 367 | (7) | (16) | **995** | 1'076 | (8) |
| Tax impact | **(55)** | (60) | (65) | (8) | (15) | **(181)** | (192) | (6) |
| **Net operating profit** | **(426)** | 371 | (170) | – | 151 | **204** | 1'081 | (81) |

For further information on the presentation of business unit results, please refer to the "Overview of business unit results" on page 4/5. Certain reclassifications have been made to conform to the current presentation. The operating basis income statement differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately in the income statement.

[1] The amount in 3Q2001 includes valuation adjustments taken at Group level of CHF 82 m (USD 49 m), resulting from the difference between the statistical and the actual credit provisions (9 months 2001: CHF 82 m (USD 49 m)). As of 01.01.02, no such adjustments are recorded within Credit Suisse First Boston and the amounts reported in 2002 reflect actual credit provision.

[2] Excluding tax impact on acquisition-related costs.

Credit Suisse First Boston business unit key information

| | | | | 9 months | |
|---|---|---|---|---|---|
| based on CHF amounts | **3Q2002** | 2Q2002 | 3Q2001 | **2002** | 2001 |
| Cost/income ratio (operating)[1) 2) 3)] | **88.1%** | 79.2% | 92.2% | **82.7%** | 84.0% |
| Return on average allocated capital | **(18.8%)** | 2.7% | (11.5%) | **(5.5%)** | 1.6% |
| Return on average allocated capital (operating)[3)] | **(11.8%)** | 9.9% | (4.1%) | **1.9%** | 9.0% |
| Return on average allocated capital (operating, excluding amortization of retention payments, net of tax)[2) 3)] | **(9.2%)** | 13.1% | (1.1%) | **4.8%** | 12.2% |
| Average allocated capital in CHF m | **14'437** | 14'958 | 16'440 | **14'675** | 16'032 |
| Pre-tax margin | **(25.0%)** | 1.8% | (10.8%) | **(6.3%)** | 1.0% |
| Pre-tax margin (operating)[3)] | **(17.0%)** | 7.7% | (4.5%) | **0.3%** | 6.3% |
| Pre-tax margin (operating, excluding acquisition interest and amortization of retention payments)[1) 2) 3)] | **(10.6%)** | 13.7% | 1.8% | **6.6%** | 12.3% |
| Personnel expenses/operating income[1) 2)] | **52.7%** | 55.0% | 60.4% | **54.5%** | 57.4% |

| | **30.09.02** | 30.06.02 | 31.12.01 |
|---|---|---|---|
| Number of employees | **24'961** | 25'265 | 27'302 |

[1] Excluding acquisition interest.

[2] Excluding amortization of retention payments.
[3] Excluding amortization of acquired intangible assets and goodwill.

**Investment Banking segment**

The Investment Banking segment reported third quarter operating income of USD 2.1 billion (CHF 3.1 billion), down 27% compared with the second quarter of 2002, reflecting declines in all divisions, and down 27% compared with the third quarter of 2001. As a result of cost reduction measures, third quarter operating expenses of USD 1.8 billion (CHF 2.6 billion) were down 33% compared with the third quarter of 2001 and down 21% compared with the previous quarter.

The trend in corporate credits remained unfavorable. Third quarter credit provisions of USD 403 million (CHF 630 million) related to commercial lending. Credit provisions of USD 49 million (CHF 72 million), which related to non-continuing real estate lending activity, declined significantly compared with the second quarter of 2002. Compared with the previous quarter, non-performing counterparty exposure increased USD 507 million (CHF 756 million) to USD 2.2 billion (CHF 3.2 billion), with two counterparties accounting for USD 456 million (CHF 680 million) of this quarter-on-quarter increase. Impaired assets increased USD 462 million (CHF 689 million) to USD 3.3 billion (CHF 4.9 billion). Separately, the third quarter of 2002 includes a USD 54 million (CHF 86 million) provision related to excess office facilities **.**

Fixed Income operating income for the third quarter of 2002 was down 13% compared with the second quarter, to USD 1.1 billion (CHF 1.6 billion). The decline was primarily attributable to the developed credit products business, which experienced a decrease in corporate bond prices with widening credit spreads and reduced liquidity, resulting in a significant decline in principal trading results. Despite the decline, Credit Suisse First Boston was ranked number one globally in asset-backed securitizations, with a 12% market share for the first nine months of the year. Operating income from the leveraged and bank finance business also declined due to decreased new issuances and deteriorating markets; however, Credit Suisse First Boston continued to rank number one in high-yield new issuances, with a market share of 17% for the first nine months of the year. Operating income from the emerging markets business increased compared with the prior quarter, primarily benefiting from the division’s operations in Brazil, although net exposure there was reduced. Credit Suisse First Boston improved its North American fixed income research position and was ranked second. Compared with the same period a year ago, third quarter 2002 operating income was down 34%, most significantly in the interest rate products business. This business includes government bonds, mortgage bond options and non-emerging markets interest rate derivatives, and operated in a more favorable environment of rate reductions during the third quarter of 2001 **.**

Equity operating income decreased 6% compared with the second quarter of 2002, to USD 718 million (CHF 1.1 billion). The decline was primarily related to reduced volumes in US new issuance and cash customer businesses. The US equity market remained challenging, as evidenced by the double-digit negative percentage declines posted by the S&P 500 and the NASDAQ Composite in the third quarter. Despite the difficult environment, Credit Suisse First Boston maintained or improved its market shares and rankings. It ranked fourth in global equity new issues and second in European and non-Japan Asia research, as well as first in Latin America research. The decline in third quarter operating income was partially offset by an increase in the derivatives business, particularly in index arbitrage. Compared with the third quarter of 2001, Equity operating income increased 8% in the third quarter of 2002, with the Latin America business significantly improved.

The **Investment Banking** division’s third quarter 2002 operating income, which includes private equity, decreased 44% compared with the preceding quarter to USD 485 million (CHF 693 million). The decrease was spread broadly across most business lines within the division; however, fees from merger and acquisition activity (M&A) and equity new issuances were affected most significantly. Over the past year, the value of worldwide merger transactions fell 36%. Third quarter 2002 underwriting fees for the industry were down 45% from the previous quarter, and global underwriting volume fell nearly 25% from the second quarter. In total, all US issuers filed only seven IPOs during the quarter, the lowest number since 1980. Investment Banking's operating income from private equity also decreased, principally due to larger write-downs recorded in the third quarter compared with the second quarter.

For the third quarter of 2002, operating income decreased 19% compared with the same period in 2001 as a result of reduced M&A fee income, partially offset by better private equity results. For the first nine months of 2002, Credit Suisse First Boston was ranked second in global M&A in terms of dollar volume of announced transactions, compared with a ranking of third in 2001 and first at mid-2002.

Private equity net gains (realized gains adjusted for unrealized gains and unrealized losses) were USD 12 million (CHF 14 million) in the third quarter, compared with net gains of USD 93 million (CHF 152 million) in the second quarter of 2002 and net losses of USD 99 million (CHF 167 million) in the third quarter of 2001. These amounts include gains from the sale of an investment in Swiss Re of USD 114 million (CHF 182 million) in the second quarter and USD 96 million (CHF 141 million) in the third quarter of 2002. The remaining stake in Swiss Re was sold in the fourth quarter of 2002. Management and performance fees were USD 56 million (CHF 83 million) in the third quarter, USD 57 million (CHF 91 million) in the previous quarter and USD 77 million (CHF 130 million) in the third quarter of 2001. The book value of the private equity investments was USD 1.9 billion (CHF 2.8 billion) and fair value was USD 2.0 billion (CHF 2.9 billion) as of September 30, 2002. As announced earlier in the year, Credit Suisse First Boston is exploring the sale of certain private equity investments, including investments in mature third-party leveraged buyout funds. The aggregate amount of losses reported against operating income for these private equity investments, which are included above, totaled USD 70 million (CHF 107 million) for the third quarter and USD 152 million (CHF 242 million) for the first nine months of 2002.

An operating loss of USD 169 million (CHF 268 million) for the third quarter was reported in "Other" within the Investment Banking segment, compared with gains in the second quarter of 2002 and third quarter of 2001, due to losses generated from the non-continuing real estate and distressed asset portfolios. Real estate-related assets that are under contract for sale were reflected at USD 483 million (CHF 719 million) in the September 30, 2002, balance sheet. Excluding the assets under contract for sale, the net exposure – including unfunded commitments – of the non-continuing real estate portfolio was USD 1.6 billion (CHF 2.4 billion) as of September 30, 2002. This is down from USD 2.2 billion (CHF 3.3 billion) as of June 30, 2002. As of September 30, 2002, the amount of impaired assets in the non-continuing real estate portfolio totaled USD 833 million (CHF 1.2 billion) after write-downs and provisions, compared with USD 1.0 billion (CHF 1.5 billion) as of June 30, 2002. As of September 30, 2002, the carrying amount of distressed portfolio assets totaled USD 626 million (CHF 934 million) compared with USD 849 million (CHF 1.3 billion) as of June 30, 2002 and USD 1.3 billion (CHF 2.1 billion) as of September 30, 2001. The aggregate amount of charges related to these non-continuing businesses in the first nine months totaled USD 648 million (CHF 1.0 billion), of which USD 486 million (CHF 773 million) were netted against operating income and USD 162 million (CHF 258 million) were included in provisions.

Overview of business unit Credit Suisse First Boston

| 3Q2002 | in USD m | | | in CHF m | | |
|---|---|---|---|---|---|---|
| | CSFB | | | CSFB | | |
| | Investment Banking | Financial Services | **Credit Suisse First Boston** | Investment Banking | Financial Services | **Credit Suisse First Boston** |
| **Operating income** | 2'137 | 501 | **2'638** | 3'114 | 742 | **3'856** |
| Personnel expenses | 1'140 | 254 | **1'394** | 1'652 | 379 | **2'031** |
| Other operating expenses | 613 | 162 | **775** | 916 | 241 | **1'157** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Operating expenses** | 1'753 | 416 | **2'169** | 2'568 | 620 | **3'188** |
| **Gross operating profit** | 384 | 85 | **469** | 546 | 122 | **668** |
| Depreciation of non-current assets | 116 | 23 | **139** | 175 | 34 | **209** |
| Valuation adjustments, provisions and losses | 549 | 11 | **560** | 850 | 17 | **867** |
| **Net operating profit before extraordinary items, acquisition-related costs and taxes** | (281) | 51 | **(230)** | (479) | 71 | **(408)** |
| Extraordinary income/(expenses), net | 0 | 0 | **0** | (1) | 0 | **(1)** |
| Taxes[1)] | 98 | (14) | **84** | 163 | (20) | **143** |
| **Net operating profit before acquisition-related costs** | (183) | 37 | **(146)** | (317) | 51 | **(266)** |
| Acquisition interest | | | **(68)** | | | **(99)** |
| Amortization of retention payments | | | **(100)** | | | **(148)** |
| Amortization of acquired intangible assets and goodwill | | | **(207)** | | | **(308)** |
| Tax impact | | | **96** | | | **142** |
| **Net profit** | | | **(425)** | | | **(679)** |
| | | | | | | |
| **Reconciliation to net operating profit** | | | | | | |
| Amortization of acquired intangible assets and goodwill | | | **207** | | | **308** |
| Tax impact | | | **(37)** | | | **(55)** |
| **Net operating profit** | | | **(255)** | | | **(426)** |
| | | | | | | |
| Average allocated capital | 9'329 | 660 | 9'685 | 13'906 | 984 | 14'437 |

For further information on the presentation of business unit results, please refer to the "Overview of business unit results" on page 4/5. The operating basis income statement differs from the presentation of the Group's consolidated results in a) including brokerage, execution and clearing expenses as part of other operating expenses in line with certain US competitors, rather than netted against operating income, b) reporting contractor costs as part of other operating expenses instead of personnel expenses, c) excluding acquisition-related costs of acquisition interest from operating income, amortization of retention payments from personnel expenses and amortization of acquired intangible assets and goodwill from depreciation, valuation adjustments and losses and d) deducting expenses related to certain redeemable preferred securities classified as minority interests from operating income. Acquisition-related costs are reported separately in the income statement.

[1)] Excluding tax impact on acquisition-related costs.

Investment Banking income statement

| in USD m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Fixed Income[1)] | **1'103** | 1'263 | 1'661 | (13) | (34) | **3'635** | 4'772 | (24) |
| Equity | **718** | 760 | 666 | (6) | 8 | **2'333** | 3'195 | (27) |
| Investment Banking | **485** | 871 | 596 | (44) | (19) | **2'051** | 2'190 | (6) |
| Other[1)] | **(169)** | 46 | 19 | – | – | **(201)** | 238 | – |
| **Operating income** | **2'137** | 2'940 | 2'942 | (27) | (27) | **7'818** | 10'395 | (25) |
| Personnel expenses | **1'140** | 1'662 | 1'830 | (31) | (38) | **4'352** | 6'060 | (28) |
| Other operating expenses | **613** | 570 | 775 | 8 | (21) | **1'801** | 2'235 | (19) |
| **Operating expenses** | **1'753** | 2'232 | 2'605 | (21) | (33) | **6'153** | 8'295 | (26) |
| **Gross operating profit** | **384** | 708 | 337 | (46) | 14 | **1'665** | 2'100 | (21) |
| Depreciation of non-current assets | **116** | 93 | 109 | 25 | 6 | **311** | 326 | (5) |
| Valuation adjustments, provisions and losses | **549** | 252 | 198 | 118 | 177 | **1'000** | 427 | 134 |
| **Net operating profit before extraordinary items, acquisition-related costs and taxes** | **(281)** | 363 | 30 | – | – | **354** | 1'347 | (74) |
| Extraordinary income/(expenses), net | **0** | 16 | 0 | – | – | **16** | (1) | – |
| Taxes | **98** | (83) | (7) | – | – | **(39)** | (345) | (89) |
| **Net operating profit before acquisition-related costs** | **(183)** | 296 | 23 | – | – | **331** | 1'001 | (67) |

See footnotes below.

Investment Banking income statement

| in CHF m | 3Q2002 | 2Q2002 | 3Q2001 | Change in % from 2Q2002 | Change in % from 3Q2001 | 9 months 2002 | 9 months 2001 | Change in % from 2001 |
|---|---|---|---|---|---|---|---|---|
| Fixed Income[1)] | **1'627** | 2'021 | 2'791 | (19) | (42) | **5'780** | 8'017 | (28) |
| Equity | **1'062** | 1'211 | 1'119 | (12) | (5) | **3'710** | 5'368 | (31) |
| Investment Banking | **693** | 1'401 | 1'002 | (51) | (31) | **3'261** | 3'680 | (11) |
| Other[1)] | **(268)** | 80 | 31 | – | – | **(320)** | 399 | – |
| **Operating income** | **3'114** | 4'713 | 4'943 | (34) | (37) | **12'431** | | |