

CREDIT SUISSE GROUP  
Form 6-K  
November 02, 2006

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## FORM 6-K

### UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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#### Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16 under the Securities Exchange Act of 1934

For the month of November 2nd, 2006

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 office)

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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 the registrant by furnishing the information contained in this Form 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- \_\_\_\_\_

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**Media Release**

**Credit Suisse Group reports net income of CHF 6.7 billion for the first nine months of 2006 and net income of CHF 1.9 billion for the third quarter**

**Credit Suisse Group today reported net income of CHF 1,892 million for the third quarter of 2006, compared to net income of CHF 1,918 million in the third quarter of 2005.**

**Basic earnings per share improved to CHF 1.74 for the quarter, compared to CHF 1.67 in the third quarter of 2005.**

**For the first nine months of 2006, the Group's net income was CHF 6,654 million, compared to net income of CHF 4,747 million in the corresponding period of 2005.**

**Net new assets totaled CHF 31.0 billion in the third quarter of 2006.**

**Financial highlights**

in CHF million	<b>3Q2006</b>	Change in %	Change in %	<b>9 mths 2006</b>	Change in %
		vs 2Q2006	vs 3Q2005		vs 9 mths 2005
Net revenues	<b>8,076</b>	(8)	(1)	<b>27,789</b>	21
Total operating expenses	<b>5,656</b>	1	0	<b>17,894</b>	7
Net income	<b>1,892</b>	(12)	(1)	<b>6,654</b>	40
Return on equity - Group	<b>18.9%</b>	-	-	<b>21.7%</b>	-
Return on equity - Banking	<b>19.0%</b>	-	-	<b>23.4%</b>	-
Basic earnings per share (CHF)	<b>1.74</b>	-	-	<b>6.00</b>	-
BIS tier 1 ratio (at quarter end)	<b>10.8%</b>	-	-	-	-

Zurich, November 2, 2006 "We achieved a good overall performance in the first nine months of 2006, with a 40% increase in net income. However, in the third quarter our Wealth Management result was seasonally lower, while our Investment Banking business reported good results in fixed income but was impacted by lower equity trading revenues," stated Oswald J. Gruebel, CEO of Credit Suisse Group.

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He added: "We are continuing to make progress with our integrated banking model and are intensifying efforts to strengthen our operating results with the aim of delivering a sustained improvement in profitability."

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**Credit Suisse segment results**

in CHF million		<b>3Q2006</b>	Change in %	Change in %	<b>9 mths 2006</b>	Change in %
			vs 2Q2006	vs 3Q2005		vs 9 mths 2005
<b>Investment Banking</b>	Net revenues	<b>4,191</b>	(6)	(5)	<b>14,384</b>	22
	Total operating expenses	<b>3,452</b>	10	(1)	<b>10,833</b>	3
	Income from continuing operations before taxes	<b>758</b>	(41)	(19)	<b>3,609</b>	175
<b>Private Banking</b>	Net revenues	<b>2,682</b>	(8)	(1)	<b>8,705</b>	12
	Total operating expenses	<b>1,679</b>	(6)	0	<b>5,284</b>	8
	Income from continuing operations before taxes	<b>1,022</b>	(9)	(1)	<b>3,453</b>	17
<b>Asset Management</b>	Net revenues	<b>692</b>	3	7	<b>2,123</b>	4
	Total operating expenses	<b>535</b>	(18)	19	<b>1,704</b>	33
	Income from continuing operations before taxes	<b>158</b>	485	(21)	<b>419</b>	(45)

**Investment Banking**

The Investment Banking segment reported income from continuing operations before taxes of CHF 758 million in the third quarter of 2006, a decrease of 19% compared to the third quarter of 2005. Net revenues were down 5% to CHF 4,191 million compared to the third quarter of 2005, primarily reflecting lower equity trading revenues. Lower revenues in equity underwriting and advisory and other fees compared to the third quarter of 2005 were partly offset by an increase in debt underwriting and fixed income trading revenues. Total operating expenses decreased 1% compared to the third quarter of 2005 due primarily to lower compensation accruals in line with lower revenues, partially offset by higher commission expenses resulting from higher transaction volumes. The compensation/revenue ratio was 53.5% in the third quarter of 2006, an improvement of 2.0 percentage points compared to the full-year 2005 level. The pre-tax income margin declined to 18.1% in the third quarter of 2006 from 21.3% in the third quarter of 2005, and the pre-tax return on average economic risk capital decreased to 21.5% from 28.9% in the third quarter of 2005. For the first nine months of 2006, Investment Banking reported a pre-tax income margin of 25.1% and a pre-tax return on average economic risk capital of 32.8%.

**Private Banking**

The Private Banking segment, which comprises the Wealth Management and Corporate & Retail Banking businesses, reported income from continuing operations before taxes of CHF 1,022 million in the third quarter of 2006, almost unchanged compared to the same period of 2005. Net revenues decreased slightly to CHF 2,682 million in the third quarter of 2006, as strong asset-based revenues related to the increased level of assets under management were offset by lower transaction-based revenues, reflecting reduced client activity throughout much of the third quarter. Total operating expenses were flat compared to the third quarter of 2005, as higher personnel expenses related to ongoing growth initiatives in Wealth Management were offset by lower performance-related compensation accruals and continuing cost management. The pre-tax income margin of 38.1% was almost unchanged from the third quarter of 2005.

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The **Wealth Management** business reported income from continuing operations before taxes of CHF 684 million in the third quarter of 2006, a decrease of 5% compared to the third quarter of 2005, as marginally lower net revenues were accompanied by a slight increase in total operating expenses. The pre-tax income margin was 37.1% for the third quarter of 2006, down 1.6 percentage points compared to the same period of 2005. Net new assets amounted to CHF 10.9 billion, resulting in a rolling four quarter average growth rate of 7.2% in the third quarter of 2006.

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The **Corporate & Retail Banking** business reported income from continuing operations before taxes of CHF 338 million in the third quarter of 2006, up 7% compared to the third quarter of 2005, primarily reflecting a reduction in total operating expenses. The pre-tax income margin rose by 3.2 percentage points to 40.3% compared to the third quarter of 2005. The pre-tax return on average economic risk capital was 48.1% in the third quarter of 2006, an improvement of 8.1 percentage points compared to the same period of 2005.

**Asset Management**

The Asset Management segment reported income from continuing operations before taxes of CHF 158 million in the third quarter of 2006, a decrease of 21% compared to the third quarter of 2005. Net revenues grew by 7% to CHF 692 million compared to the third quarter of 2005. This increase was driven primarily by stronger asset management revenues as a result of the growth in assets under management over the previous 12 months. Private equity and other investment-related gains totaled CHF 89 million, a decrease of 36% compared to the strong third quarter of 2005. Total operating expenses rose 19% compared to the third quarter of 2005, mainly reflecting costs associated with the realignment of the Asset Management business, higher compensation and benefits and increased commission expenses. The pre-tax income margin for the third quarter of 2006 was 22.8%, a decrease of 8.1 percentage points compared to the third quarter of 2005. Asset Management reported CHF 21.2 billion of net new assets in the third quarter of 2006. As of September 30, 2006, assets under management totaled CHF 659.6 billion, of which CHF 135.3 billion were alternative investment assets.

**Net new assets**

The Wealth Management business recorded CHF 10.9 billion of net new assets in the third quarter of 2006, reflecting inflows from key markets in all regions. For the first nine months of 2006, Wealth Management reported net new assets of CHF 41.9 billion, representing an annualized growth rate of 8.1%. The Asset Management business reported CHF 21.2 billion of net new assets in the third quarter of 2006, including alternative investment assets of CHF 6.2 billion. Overall, Credit Suisse Group recorded CHF 31.0 billion of net new assets in the third quarter of 2006. The Group's total assets under management were CHF 1,454.3 billion as of September 30, 2006, an increase of 6% compared to June 30, 2006.

**Winterthur**

Prior to the second quarter of 2006, Winterthur was reported as a separate segment of Credit Suisse Group. Due to the agreement to sell Winterthur that was announced in June 2006, the Group's financial results now reflect this business as discontinued operations. Winterthur generated income from discontinued operations, net of tax, of CHF 424 million in the third quarter of 2006.

**Outlook**

Credit Suisse believes the economic outlook for 2007 is positive in view of the financial strength of corporations, the robustness of the financial services industry and the growth prospects for the emerging markets. As global energy and commodity prices remain subdued, it expects to see only very modest increases in global interest rates in the coming months. In addition, it sees further upside potential in equity market valuations, although periodic setbacks are possible. As it moves towards the end of the year, Credit Suisse's pipeline of business is strong.

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**Information**

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For additional information on Credit Suisse Group's third-quarter 2006 results, please refer to the Group's Quarterly Report 2006/Q3, as well as the Group's slide presentation for analysts and the press, which are available on the Internet at: [www.credit-suisse.com/results](http://www.credit-suisse.com/results)

**Credit Suisse Group**

Credit Suisse Group is a leading global financial services company headquartered in Zurich. Credit Suisse, the banking business of Credit Suisse Group, provides its clients with investment banking, private banking and asset management services worldwide. Credit Suisse offers advisory services, comprehensive solutions and innovative products to companies, institutional clients and high-net-worth private clients globally, as well as retail clients in Switzerland. Credit Suisse Group also includes Winterthur, a Swiss general insurer with a focus on international business activities. Credit Suisse Group is active in over 50 countries and employs approximately 63,000 people. Credit Suisse Group's registered shares (CSGN) are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse Group and Credit Suisse can be found at [www.credit-suisse.com](http://www.credit-suisse.com). Further information about Winterthur can be found at [www.winterthur.com](http://www.winterthur.com).

**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 implement procedures properly; (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 brand; (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 acquired businesses successfully, and divestitures, including the ability to sell non-core assets; (xviii) the adverse resolution of litigation and other contingencies; and (xix) 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.

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**Presentation of Credit Suisse Group's Third-Quarter 2006 Results  
via Audio Webcast and Telephone Conference**

**Date** Thursday, November 2, 2006

**Time** 10:00 CET / 09:00 GMT / 04:00 EST

**Speaker** Renato Fassbind, Chief Financial Officer of Credit Suisse Group  
The presentation will be held in English.

**Audio Webcast** [www.credit-suisse.com/results](http://www.credit-suisse.com/results)

**Telephone** Europe: +41 91 610 5600  
UK: +44 207 107 0611  
US: +1 866 291 4166  
Reference: 'Credit Suisse Group quarterly results'

**Q&A session** You will have the opportunity to ask questions during the telephone conference following the presentation.

**Playbacks** Audio playback available approximately 3 hours after the event at:  
[www.credit-suisse.com/results](http://www.credit-suisse.com/results)

Telephone replay available approximately 1 hour after the event on  
Europe: +41 91 612 4330  
UK: +44 207 108 6233  
US: +1 866 416 2558  
Conference ID: 180# (please note: this is a new number to replace 962# in the invitation).

**Note** We recommend that you dial in approximately 10 minutes before the start of the presentation for the audio webcast and telephone conference. Further instructions and technical test functions are available on our website.

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Credit Suisse Group

Quarterly Report 2006/Q3

Cover: Charlene Yu, Private Banking, Hong Kong Photographer: John Wildgoose

## Credit Suisse Group financial highlights

in CHF m, except where indicated	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	9 months		Change in % from 2005
						2006	2005	
<b>Consolidated statements of income</b>								
Net revenues	<b>8,076</b>	8,788	8,123	(8)	(1)	<b>27,789</b>	22,923	21
Income from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes	<b>2,460</b>	3,178	2,538	(23)	(3)	<b>9,986</b>	6,342	57
Net income	<b>1,892</b>	2,158	1,918	(12)	(1)	<b>6,654</b>	4,747	40
<b>Return on equity</b>								
Return on equity – Group	<b>18.9%</b>	21.6%	20.1%	–	–	<b>–21.7%</b>	16.9%	–
Return on equity – Banking <sup>1)</sup>	<b>19.0%</b>	23.4%	22.7%	–	–	<b>–23.4%</b>	18.1%	–
<b>Earnings per share</b>								
Basic earnings per share, in CHF	<b>1.74</b>	1.94	1.67	–	–	<b>6.00</b>	4.16	–
Diluted earnings per share, in CHF	<b>1.67</b>	1.86	1.63	–	–	<b>5.75</b>	4.05	–
<b>Cost/income ratio – reported</b>	<b>70.0%</b>	63.7%	69.3%	–	–	<b>–64.4%</b>	72.8%	–
<b>Cost/income ratio<sup>2)</sup></b>	<b>75.9%</b>	69.4%	74.0%	–	–	<b>–71.1%</b>	77.9%	–
<b>Net new assets, in CHF bn</b>	<b>31.0</b>	30.1	18.7	–	–	<b>88.5</b>	47.4	–

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in CHF m, except where indicated	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
<b>Assets under management, in CHF bn</b>	<b>1,454.3</b>	1,370.9	1,333.9	6.1	9.0
<b>Consolidated balance sheets</b>					
Total assets	<b>1,473,113</b>	1,404,562	1,339,052	5	10
Shareholders' equity	<b>41,643</b>	38,882	42,118	7	(1)
<b>Consolidated BIS capital data</b>					
Risk-weighted assets	<b>252,139</b>	244,931	232,891	3	8
Tier 1 ratio	<b>10.8%</b>	10.6%	11.3%	–	–
Total capital ratio	<b>13.2%</b>	13.4%	13.7%	–	–
<b>Number of employees</b>					
Switzerland – Banking	<b>20,261</b>	20,069	20,194	1	0
Outside Switzerland – Banking	<b>24,456</b>	24,027	24,370	2	0
Winterthur <sup>3)</sup>	<b>18,984</b>	18,944	18,959	0	0
<b>Number of employees (full-time equivalents)</b>	<b>63,701</b>	63,040	63,523	1	0
<b>Stock market data</b>					
Share price per registered share, in CHF	<b>72.35</b>	68.40	67.00	6	8
High (closing price) year-to-date, in CHF	<b>74.20</b>	78.90	68.50	(6)	8
Low (closing price) year-to-date, in CHF	<b>62.70</b>	62.85	46.85	0	34
Share price per American Depositary Share, in USD	<b>57.95</b>	55.99	50.95	4	14
Market capitalization, in CHF m	<b>77,946</b>	74,393	75,399	5	3
Market capitalization, in USD m	<b>62,432</b>	60,896	57,337	3	9
Book value per share, in CHF	<b>38.65</b>	35.75	37.43	8	3
<b>Share information</b>					
Shares issued	<b>1,214,054,870</b>	1,247,893,498	1,247,752,166	(3)	(3)
Treasury shares	<b>(136,710,156)</b>	(160,272,952)	(122,391,983)	(15)	12
<b>Shares outstanding</b>	<b>1,077,344,714</b>	1,087,620,546	1,125,360,183	(1)	(4)

1) Excludes the shareholder's equity and net income of Winterthur, including intercompany transactions between Winterthur and the Group. 2) Excludes minority interest revenues of CHF 640 million, CHF 741 million, CHF 523 million, CHF 2,665 million and CHF 1,520 million and minority interest expenses of CHF 10 million, CHF 13 million, CHF 5 million, CHF 32 million and CHF 17 million in 3Q 2006, 2Q 2006, 3Q 2005, nine months 2006 and nine months 2005, respectively, from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such revenues and expenses. 3) In June 2006, the Group announced a definitive agreement for the sale of Winterthur.

Financial calendar

Fourth quarter / full year results 2006

Thursday, February 15, 2007

Annual General Meeting	Friday, May 4, 2007
First quarter results 2007	Wednesday, May 2, 2007

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Basis of presentation

Recently adopted accounting standards

EITF 04-5, FSP SOP 78-9-1 and EITF 96-16

SFAS 123R

SFAS 154

SFAS 155

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Oswald J. Grübel

Chief Executive Officer

Message from the Chief Executive Officer

Dear shareholders, clients and colleagues

We achieved a good overall performance in the first nine months of 2006, with a 40% increase in net income. Our thirdquarter result reflects seasonally lower client activity in Private Banking in July and August, while our Investment Banking business reported good results in fixed income but was impacted by lower equity trading revenues. Net income for the third quarter totaled CHF 1.9 billion and was almost unchanged compared to the corresponding period of 2005. Basic earnings per share improved to CHF 1.74 from CHF 1.67 in the third quarter of 2005. Net new assets totaled CHF 31.0 billion in the third quarter of 2006. Our return on equity was 18.9%, with a return on equity of 19.0% in the banking business.

Credit Suisse Group's consolidated BIS tier 1 ratio was 10.8% as of September 30, 2006, up from 10.6% as of June 30, 2006. In the third quarter of 2006, the Group continued the share buyback program that was approved by shareholders at the Annual General Meeting in 2005 and repurchased 11.3 million common shares in the amount of CHF 0.8 billion and extinguished 34 million common shares in the amount of CHF 1.9 billion. Since the program was initiated, 62.7 million common shares in the amount of CHF 3.9 billion have been repurchased.

Investment Banking

Investment Banking reported a solid third-quarter performance in key areas such as fixed income trading and debt underwriting, which was offset by lower equity trading revenues. As a result, net revenues declined 5% compared to the third quarter of 2005. Income from continuing operations before taxes decreased 19% versus the same period of

2005. Third-quarter highlights in Investment Banking included improved market share in announced mergers and acquisitions following our participation in two of the top three transactions announced in the quarter, reflecting our market leadership in leveraged buyout transactions. Credit Suisse advised clients in six of the top ten leveraged buyouts announced globally this year for a total transaction value of USD 92 billion.

#### Private Banking

The increased level of assets under management generated strong asset-based revenue streams in Private Banking, while revenues from brokerage and product issuance were impacted by lower client activity in July and August. Overall, net revenues came in slightly lower in the third quarter of 2006 compared to the same period of 2005, while total operating expenses were flat. We are continuing to invest in the global expansion of our Wealth Management business, growing our onshore presence and rolling out advisory services in key international markets. In the third quarter, we launched operations in Moscow, becoming one of the first international banks to offer onshore wealth management services to meet the needs of clients in Russia who are increasingly seeking local access to global execution capabilities and integrated solutions. Net new assets totaled CHF 10.9 billion in Wealth Management, with inflows from key markets in all regions. In the third quarter, our Swissbased Corporate & Retail Banking business received Global Finance Magazine's "Best Trade Finance Bank in Switzerland" award for the sixth consecutive year and the "Best Sub-Custodian in Switzerland" award for the third consecutive year.

#### Asset Management

In August 2006, we announced our plans to realign our Asset Management business as part of our efforts to better leverage our asset management capabilities in the integrated bank. During the third quarter, we implemented a series of initiatives that were launched as part of this realignment, including the repositioning of businesses with low profitability, the assessment and streamlining of our product portfolio, the launch of new sales processes and initiatives, the enhancement of our investment processes and capabilities, and measures to lower the overall cost base. While systematically implementing these efforts to create a sustainable platform for growth, Asset Management generated a 7% increase in net revenues compared to the third quarter of 2005 and strong net new asset inflows of CHF 21.2 billion, including alternative investment assets of CHF 6.2 billion. The alternative investment business is a key element of our strategy in Asset Management. The success of this business is underscored by the fact that we had alternative investment assets of CHF 135.3 billion under management at the end of the third quarter, making us one of the leading managers of alternative investment assets globally.

#### Priorities and initiatives going forward

Following the implementation of our integrated banking model, we now have the necessary organizational framework in place to efficiently expand our international presence and to exploit synergies throughout Credit Suisse. While we are making steady progress with integrating the bank, we will maintain our earnings momentum and grow the business.

We are also looking at how we can best leverage our capabilities and resources on a global scale. This includes measures such as the establishment of Centers of Excellence that supply high-quality services to our businesses at competitive costs. At the beginning of November, we announced a plan to open a further Center of Excellence in Pune, India, in January 2007. This new facility will complement our two existing Centers of Excellence in Singapore and Raleigh, North Carolina.

#### Moving towards a truly global organization

Credit Suisse has long recognized the importance of maintaining a close proximity to clients and the markets in which they operate in order to compete successfully in the increasingly globalized financial services industry. We remain committed to the targeted international expansion of our business. In the third quarter, Credit Suisse continued to seize growth opportunities in developed markets and to strengthen operations in expanding markets. In addition to the establishment of our onshore wealth management services in Russia, we also continued to build on our long-standing commitment to the Middle East and announced a new investment partnership with the Abu Dhabi Future Energy Company (ADFEC) in August. Under the terms of this alliance, Credit Suisse, ADFEC and other partners will commit

capital to projects and funds focused on alternative energy investments. In addition, we strengthened our distribution capabilities in Australia by entering into a strategic alliance with the Melbourne-based stockbroker Baillieu. This will provide us with access to new retail distribution channels and will enable us to grow our capital markets business in the Australian market going forward. In October 2006, Global Infrastructure Partners (GIP), a Credit Suisse joint venture with General Electric Infrastructure, signed a definitive agreement to acquire London City Airport together with AIG Financial Products Corporation, each owning 50%.

The global economy is creating attractive new opportunities for financial services providers as the generation of wealth in rapidly growing economies fuels demand for innovative and holistic financial products and advice. As an integrated global bank, we have the infrastructure and capabilities to provide clients in both mature and developing markets worldwide with direct local access to our entire range of offerings, thus systematically broadening our revenue base and advancing towards our ultimate goal of sustained and profitable growth.

#### Outlook

We believe the economic outlook for 2007 is positive in view of the financial strength of corporations, the robustness of the financial services industry and the growth prospects for the emerging markets. As global energy and commodity prices remain subdued, we expect to see only very modest increases in global interest rates in the coming months. In addition, we see further upside potential in equity market valuations, although periodic setbacks are possible. As we move towards the end of the year, our pipeline of business is strong.

Yours sincerely

Oswald J. Grübel  
November 2006

#### Credit Suisse Group

Credit Suisse Group reported net income of CHF 1,892 million in the third quarter of 2006, a decrease of CHF 26 million or 1% compared to the third quarter of 2005. Private Banking's income from continuing operations before taxes was almost unchanged compared to the third quarter of 2005, as higher asset-based revenues related to assets under management growth were offset by lower transaction-based revenues. Investment Banking reported lower income from continuing operations before taxes, primarily reflecting lower equity trading revenues. Asset Management reported lower income from continuing operations before taxes, primarily reflecting higher operating expenses and a decline in private equity and other investment-related gains compared to the strong third quarter of 2005.

#### Summary of segment results

### Investment Banking

Investment Banking reported income from continuing operations before taxes of CHF 758 million in the third quarter of 2006, a decrease of CHF 181 million, or 19%, compared to the third quarter of 2005. Net revenues were CHF 4,191 million, a decrease of CHF 210 million, or 5%, compared to the third quarter of 2005, primarily as a result of lower equity trading revenues.

Total operating expenses decreased CHF 50 million, or 1%, compared to the third quarter of 2005. The expense reduction was primarily the result of lower compensation accruals in line with lower revenues, offset in part by higher commission expenses related to increased transaction volumes. The compensation/revenue ratio was 53.5% in the third quarter of 2006, a decline from the full-year 2005 level of 55.5%.

Pre-tax income margin was 18.1% compared to 21.3% in the third quarter of 2005.

### Private Banking

Private Banking reported income from continuing operations before taxes of CHF 1,022 million in the third quarter of 2006, almost unchanged compared to the third quarter of 2005. Net revenues were slightly lower at CHF 2,682 million, as strong asset-based revenues related to the growth in assets under management were offset by lower transaction-based revenues. Net interest income increased CHF 63 million, or 7%, largely as a result of an increase in the liability margin. Trading revenues declined CHF 98 million, or 44%, compared to the third quarter of 2005, reflecting lower client activity and a negative impact from changes in the fair value of interest rate derivatives.

Total operating expenses were CHF 1,679 million, flat compared to the third quarter of 2005. Slightly lower compensation and benefits reflected higher expenses associated with ongoing strategic growth initiatives in Wealth Management that were more than offset by lower performance-related compensation accruals. Other expenses were flat reflecting higher marketing activity and growth-related costs offset by lower commission expenses and infrastructure-related costs. Pre-tax income margin was 38.1% for the third quarter of 2006, almost unchanged compared to the third quarter of 2005.

Healthy net new assets of CHF 11.1 billion were reported in the third quarter of 2006, with inflows from all regions.

### Asset Management

Asset Management reported income from continuing operations before taxes of CHF 158 million in the third quarter of 2006, a decrease of CHF 42 million, or 21%, compared to the third quarter of 2005. A 7% increase in net revenues was more than offset by a 19% increase in total operating expenses, primarily relating to additional business realignment costs of CHF 40 million and higher commission expenses in line with higher assets under management.

Net revenues increased CHF 44 million to CHF 692 million compared to the third quarter of 2005, as net revenues before private equity and other investment-related gains increased CHF 94 million, or 18%, largely driven by higher management fees. Private equity and other investment-related gains were CHF 89 million, CHF 50 million, or 36%, lower than the strong third quarter of 2005.

Total operating expenses were CHF 535 million, CHF 87 million higher than the third quarter of 2005. Compensation and benefits increased CHF 33 million, or 13%, to CHF 286 million due to costs associated with the business realignment and the ongoing efforts to hire new investment talent. Other expenses increased CHF 54 million, or 28%, primarily as a result of higher commission expenses, in line with higher assets under management, higher professional fees and costs associated with the realignment.

Assets under management increased to CHF 659.6 billion as of September 30, 2006 from CHF 615.2 billion as of June 30, 2006, reflecting CHF 21.2 billion of net new assets and positive market and foreign exchange-related movements.



## Sale of Winterthur

In June 2006, the Group announced a definitive agreement for the sale of Winterthur to AXA for cash consideration of CHF 12.3 billion. The gain on the sale will be recognized at the time of closing, which is expected to occur by the end of 2006, subject to regulatory approvals and closing conditions. As of September 30, 2006, Winterthur's shareholder's equity was CHF 9.9 billion.

For further details regarding the sale of Winterthur, see "Discontinued operations" below and "Notes to the condensed consolidated financial statements unaudited Discontinued operations."

The following tables set forth an overview of segment results:

3Q 2006, in CHF m	Investment Banking	Private Banking	Asset Management	Corporate Center <sup>1)</sup>	Credit Suisse Group
<b>Net revenues</b>	<b>4,191</b>	<b>2,682</b>	<b>692</b>	<b>511</b>	<b>8,076</b>
<b>Provision for credit losses</b>	<b>(19)</b>	<b>(19)</b>	<b>(1)</b>	<b>(1)</b>	<b>(40)</b>
Compensation and benefits	2,241	910	286	(10)	<b>3,427</b>
Other expenses	1,211	769	249	0	<b>2,229</b>
<b>Total operating expenses</b>	<b>3,452</b>	<b>1,679</b>	<b>535</b>	<b>(10)</b>	<b>5,656</b>
<b>Income from continuing operations before taxes and minority interests</b>	<b>758</b>	<b>1,022</b>	<b>158</b>	<b>522<sup>2)</sup></b>	<b>2,460</b>

3Q 2005, in CHF m	Investment Banking	Private Banking	Asset Management	Corporate Center <sup>1)</sup>	Credit Suisse Group
<b>Net revenues</b>	<b>4,401</b>	<b>2,716</b>	<b>648</b>	<b>358</b>	<b>8,123</b>
<b>Provision for credit losses</b>	<b>(40)</b>	<b>(6)</b>	<b>0</b>	<b>0</b>	<b>(46)</b>
Compensation and benefits	2,373	918	253	51	<b>3,595</b>
Other expenses	1,129	767	195	(55)	<b>2,036</b>
<b>Total operating expenses</b>	<b>3,502</b>	<b>1,685</b>	<b>448</b>	<b>(4)</b>	<b>5,631</b>
<b>Income from continuing operations before taxes and minority interests</b>	<b>939</b>	<b>1,037</b>	<b>200</b>	<b>362<sup>3)</sup></b>	<b>2,538</b>

1) Includes consolidation eliminations, revenues and expenses from certain parent company investments and certain other revenues and expenses not allocated to the segments. 2) Includes minority interest income of CHF 630 million from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such income. 3) Includes minority interest income of CHF 518 million from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such income.

The following table presents the Group's condensed consolidated statement of income:

in CHF m	Credit Suisse Group		Change in % from 3Q 2005
	3Q 2006	3Q 2005	
<b>Net revenues</b>	<b>8,076</b>	8,123	(1)
<b>Provision for credit losses</b>	<b>(40)</b>	(46)	(13)
Compensation and benefits	<b>3,427</b>	3,595	(5)
Other expenses	<b>2,229</b>	2,036	9
<b>Total operating expenses</b>	<b>5,656</b>	5,631	0
<b>Income from continuing operations before taxes and minority interests</b>	<b>2,460</b>	2,538	(3)
Income tax expense/(benefit)	<b>367</b>	512	(28)
Minority interests	<b>625</b>	490	28
<b>Income from continuing operations</b>	<b>1,468</b>	1,536	(4)
Income from discontinued operations, net of tax	<b>424</b>	382	11
<b>Net income</b>	<b>1,892</b>	1,918	(1)

The results of operations of Winterthur, which were reported as a separate segment of the Group prior to the second quarter of 2006, are now reflected in "Income from discontinued operations, net of tax" for all periods presented. For further details regarding the sale of Winterthur, see "Notes to the condensed consolidated financial statements - unaudited - Discontinued operations."

#### Credit Suisse Group consolidated results

The Group recorded net income of CHF 1,892 million in the third quarter of 2006, a decrease of CHF 26 million, or 1%, compared to the third quarter of 2005. Basic earnings per share increased to CHF 1.74, compared with CHF 1.67 in the third quarter of 2005. The return on equity in the third quarter 2006 was 18.9% compared to 20.1% in the third quarter of 2005.

#### Net revenues

The Group reported net revenues of CHF 8,076 million, a decrease of CHF 47 million, compared to the third quarter of 2005 and a decrease of CHF 712 million, or 8%, compared to the second quarter of 2006.

Net interest income was CHF 1,607 million in the third quarter of 2006, slightly lower compared to the third quarter of 2005 primarily reflecting higher interest rates on increased short-term borrowings and long-term debt. Compared to the second quarter of 2006, net interest income declined CHF 259 million, or 14%, due mainly to higher dividend income received during the second quarter.

Commissions and fees increased CHF 226 million, or 6%, to CHF 3,919 million compared to the third quarter of 2005, primarily as a result of higher asset management fees in Asset Management. Compared to the second quarter of 2006, commissions and fees decreased CHF 506 million, or 11%, primarily in Investment Banking, reflecting lower

debt and equity underwriting revenues in a less favorable market environment.

Trading revenues were CHF 1,693 million, a decrease of CHF 330 million, or 16%, compared to the third quarter of 2005, reflecting weaker equity trading revenues in Investment Banking and lower client activity in Private Banking. Trading revenues increased CHF 322 million, or 23%, compared to the second quarter of 2006, primarily as a result of higher fixed income trading in Investment Banking.

Other revenues were CHF 857 million in the third quarter of 2006, an increase of CHF 77 million, or 10%, compared to CHF 780 million in the third quarter of 2005 primarily reflecting an increase in minority interest-related revenues. Other revenues include CHF 618 million in minority interest-related revenues from consolidated private equity funds and other entities in which the Group does not have a significant economic interest in such revenues. In comparison to the second quarter of 2006, other revenues decreased CHF 269 million, or 24%, primarily reflecting reductions in minority interest-related revenues. See "Minority interests" below.

#### Provision for credit losses

The Group reported a net release of provisions for credit losses of CHF 40 million in the third quarter of 2006 compared to a net release of CHF 46 million in the third quarter of 2005. The credit environment continued to be favorable in the third quarter of 2006.

#### Total operating expenses

The Group reported total operating expenses of CHF 5,656 million in the third quarter of 2006, flat compared to the third quarter of 2005. Compensation and benefits decreased CHF 168 million, or 5%, to CHF 3,427 million, primarily due to lower compensation accruals in Investment Banking.

Other expenses were CHF 2,229 million, an increase of CHF 193 million, or 9%, compared to the third quarter of 2005, largely as a result of higher commission expenses related to higher transaction activity levels.

Total operating expenses were slightly higher compared to the second quarter of 2006, which included credits from insurance settlements for litigation and related costs of CHF 474 million in Investment Banking partially offset by business realignment costs of CHF 152 million in Asset Management. Compensation and benefits decreased compared to the second quarter of 2006, primarily reflecting lower compensation accruals in Investment Banking and Private Banking.

#### Income tax expense

The Group recorded income tax expense of CHF 367 million in the third quarter of 2006 compared to CHF 512 million in the third quarter of 2005, reflecting the Group's lower pre-tax income and lower estimated annual effective tax rate of 23.0% (in both cases excluding non-taxable minority interest revenues and expenses). Income tax expense was positively impacted by the release of tax contingency accruals totaling CHF 44 million following the favorable resolution of certain matters with tax authorities during the third quarter of 2006.

The Group tax expense is not affected by minority interest revenues and expenses from consolidated private equity and other entities in which the Group does not have a significant economic interest in such revenues and expenses. The amount of non-taxable income relating to these investments varies from one period to the next and was CHF 630 million in the third quarter of 2006, compared to CHF 518 million in the third quarter of 2005.

The Group's effective tax rate in the third quarter of 2006 was 15%, compared to 20% in the third quarter of 2005. Excluding the effect of non-taxable income from these investments, the Group's effective tax rate in the third quarter of 2006 was 20%, compared to 25% in the third quarter of 2005.

#### Minority interests

The Group's net revenues and operating expenses reflect the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such revenues and expenses. The consolidation of these entities does not affect net income as the amounts recorded in net revenues and expenses are offset by corresponding amounts reported as minority interests. This minority interest income, which is reported in the Corporate Center, was CHF 630 million in the third quarter of 2006, and is comprised of net revenues, primarily other revenues, of CHF 640 million and operating expenses of CHF 10 million.

The Group reported minority interests of CHF 625 million in the third quarter of 2006, an increase of CHF 135 million compared to the third quarter of 2005. This increase was primarily due to revenues from certain private equity funds and other entities that were consolidated for the first time during the first quarter of 2006. For further details, see "Notes to the condensed consolidated financial statements unaudited Recently adopted accounting standards."

#### Discontinued operations

As a result of the agreement for the sale of Winterthur, the results of operations of Winterthur are reflected in Income from discontinued operations, net of tax in the consolidated statements of income for all periods presented. The assets and liabilities of Winterthur have been presented as Assets of discontinued operations held-for-sale and Liabilities of discontinued operations held-for-sale, respectively, in the consolidated balance sheet as of September 30, 2006, and June 30, 2006. Net new assets and assets under management for the Group are presented for all periods excluding Winterthur. The results of discontinued operations in the third quarter of 2006 were CHF 424 million, which included the release of a provision of CHF 154 million related to the favorable resolution of a VAT dispute in the UK.

For further details regarding the sale of Winterthur and its results, see "Notes to the condensed consolidated financial statements unaudited Discontinued operations."

#### Factors affecting results of operations

The global equity market environment was mixed as the earlier part of the quarter was characterized by continued uncertainty about oil prices and the US Federal Reserve's plans for interest rates, while a more positive market tone was observed in the latter part of the quarter with a reduction in commodity prices and an easing of tensions in the Middle East.

The US stock markets started out weakly in the third quarter, but recovered strongly, with all major indices up for the quarter. The Dow Jones Industrial Average had its best third quarter (up 4.7% during the quarter) in eleven years, and its fifth consecutive quarterly increase. The Frankfurt Stock Exchange Index and the Swiss Market Index were also up during the quarter, however, turnover in the Swiss market was down 34% compared to the second quarter of 2006, which negatively affected Swiss private client activity. Most European and Asian stock markets also rose in the quarter, aided by diminished investor concern that central banks would increase interest rates.

The US Federal Reserve did not raise interest rates in early August, which resulted in a stock market rally through the end of the quarter. Both the European Central Bank and the Bank of Japan raised rates in the quarter, but recent inflation data in the third quarter were largely benign and were viewed as a signal that future rate increases would be gradual. The US yield curve remained inverted in the quarter and flattened globally as short-term interest rates continued to rise. Mixed trading conditions were observed throughout most of the quarter, as relatively weak activity levels began to recover in September.

Industry-wide volume of announced mergers and acquisitions transactions in the third quarter represented the slowest quarter for deal-making in a very active year, but was higher than the levels of the third quarter of 2005. Deals were announced from nearly all industry sectors with financial sponsors continuing to drive mergers and acquisitions activity. European merger activity continued to exceed that of the US.

Industry-wide volumes of global debt underwriting activity were slightly lower than the second quarter of 2006 despite the pause in interest rate increases in the US. A robust merger market and a high level of financing activity across many sectors helped drive debt issuance volume, with both investment grade and high yield debt volumes up from the third quarter of 2005.

The traditional summer slowdown and uncertainty in the equity markets at the beginning of the quarter affected equity underwriting volumes, which declined from both the record-setting second quarter of 2006 and the third quarter of 2005, which was characterized by an unusually strong market environment in which the typical summer slowdown did not occur. Equity underwriting activity increased later in the quarter as the stock market continued its rally in September. The number of global initial public offering deals brought to the market declined from both comparable periods, but initial public offering dollar volumes were up from the levels in the third quarter of 2005.

#### Credit Suisse Group structure

The Group's business consists of three segments: Investment Banking, Private Banking and Asset Management. The three segments are complemented by Shared Services, which provides support in the areas of finance, legal and compliance, risk management, operations and information technology. Prior period results presented in this Quarterly Report have been revised to reflect the operational and management structure in place during 2006.

The Group's segments are managed and reported on a pre-tax basis. Minority interest-related revenues and expenses resulting from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest in such revenues and expenses are reported in the Corporate Center. Net income is unaffected by the consolidation of these entities due to offsetting minority interests.

#### Investment Banking

Investment Banking provides financial advisory, lending and capital raising services and sales and trading to institutional, corporate and government clients worldwide.

Investment Banking reported income from continuing operations before taxes of CHF 758 million in the third quarter of 2006, a decrease of CHF 181 million, or 19%, compared to the third quarter of 2005. These results reflected solid revenues in fixed income trading and investment banking and lower equity trading revenues. Income from continuing operations before taxes decreased CHF 529 million, or 41%, compared to the second quarter of 2006. The results in the second quarter of 2006 included credits from insurance settlements for litigation and related costs of CHF 474 million. Excluding the insurance settlements, income from continuing operations before taxes decreased CHF 55 million, or 7%, from the second quarter of 2006. These results reflected weaker market conditions in July and August with a decline in customer activity from the first half of the year and a seasonal slowdown in deal activity.

For the first nine months of 2006, Investment Banking reported income from continuing operations before taxes of CHF 3,609 million, an increase of CHF 2,296 million, or 175%, compared to the first nine months of 2005. Excluding the insurance settlements in the second quarter of 2006 and the CHF 960 million charge to increase litigation reserves in the second quarter of 2005, income from continuing operations before taxes increased 38%.

Pre-tax income margin was 18.1%, and pre-tax return on average economic risk capital was 21.5% in the third quarter of 2006 compared to 21.3% and 28.9%, respectively, in the third quarter of 2005. For the first nine months of 2006, pre-tax income margin was 25.1%, and pre-tax return on average economic risk capital was 32.8%, exceeding Investment Banking's mid-term performance targets of 20% and 25%, respectively.

Net revenues were CHF 4,191 million, down CHF 210 million, or 5%, in the third quarter of 2006 compared to the third quarter of 2005, primarily reflecting lower revenues in equity trading. Net revenues decreased 6% from the strong performance in the second quarter of 2006.

Provision for credit losses amounted to a net release of CHF 19 million in the third quarter of 2006 compared to a net release of CHF 40 million in the third quarter of 2005. Compared to June 30, 2006, total impaired loans decreased CHF 129 million to CHF 253 million, and valuation allowances as a percentage of total impaired loans increased 3 percentage points to 101% as of September 30, 2006. The overall credit environment continued to be favorable in the third quarter of 2006.

Total operating expenses were CHF 3,452 million in the third quarter of 2006, down CHF 50 million compared to the third quarter of 2005. Compensation and benefits decreased CHF 132 million, or 6%, due primarily to lower compensation accruals in line with lower revenues. The compensation/revenue ratio of 53.5% in the third quarter of 2006 was at the same level as the first and second quarters of 2006 and a decline from 55.5% for the full year 2005. For 2006, total compensation and benefits expense is targeted at 53.5% of net revenues, with discretionary bonus representing a considerable portion of the total amount. Compensation and benefits for a given year are determined by the strength and breadth of business results, staffing levels and the impact of share-based compensation programs. Other expenses increased CHF 82 million, or 7%, due primarily to higher commission expenses resulting from higher transaction volumes. Compared to the second quarter of 2006, total operating expenses increased CHF 319 million, or 10%, primarily reflecting credits received from the insurance settlements in the second quarter of 2006. Excluding the insurance settlements, total operating expenses decreased CHF 155 million, or 4%. Compensation and benefits decreased CHF 133 million, or 6%, due to lower compensation accruals in line with lower revenues. Other expenses increased CHF 452 million, or 60%, due primarily to the insurance settlements. Excluding the insurance settlements, other expenses were down slightly from the second quarter of 2006.

The following table presents the results of the Investment Banking segment:

in CHF m	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	9 months		Change in % from 2005
						2006	2005	

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<b>Net interest income</b>	<b>688</b>	857	712	(20)	(3)	<b>2,293</b>	2,951	(22)
Commissions and fees	<b>1,853</b>	2,310	1,832	(20)	1	<b>6,105</b>	4,725	29
Trading revenues	<b>1,580</b>	1,132	1,779	40	(11)	<b>5,655</b>	3,728	52
Other revenues	<b>70</b>	137	78	(49)	(10)	<b>331</b>	408	(19)
<b>Total noninterest revenues</b>	<b>3,503</b>	3,579	3,689	(2)	(5)	<b>12,091</b>	8,861	36
<b>Net revenues</b>	<b>4,191</b>	4,436	4,401	(6)	(5)	<b>14,384</b>	11,812	22
<b>Provision for credit losses</b>	<b>(19)</b>	16	(40)	–	(53)	<b>(58)</b>	(60)	(3)
Compensation and benefits	<b>2,241</b>	2,374	2,373	(6)	(6)	<b>7,695</b>	6,485	19
Other expenses	<b>1,211</b>	759 <sub>1)</sub>	1,129	60	7	<b>3,138<sub>1)</sub></b>	4,074 <sub>2)</sub>	(23)
<b>Total operating expenses</b>	<b>3,452</b>	3,133	3,502	10	(1)	<b>10,833</b>	10,559	3
<b>Income from continuing operations before taxes</b>	<b>758</b>	1,287	939	(41)	(19)	<b>3,609</b>	1,313	175

1) Includes credits from insurance settlements for litigation and related costs of CHF 474 million. 2) Includes a CHF 960 million charge to increase the reserve for certain private litigation matters.

The following table presents the revenue details of the Investment Banking segment:

in CHF m	3Q		2Q		3Q		9 months		Change in % from 2005
	2006	2006	2006	2006	2005	2005	2006	2005	
Debt underwriting	<b>451</b>	613	408	(26)	11	<b>1,520</b>	1,090	39	
Equity underwriting	<b>224</b>	313	263	(28)	(15)	<b>786</b>	588	34	
<b>Underwriting</b>	<b>675</b>	926	671	(27)	1	<b>2,306</b>	1,678	37	
Advisory and other fees	<b>377</b>	405	433	(7)	(13)	<b>1,115</b>	1,027	9	
<b>Total investment banking</b>	<b>1,052</b>	1,331	1,104	(21)	(5)	<b>3,421</b>	2,705	26	
Fixed income	<b>2,137</b>	1,939	1,969	10	9	<b>6,843</b>	5,438	26	
Equity	<b>1,062</b>	1,146	1,341	(7)	(21)	<b>4,285</b>	3,319	29	
<b>Total trading</b>	<b>3,199</b>	3,085	3,310	4	(3)	<b>11,128</b>	8,757	27	
Other (including loan portfolio)	<b>(60)</b>	20	(13)	–	362	<b>(165)</b>	350	–	
<b>Net revenues</b>	<b>4,191</b>	4,436	4,401	(6)	(5)	<b>14,384</b>	11,812	22	

Total investment banking revenues include debt underwriting, equity underwriting and advisory and other fees. In the third quarter of 2006, investment banking revenues were CHF 1,052 million, down CHF 52 million, or 5%, compared to the third quarter of 2005, reflecting lower revenues in equity underwriting and advisory and other fees, partly offset by an increase in debt underwriting revenues. Total investment banking revenues were down 21% compared to the strong second quarter of 2006, primarily reflecting lower debt and equity underwriting revenues in a less favorable market environment from the first half of the year. Investment banking performance remained solid in light of the weaker market environment in the quarter.

Debt underwriting revenues were CHF 451 million in the third quarter of 2006, up CHF 43 million, or 11%, compared to the third quarter of 2005. These results primarily reflected higher revenues in leveraged finance. Debt underwriting revenues were down 26% compared to the second quarter of 2006, reflecting lower results in leveraged finance driven by a decline in global high-yield new issuances and syndicated lending activity. Through the third quarter of 2006, Credit Suisse ranked third in global high-yield securities new issuance volumes. Credit Suisse was ranked number one in Leveraged Finance Research for the eighth consecutive year according to Institutional Investor's "2006 All American Fixed Income Research Team" poll.

Equity underwriting revenues in the third quarter of 2006 were CHF 224 million, down CHF 39 million, or 15%, compared to the third quarter of 2005, primarily reflecting lower industry-wide equity issuance activity and a decline in initial public offering market share. Equity underwriting revenues were down CHF 89 million, or 28%, compared to the second quarter of 2006, due to lower industry-wide equity issuance activity with more challenging equity markets from the first half of the year. Credit Suisse ranked fifth in global initial public offering market share through the third quarter of 2006 and maintained a leading position in financial sponsor-backed equity offerings. Credit Suisse participated in a number of key equity transactions across a broad range of industries and geographies in the third quarter, including initial public offerings for KazMunai Gaz Exploration and Production (privatization of the exploration and production business of Kazakhstan's national oil company) and Qimonda AG (memory products business of German-based Infineon Technologies AG) and a follow-on offering for Bayer AG.

Advisory and other fees were CHF 377 million in the third quarter of 2006, down CHF 56 million, or 13%, compared to the third quarter of 2005, due primarily to a number of high-fee transactions in the third quarter of 2005. For the first nine months of 2006, Credit Suisse ranked eighth in global announced mergers and acquisitions and tenth in global completed mergers and acquisitions, with improved market shares from the second quarter. Credit Suisse ranked fourth in global announced mergers and acquisitions in the third quarter of 2006. Credit Suisse's market leadership in leveraged buyout (LBO) transactions contributed to the higher market shares in the quarter. Credit Suisse advised clients in six of the top ten LBOs announced globally this year for a total of USD 92 billion in transaction value. Credit Suisse advised in two of the top three mergers and acquisitions transactions based on equity value announced in the third quarter of 2006, both of which were LBO transactions: the sale of HCA Inc. to a private equity consortium, and a private equity consortium's acquisition of Freescale Semiconductor. The advisory and other fees results also reflected higher revenues from the private fund group, which raises capital for hedge funds, private equity funds and real estate funds.

Total trading revenues include results from fixed income and equity sales and trading. Total trading revenues for the third quarter of 2006 were CHF 3,199 million, down CHF 111 million, or 3%, compared to the third quarter of 2005, due to weaker results in equity trading. Total trading revenues were up CHF 114 million, or 4%, compared to the second quarter of 2006.

Investment Banking's average daily VaR in the third quarter of 2006 was CHF 80 million, up from CHF 64 million in the third quarter of 2005 and down from CHF 95 million in the second quarter of 2006. Compared to the second quarter of 2006, average daily VaR decreased mainly due to reduced interest rate and credit spread VaR exposures and increased diversification between fixed income and equity risk types. Average economic risk capital increased CHF 1.9 billion compared to the third quarter of 2005, in line with the strategy to extend incremental capital to support high-growth and high-margin activities with notable increases in the structured products business.

Fixed income trading recorded revenues of CHF 2,137 million in the third quarter of 2006, up CHF 168 million, or 9%, compared to the third quarter of 2005. These results reflected higher revenues in commercial mortgage-backed securities, global foreign exchange and collateralized debt obligations, partially offset by weaker results in residential mortgage-backed securities and asset-backed securities. Results in the third quarter of 2005 included a positive CHF 216 million adjustment to the fair value of retained interests in residential mortgage-backed securities. Excluding this adjustment, fixed income trading revenues increased CHF 384 million, or 22%, from the third quarter of 2005. Fixed income markets remained challenging in the third quarter of 2006 as the yield curve flattened, but market conditions



recovered from a slow start to the quarter with increased activity in the latter part of the quarter. The commodities business continued its growth with higher revenues than the third quarter of 2005. Compared to the second quarter of 2006, fixed income trading revenues increased 10%, due primarily to improved results in emerging markets trading, global foreign exchange and fixed income proprietary trading, partially offset by weaker results in leveraged finance, which was impacted by lower levels of high-yield new issuances, residential mortgage-backed securities and collateralized debt obligations. Credit Suisse announced during the quarter a second strategic alliance with Glencore International to build a derivatives and structured trading business in base and precious metals, in addition to the previously announced alliance in the oil and petroleum products market.

Equity trading revenues of CHF 1,062 million decreased CHF 279 million, or 21%, compared to the third quarter of 2005, due primarily to significantly lower results in derivatives, partially offset by improved results in prime services. The derivatives business made a positive revenue contribution in the quarter despite uneven performance in the business. Equity proprietary trading had a solid quarter but was down from the third quarter of 2005. Client-driven activity in the cash businesses remained steady and improved from the third quarter of 2005. Advanced execution services (AES) had a strong quarter with higher revenues benefiting the US cash business. For a second consecutive year, Credit Suisse's AES trading platform was recognized as "Best Algorithmic Trading Service" by Financial News in its annual IT Excellence Awards for 2006. Prime services also had a strong quarter. Despite more challenging market conditions for hedge funds, Credit Suisse's hedge fund balances increased as clients continued to direct new prime broker business to the Bank. Credit Suisse was ranked the number three Prime Broker (up from fourth last year) in Institutional Investor's "Top 100 Hedge Funds" survey. Compared to the second quarter of 2006, equity trading revenues decreased CHF 84 million, or 7%, reflecting weaker results in the derivatives, convertibles and cash businesses, partially offset by stronger results in equity proprietary trading. Derivatives had uneven performance in the business, and the convertibles business was negatively impacted by more challenging market conditions. The cash businesses had seasonally slower client-driven activity compared to the second quarter of 2006.

Other (including loan portfolio) recorded a loss of CHF 60 million in the third quarter of 2006 compared to a loss of CHF 13 million in the third quarter of 2005, due primarily to lower gains from private equity-related investments not managed as part of Asset Management and higher interest costs related to allocated goodwill. Compared to the second quarter of 2006, other (including loan portfolio) revenues decreased CHF 80 million, primarily reflecting lower gains from private equity-related investments not managed as part of Asset Management and losses on credit default swaps used to hedge the loan portfolio compared to gains on such credit default swaps in the second quarter.

The following tables present key information of the Investment Banking segment:

	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Cost/income ratio	<b>82.4%</b>	70.6%	79.6%	<b>75.3%</b>	89.4%
Pre-tax income margin	<b>18.1%</b>	29.0%	21.3%	<b>25.1%</b>	11.1%
Compensation/revenue ratio	<b>53.5%</b>	53.5%	53.9%	<b>53.5%</b>	54.9%
Average economic risk capital, in CHF m	<b>16,103</b>	15,817	14,229	<b>15,987</b>	12,725
Pre-tax return on average economic risk capital <sup>1)</sup>	<b>21.5%</b>	35.3%	28.9%	<b>32.8%</b>	16.3%
Average one-day, 99% VaR, in CHF m	<b>80</b>	95	64	<b>82</b>	65

1) Calculated using a return excluding interest costs for allocated goodwill.

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				Change in % from 30.06.06	Change in % from 31.12.05
Total loans, in CHF m	<b>42,309</b>	38,190	34,762	11	22
Non-performing loans/total loans	<b>0.5%</b>	0.5%	0.4%	–	–
Impaired loans/total loans	<b>0.6%</b>	1.0%	1.5%	–	–

### Private Banking

Private Banking provides comprehensive advice and a broad range of investment products and services tailored to the complex needs of high-net-worth individuals all over the world through its Wealth Management business. In Switzerland, Private Banking provides banking products and services to business and retail clients through its Corporate & Retail Banking business.

Private Banking reported income from continuing operations before taxes of CHF 1,022 million in the third quarter of 2006, almost unchanged from the third quarter of 2005. Third quarter 2006 revenues of CHF 2,682 million were slightly lower compared to the third quarter of 2005, reflecting low client activity in July and August that improved in September with more favorable market conditions. Higher asset-based revenues related to the increased level of assets under management were offset by lower transaction-based revenues. Operating expenses of CHF 1,679 million in the third quarter of 2006 were also flat compared to the third quarter of 2005, reflecting higher expenses related to strategic growth initiatives in Wealth Management offset by lower performance-related compensation accruals and continuing cost management. Net new assets were CHF 11.1 billion in the third quarter of 2006, with positive contributions from all regions. These inflows contributed to an increase in assets under management of CHF 45.1 billion, or 5%, from June 30, 2006 to CHF 904.2 billion. Compared to the second quarter of 2006, income from continuing operations before taxes declined CHF 101 million, or 9%, primarily reflecting lower client activity and less favorable market conditions throughout much of the third quarter.

Credit Suisse continues to provide best-in-class services, a leading product platform and innovative solutions for clients. It became one of the first international banks to offer onshore wealth management services in Russia, launching operations in Moscow in the third quarter of 2006. Continued investment in the global franchise has resulted in strong asset inflows across a broad client base. In addition, Credit Suisse launched more than 200 new product offerings, particularly tailor-made solutions in structured investments, in the third quarter.

Private Banking reported a pre-tax income margin of 38.1% for the third quarter of 2006, which was almost unchanged from the third quarter of 2005, reflecting slightly lower net revenues, flat operating expenses and a small increase in net releases of provisions for credit losses. Net revenues of CHF 2,682 million were mainly driven by lower trading revenues of CHF 124 million, down CHF 98 million, or 44%, due to lower client activity, and a negative impact from changes in the fair value of interest rate derivatives. Net interest income was CHF 1,009 million, an increase of CHF 63 million, or 7%, compared to the third quarter of 2005, mainly related to a higher liability margin. Commissions and fees remained stable compared to the third quarter of 2005, as increases in asset-based revenues related to the higher level of assets under management were offset by lower transaction-based revenues largely reflecting lower revenues from brokerage and product issuance.

Provisions for credit losses for Private Banking in the third quarter of 2006 resulted in net releases of CHF 19 million compared to net releases of CHF 6 million in the third quarter of 2005, reflecting the continued favorable credit environment.

Private Banking's total operating expenses were CHF 1,679 million in the third quarter of 2006, which reflected slightly lower compensation and benefits and flat other expenses compared to the third quarter of 2005. Compensation and benefits reflected higher personnel expenses from the ongoing international growth initiatives in Wealth Management, which were more than offset by lower performance-related compensation accruals. Other expenses reflected higher marketing activity and growth-related costs offset by lower commission expenses and infrastructure-related costs.

As of September 30, 2006, assets under management for Private Banking were CHF 904.2 billion, an increase of CHF 45.1 billion, or 5%, compared to June 30, 2006. This increase reflected higher equity market valuations and foreign exchange-related movements and healthy net new assets of CHF 11.1 billion, with inflows from all regions.

The following table presents the results of the Private Banking segment:

in CHF m					9 months			
	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	2006	2005	Change in % from 2005
<b>Net interest income</b>	<b>1,009</b>	1,050	946	(4)	7	<b>3,025</b>	2,792	8
Commissions and fees	<b>1,508</b>	1,606	1,510	(6)	0	<b>4,921</b>	4,277	15
Trading revenues	<b>124</b>	173	222	(28)	(44)	<b>600</b>	557	8
Other revenues	<b>41</b>	84	38	(51)	8	<b>159</b>	153	4
<b>Total noninterest revenues</b>	<b>1,673</b>	1,863	1,770	(10)	(5)	<b>5,680</b>	4,987	14
<b>Net revenues</b>	<b>2,682</b>	2,913	2,716	(8)	(1)	<b>8,705</b>	7,779	12
<b>Provision for credit losses</b>	<b>(19)</b>	(5)	(6)	280	217	<b>(32)</b>	(50)	(36)
Compensation and benefits	<b>910</b>	1,020	918	(11)	(1)	<b>3,001</b>	2,700	11
Other expenses	<b>769</b>	775	767	(1)	0	<b>2,283</b>	2,189	4
<b>Total operating expenses</b>	<b>1,679</b>	1,795	1,685	(6)	0	<b>5,284</b>	4,889	8
<b>Income from continuing operations before taxes</b>	<b>1,022</b>	1,123	1,037	(9)	(1)	<b>3,453</b>	2,940	17

The following tables present key information of the Private Banking segment:

	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Cost/income ratio	<b>62.6%</b>	61.6%	62.0%	<b>60.7%</b>	62.8%
Pre-tax income margin	<b>38.1%</b>	38.6%	38.2%	<b>39.7%</b>	37.8%
Net new assets, in CHF bn	<b>11.1</b>	16.6	18.8	<b>42.5</b>	41.5
Average economic risk capital, in CHF m	<b>4,466</b>	4,619	4,741	<b>4,622</b>	4,698
Pre-tax return on average economic risk capital <sup>1)</sup>	<b>93.4%</b>	99.0%	88.9%	<b>101.3%</b>	84.7%

1) Calculated using a return excluding interest costs for allocated goodwill.

	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Assets under management, in CHF bn	<b>904.2</b>	859.1	837.6	5.2	8.0

## Wealth Management

Wealth Management reported income from continuing operations before taxes of CHF 684 million for the third quarter of 2006, down CHF 37 million, or 5%, from the third quarter of 2005. The pre-tax income margin of 37.1% was 1.6 percentage points lower, with marginally lower net revenues of CHF 1,843 million and a slight increase in operating expenses. Net interest income increased, benefiting from a higher liability margin. Asset-based commissions and fees also increased, reflecting higher assets under management. These increases were offset by decreased transaction-based revenues, mainly related to reduced revenues from brokerage and product issuance due to lower client activity. Total operating expenses in the third quarter of 2006 were CHF 1,161 million, a slight increase compared to the third quarter of 2005. Compensation and benefits increased due to higher personnel expenses mainly related to strategic growth initiatives offset in part by lower performance-related compensation accruals due to lower results and revised expectations of year-end bonus payments. Other expenses were flat compared to the third quarter of 2005, reflecting continued focus on cost management notwithstanding the ongoing strategic investments.

During the third quarter of 2006, Wealth Management's net new assets were CHF 10.9 billion, reflecting inflows from key markets in all regions, resulting in a rolling four quarter average growth rate of 7.2% in the third quarter of 2006,

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a decline from 8.6% in the second quarter of 2006. Net new assets for the first nine months of 2006 were CHF 41.9 billion, an annualized growth rate of 8.1%. Gross margin on assets under management was 100.7 basis points in the third quarter of 2006, 13.6 basis points below the third quarter of 2005. The asset-based margin decreased 3.1 basis points, primarily as the 12% growth in average assets under management exceeded the 5% growth in the underlying interest income. The transaction-based margin decreased 10.5 basis points compared to the third quarter of 2005, mainly as a result of the decrease in brokerage and product issuance revenues reflecting lower client activity. The gross margin on assets under management for the first nine months of 2006 was 112.6 basis points, a slight decrease of 1.1 basis points, mainly driven by the slower growth of underlying net interest income compared to the growth in average assets under management. The asset-based margin decreases also reflect the dilution effect from the continuing strong growth in net new assets.

The following table presents the results of the Wealth Management business:

in CHF m	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	9 months		Change in % from 2005
						2006	2005	
Net interest income	<b>453</b>	517	417	(12)	9	<b>1,428</b>	1,229	16
Total noninterest revenues	<b>1,390</b>	1,517	1,447	(8)	(4)	<b>4,676</b>	4,028	16
<b>Net revenues</b>	<b>1,843</b>	2,034	1,864	(9)	(1)	<b>6,104</b>	5,257	16
<b>Provision for credit losses</b>	<b>(2)</b>	0	4	–	–	<b>(2)</b>	23	–
Compensation and benefits	<b>629</b>	702	607	(10)	4	<b>2,066</b>	1,771	17
Other expenses	<b>532</b>	553	532	(4)	0	<b>1,614</b>	1,505	7
<b>Total operating expenses</b>	<b>1,161</b>	1,255	1,139	(7)	2	<b>3,680</b>	3,276	12
<b>Income from continuing operations before taxes</b>	<b>684</b>	779	721	(12)	(5)	<b>2,426</b>	1,958	24

The following tables present key information of the Wealth Management business:

	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Cost/income ratio	<b>63.0%</b>	61.7%	61.1%	<b>60.3%</b>	62.3%
Pre-tax income margin	<b>37.1%</b>	38.3%	38.7%	<b>39.7%</b>	37.2%
Net new assets, in CHF bn	<b>10.9</b>	16.5	16.8	<b>41.9</b>	36.0
Net new asset growth (rolling four quarter average)	<b>7.2%</b>	8.6%	7.4%	–	–
Net new asset growth	<b>6.1%</b>	9.0%	10.6%	<b>8.1%</b>	8.5%
Gross margin on assets under management	<b>100.7 bp</b>	112.8 bp	114.3 bp	<b>112.6 bp</b>	113.7 bp
of which asset-based	<b>69.3 bp</b>	71.0 bp	72.4 bp	<b>71.1 bp</b>	73.3 bp
of which transaction-based	<b>31.4 bp</b>	41.8 bp	41.9 bp	<b>41.5 bp</b>	40.4 bp

Net margin (pre-tax) on assets under management	<b>37.4 bp</b>	43.2 bp	44.2 bp	<b>44.8 bp</b>	42.3 bp
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	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Assets under management, in CHF bn	<b>753.2</b>	714.1	693.3	5.5	8.6

### Corporate & Retail Banking

Corporate & Retail Banking reported income from continuing operations before taxes of CHF 338 million in the third quarter of 2006, up CHF 22 million, or 7%, from the third quarter of 2005. The pre-tax income margin was 40.3% in the third quarter of 2006, up 3.2 percentage points compared to the third quarter of 2005, reflecting lower operating expenses and higher releases of provisions for credit losses, which more than offset the impact of slightly lower net revenues. Net revenues for the third quarter of 2006 were CHF 839 million, a decrease of CHF 13 million, or 2%, compared to the third quarter of 2005. The positive developments from asset-based revenues and higher net interest income were more than offset by lower trading revenues. Compared to the second quarter of 2006, net revenues decreased by CHF 40 million, or 5%, due to lower transaction-based revenues, which were negatively impacted by changes in the fair value of interest rate derivatives. Provisions for credit losses in the third quarter of 2006 resulted in net releases of CHF 17 million compared to net releases of CHF 10 million in the third quarter of 2005, reflecting the continued favorable credit environment. Total operating expenses were CHF 518 million, CHF 28 million, or 5%, below the third quarter of 2005. This decrease was driven by lower performance-related compensation accruals. Other expenses remained stable, reflecting effective cost management.

The pre-tax return on average economic risk capital in the third quarter of 2006 was 48.1%, up 8.1 percentage points compared to the third quarter of 2005, indicating excellent profitability in a competitive market. The increase was mainly driven by the 11% decrease in the average economic risk capital in the third quarter of 2006, as the risk profile of the lending portfolio continued to improve.

The following table presents the results of the Corporate & Retail Banking business:

in CHF m	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	9 months		Change in % from 2005
						2006	2005	
Net interest income	<b>556</b>	533	529	4	5	<b>1,597</b>	1,564	2

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Total noninterest revenues	<b>283</b>	346	323	(18)	(12)	<b>1,004</b>	959	5
<b>Net revenues</b>	<b>839</b>	879	852	(5)	(2)	<b>2,601</b>	2,523	3
<b>Provision for credit losses</b>	<b>(17)</b>	(5)	(10)	240	70	<b>(30)</b>	(73)	(59)
Compensation and benefits	<b>281</b>	318	311	(12)	(10)	<b>935</b>	930	1
Other expenses	<b>237</b>	222	235	7	1	<b>669</b>	683	(2)
<b>Total operating expenses</b>	<b>518</b>	540	546	(4)	(5)	<b>1,604</b>	1,613	(1)
<b>Income from continuing operations before taxes</b>	<b>338</b>	344	316	(2)	7	<b>1,027</b>	983	4

The following tables present key information of the Corporate & Retail Banking business:

	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Cost/income ratio	<b>61.7%</b>	61.4%	64.1%	<b>61.7%</b>	63.9%
Pre-tax income margin	<b>40.3%</b>	39.1%	37.1%	<b>39.5%</b>	39.0%
Net new assets, in CHF bn	<b>0.2</b>	0.1	2.0	<b>0.6</b>	5.5
Average economic risk capital, in CHF m	<b>2,816</b>	2,798	3,167	<b>2,837</b>	3,167
Pre-tax return on average economic risk capital <sup>1)</sup>	<b>48.1%</b>	49.3%	40.0%	<b>48.4%</b>	41.4%

1) Calculated using a return excluding interest costs for allocated goodwill.

	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Assets under management, in CHF bn	<b>151.0</b>	145.0	144.3	4.1	4.6
Mortgage loans, in CHF bn	<b>66.0</b>	65.1	66.3	1.4	(0.5)
Other loans, in CHF bn	<b>33.9</b>	31.9	28.3	6.3	19.8
Non-performing loans/total loans	<b>1.4%</b>	1.5%	1.9%	–	–
Impaired loans/total loans	<b>1.9%</b>	2.0%	2.6%	–	–
Number of branches	<b>215</b>	215	215	0	0

## Asset Management

Asset Management combines the discretionary investment management functions of Credit Suisse and offers products across a broad range of investment classes, from equity, fixed income and multi-asset class products to alternative investments such as real estate, hedge funds, private equity and volatility management. Asset Management manages portfolios, mutual funds and other investment vehicles for government, institutional and private clients. Products are offered through both proprietary and third party distribution channels as well as through other channels within Credit Suisse.

Asset Management's income from continuing operations before taxes was CHF 158 million in the third quarter of 2006, a decrease of CHF 42 million, or 21%, from the third quarter of 2005, reflecting higher operating expenses partially offset by higher net revenues. Compared to the second quarter of 2006, income from continuing operations before taxes increased CHF 131 million, primarily reflecting lower costs associated with the realignment of Asset Management.

The realignment of Asset Management continued in the third quarter of 2006 as part of the previously announced strategy to strengthen the business. Realignment costs in the third quarter were CHF 40 million, with CHF 22 million in severance-related costs and CHF 18 million in professional fees and other expenses. As part of the realignment of the US business, several traditional asset management products and strategies were transitioned to a more quantitatively-driven approach or were transferred to other regions. The previously announced headcount reduction is expected to be substantially complete by the end of 2006. In Australia, Asset Management exited from a retirement-related investment platform. In Japan, Asset Management is seeking to refocus its business to import capabilities and products that exist in its global network for both individual and institutional investors.

The following table presents the results of the Asset Management segment:

in CHF m			Change in		9 months		Change in	
	3Q	2Q	3Q	2Q	2006	2005	% from	2005
	2006	2006	2005	2006	2005	2006	2005	2005
<b>Net interest income</b>	<b>(14)</b>	(20)	(19)	(30)	(26)	<b>(53)</b>	(46)	15
Commissions and fees	<b>581</b>	564	515	3	13	<b>1,706</b>	1,537	11
Trading revenues	<b>16</b>	5	8	220	100	<b>10</b>	31	(68)
Other revenues	<b>109</b>	126	144	(13)	(24)	<b>460</b>	522	(12)
<b>Total noninterest revenues</b>	<b>706</b>	695	667	2	6	<b>2,176</b>	2,090	4
<b>Net revenues</b>	<b>692</b>	675	648	3	7	<b>2,123</b>	2,044	4
<b>Provision for credit losses</b>	<b>(1)</b>	(1)	0	0	-	<b>0</b>	0	-
Compensation and benefits	<b>286</b>	255	253	12	13	<b>802</b>	695	15
Other expenses	<b>249</b>	394	195	(37)	28	<b>902</b>	584	54
of which commission expenses	<b>95</b>	81	67	17	42	<b>260</b>	209	24
<b>Total operating expenses</b>	<b>535</b>	649	448	(18)	19	<b>1,704</b>	1,279	33
	<b>158</b>	27	200	485	(21)	<b>419</b>	765	(45)



## Income from continuing operations before taxes

While continuing with its realignment in the third quarter, Asset Management has continued to generate strong net new assets, launch well-received new products and announce a number of new business initiatives. Assets under management increased from CHF 615.2 billion as of June 30, 2006 to CHF 659.6 billion as of September 30, 2006, reflecting positive inflows and market and foreign exchange-related movements of CHF 44.4 billion. Net inflows for the third quarter were CHF 21.2 billion, mainly due to money market assets of CHF 13.8 billion and alternative investment assets of CHF 6.2 billion. Net new assets in the first nine months of 2006 were CHF 53.7 billion, reflecting inflows of CHF 31.4 billion in money market assets, CHF 14.8 billion in alternative investment assets and CHF 6.0 billion in balanced assets.

As part of the strategy to expand Asset Management's alternative investments business, Credit Suisse has launched several growth initiatives through close collaboration with other firms with investment expertise in a variety of different asset classes and investment styles. These initiatives will enable Asset Management to grow its leading alternative investments business across a variety of new products, sectors and regions. In the third quarter of 2006, Credit Suisse announced a joint initiative with Ospraie Management, in addition to an investment partnership with Abu Dhabi Future Energy Company and joint ventures with China Renaissance Capital Group and General Electric Infrastructure (Global Infrastructure Partners (GIP)). On October 11, 2006, GIP signed a definitive agreement to acquire London City Airport together with AIG Financial Products Corporation, each owning 50%. This important and high-profile deal is GIP's first investment.

The following table presents the revenue details of the Asset Management segment:

in CHF m	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	9 months		Change in % from 2005
						2006	2005	
Asset management revenues	<b>535</b>	503	459	6	17	<b>1,532</b>	1,407	9
Private equity commissions and fees	<b>68</b>	57	50	19	36	<b>181</b>	147	23
<b>Net revenues before private equity and other investment-related gains</b>	<b>603</b>	560	509	8	18	<b>1,713</b>	1,554	10
Private equity and other investment-related gains	<b>89</b>	115	139	(23)	(36)	<b>410</b>	490	(16)
<b>Net revenues</b>	<b>692</b>	675	648	3	7	<b>2,123</b>	2,044	4

Third quarter 2006 net revenues were CHF 692 million, an increase of CHF 44 million, or 7%, compared to the third quarter of 2005. Net revenues before private equity and other investment-related gains were CHF 603 million, an increase of CHF 94 million, or 18%, compared to the third quarter of 2005. Asset management revenues, which consist primarily of fees from asset management and fund administration services provided to clients, increased CHF 76 million, or 17%, compared to the third quarter of 2005, in line with the development in assets under management over the previous twelve months. Private equity commissions and fees, which include private equity fund management fees, increased CHF 18 million, or 36%, from the third quarter of 2005, mainly reflecting increased investment and portfolio management fees based on higher assets under management and placement fees in

connection with new private equity funds.

In the third quarter of 2006, Asset Management recorded private equity and other investment-related gains of CHF 89 million, a decrease of CHF 50 million, or 36%, compared to the strong third quarter of 2005. Compared to the second quarter of 2006, private equity and other investment-related gains decreased CHF 26 million, or 23%. Most of the private equity and other investment-related gains in the third quarter of 2006 reflected initial public offerings of firms in which the alternative investments business held significant participations. These initial public offerings include CommVault, a technology data storage company, and Warner Chilcott. Also, private equity gains were recorded in Nycomed. Both Nycomed and Warner Chilcott are pharmaceutical companies.

The following tables present key information of the Asset Management segment:

	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Cost/income ratio	<b>77.3%</b>	96.1%	69.1%	<b>80.3%</b>	62.6%
Pre-tax income margin	<b>22.8%</b>	4.0%	30.9%	<b>19.7%</b>	37.4%
Net new assets, in CHF bn	<b>21.2</b>	15.5	5.1	<b>53.7</b>	20.4
of which private equity	<b>1.4</b>	2.6	1.5	<b>6.4</b>	3.3
of which advisory assets	<b>1.2</b>	0.4	1.1	<b>2.6</b>	2.1
Gross margin on assets under management	<b>43.4 bp</b>	44.0 bp	49.4 bp	<b>45.7 bp</b>	54.7 bp
Net margin (pre-tax) on assets under management	<b>9.9 bp</b>	1.7 bp	15.3 bp	<b>9.0 bp</b>	20.5 bp
Average economic risk capital, in CHF m	<b>1,511</b>	1,416	1,191	<b>1,428</b>	1,065
Pre-tax return on average economic risk capital <sup>1)</sup>	<b>49.3%</b>	15.4%	75.2%	<b>46.9%</b>	103.6%

1) Calculated using a return excluding interest costs for allocated goodwill.

in CHF bn	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Assets under management	<b>659.6</b>	615.2	589.4	7.2	11.9
Private equity investments	<b>2.1</b>	1.9	1.4	10.5	50.0

Total operating expenses were CHF 535 million, an increase of CHF 87 million, or 19%, compared to the third quarter of 2005. Compensation and benefits increased CHF 33 million, or 13%, to CHF 286 million, which included severance-related costs of CHF 22 million associated with the realignment, as well as ongoing efforts to hire investment talent. Other expenses were CHF 249 million in the third quarter of 2006, an increase of CHF 54 million, or 28%, compared to the third quarter of 2005, primarily reflecting higher commission expenses, in line with higher assets under management, higher professional fees and costs associated with the realignment. Compared to the second quarter of 2006, total operating expenses decreased CHF 114 million, reflecting the lower realignment costs of CHF 40 million in the third quarter of 2006 compared to CHF 152 million in the second quarter.

Pre-tax income margin for the third quarter of 2006 was 22.8%, down 8.1 percentage points from the third quarter of 2005, with a 7% increase in net revenues offset by a 19% increase in operating expenses. Compared to the second quarter of 2006, pre-tax income margin increased 18.8 percentage points, reflecting higher revenues and significantly lower operating expenses due to the realignment costs recorded in the second quarter.

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The following table presents total assets under management of the Asset Management segment by asset class:

in CHF bn	30.09.06	30.06.06	31.12.05	Change in % from	
				30.06.06	31.12.05
Money market	<b>93.7</b>	78.2	64.1	19.8	46.2
Fixed income	<b>118.8</b>	113.8	110.0	4.4	8.0
Balanced	<b>264.0</b>	251.1	254.6	5.1	3.7
Equities	<b>47.8</b>	46.1	47.7	3.7	0.2
Alternative <sup>1)</sup>	<b>135.3</b>	126.0	113.0	7.4	19.7
of which private equity	<b>30.6</b>	29.2	25.5	4.8	20.0
<b>Total assets under management</b>	<b>659.6</b>	615.2	589.4	7.2	11.9
of which discretionary assets	<b>566.4</b>	526.1	500.3	7.7	13.2
of which advisory assets	<b>93.2</b>	89.1	89.1	4.6	4.6

1) Alternative includes private equity, funds of hedge funds, real estate and indexed products.

Gross margin on assets under management was 43.4 basis points in the third quarter of 2006, a 6.0 basis point decrease from the third quarter of 2005, reflecting the 36% decrease in private equity and other investment-related gains and an increase in money market assets. Excluding private equity and other investment-related gains, gross margin on assets under management was 37.8 basis points in the third quarter of 2006 and 38.8 basis points in the third quarter of 2005.

Pre-tax return on average economic risk capital was 49.3% in the third quarter of 2006 compared to 75.2% in the third quarter of 2005, primarily reflecting higher position risk from growth initiatives in alternative investments.

#### Assets under management

##### Assets under management

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

Discretionary assets are assets for which the customer fully transfers the discretionary power to a Group entity with a management mandate. Advisory assets include assets placed with the Group where the client is provided access to investment advice but retains discretion over investment decisions.

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As of September 30, 2006, the Group's assets under management amounted to CHF 1,454.3 billion, an increase of CHF 83.4 billion, or 6.1%, compared to June 30, 2006. Private Banking assets under management increased CHF 45.1 billion in the third quarter of 2006 and assets under management in Asset Management increased CHF 44.4 billion, both reflecting growth in net new assets and positive market valuations and foreign exchange-related movements.

The following table sets forth information on assets under management:

in CHF bn	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Investment Banking	<b>13.0</b>	13.2	14.5	(1.5)	(10.3)
Private Banking	<b>904.2</b>	859.1	837.6	5.2	8.0
Asset Management	<b>659.6</b>	615.2	589.4	7.2	11.9
Less assets managed on behalf of other segments	<b>(122.5)</b>	(116.6)	(107.6)	5.1	13.8
<b>Credit Suisse Group <sup>1)</sup></b>	<b>1,454.3</b>	1,370.9	1,333.9	6.1	9.0
of which discretionary	<b>658.2</b>	614.2	592.1	7.2	11.2
of which advisory	<b>796.1</b>	756.7	741.8	5.2	7.3

1) Excludes CHF 162.5 billion, CHF 157.4 billion and CHF 153.3 billion as of September 30, 2006, June 30, 2006 and December 31, 2005, respectively, of assets managed by Winterthur. In June 2006, the Group announced a definitive agreement for the sale of Winterthur. For further details, see "Notes to the condensed consolidated financial statements - unaudited - Discontinued operations."

#### Net new assets

Net new assets include individual cash and securities transactions and new or repaid loans. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not considered as they do not reflect success in acquiring assets under management. Changes due to currency and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

Net new assets were CHF 31.0 billion in the third quarter of 2006, an increase of CHF 0.9 billion compared to the second quarter of 2006. Strong inflows across all regions contributed to the net new assets of CHF 11.1 billion in Private Banking. Asset Management reported net new assets of CHF 21.2 billion, mainly in US-based money market products and alternative investment assets.

The following table sets forth information on net new assets:

in CHF bn	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Investment Banking	<b>(0.1)</b>	(0.1)	0.0	<b>0.0</b>	(2.0)
Private Banking	<b>11.1</b>	16.6	18.8	<b>42.5</b>	41.5
Asset Management	<b>21.2</b>	15.5	5.1	<b>53.7</b>	20.4
Less net new assets managed on behalf of other segments	<b>(1.2)</b>	(1.9)	(5.2)	<b>(7.7)</b>	(12.5)
<b>Credit Suisse Group <sup>1)</sup></b>	<b>31.0</b>	30.1	18.7	<b>88.5</b>	47.4

1) Excludes CHF 0.0 billion, CHF 0.1 billion, CHF 0.3 billion, CHF 3.8 billion and CHF 3.4 billion for 3Q 2006, 2Q 2006, 3Q 2005, nine months 2006 and nine months 2005, respectively, of net new assets managed by Winterthur. In June 2006, the Group announced a definitive agreement for the sale

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of Winterthur. For further details, see “Notes to the condensed consolidated financial statements – unaudited - Discontinued operations.”

### Client assets

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

The following table sets forth information on client assets:

in CHF bn	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
Investment Banking	<b>61.8</b>	70.2	69.6	(12.0)	(11.2)
Private Banking	<b>1,029.1</b>	975.6	951.9	5.5	8.1
Asset Management	<b>666.0</b>	621.2	596.0	7.2	11.7
Less client assets managed on behalf of other segments	<b>(122.5)</b>	(116.6)	(107.6)	5.1	13.8
<b>Credit Suisse Group <sup>1)</sup></b>	<b>1,634.4</b>	1,550.4	1,509.9	5.4	8.2

1) Excludes CHF 162.5 billion, CHF 157.4 billion and CHF 153.3 billion as of September 30, 2006, June 30, 2006 and December 31, 2005, respectively, of client assets held by Winterthur. In June 2006, the Group announced a definitive agreement for the sale of Winterthur. For further details, see “Notes to the condensed consolidated financial statements – unaudited - Discontinued operations.”

### Capital

#### Credit Suisse Group

The Group’s consolidated BIS tier 1 ratio was 10.8% as of September 30, 2006, an increase from 10.6% as of June 30, 2006. The Group continued the share buyback program approved by the shareholders at the Annual General Meeting in 2005, repurchasing 62.7 million common shares in the amount of CHF 3.9 billion since the initiation of the program through September 30, 2006. In the third quarter of 2006, 11.3 million common shares in the amount of CHF 0.8 billion were repurchased and 34 million common shares in the amount of CHF 1.9 billion were extinguished. Risk-weighted assets increased compared to the second quarter of 2006, primarily reflecting an increase in capital requirements for interbank, commercial and private lending, OTC derivatives and financial investments partially offset by changes in regulatory treatment of certain leveraged and whole loans and a decrease in market risk equivalents. Tier 1 capital increased CHF 1,112 million from June 30, 2006, with the positive contribution of net income and the strengthening of the US dollar against the Swiss franc offset by additional dividend accruals and the deduction for shares repurchased through the Group’s share buyback program. The Group’s shareholders’ equity increased from CHF 38.9 billion as of June 30, 2006 to CHF 41.6 billion as of September 30, 2006, primarily due to the third quarter net income and the strengthening of the US dollar against the Swiss franc.

#### Credit Suisse

Credit Suisse’s consolidated BIS tier 1 ratio increased to 9.5% as of September 30, 2006 compared to 9.4% as of June 30, 2006. Risk-weighted assets increased compared to the second quarter of 2006, primarily reflecting an increase in

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capital requirements for interbank, commercial and private lending, OTC derivatives and financial investments partially offset by changes in regulatory treatment of certain leveraged and whole loans and a decrease in market risk equivalents. Tier 1 capital increased CHF 1,059 million from June 30, 2006, with the positive contribution of net income and the strengthening of the US dollar against the Swiss franc offset by additional dividend accruals. The shareholder's equity of Credit Suisse increased from CHF 22.5 billion as of June 30, 2006 to CHF 24.4 billion as of September 30, 2006, primarily due to the third quarter net income and the strengthening of the US dollar against the Swiss franc.

The following table sets forth details of BIS data (risk-weighted assets, capital and ratios):

in CHF m, except where indicated	Credit Suisse Group			Credit Suisse		
	30.09.06	30.06.06	31.12.05	30.09.06	30.06.06	31.12.05
<b>Risk-weighted positions</b>	<b>236,448</b>	228,079	218,899	<b>219,060</b>	209,732	200,904
Market risk equivalents	<b>15,691</b>	16,852	13,992	<b>14,691</b>	16,011	12,499
<b>Risk-weighted assets</b>	<b>252,139</b>	244,931	232,891	<b>233,751</b>	225,743	213,403
<b>Total shareholders' equity</b>	<b>41,643</b>	38,882	42,118	<b>24,353</b>	22,506	25,788
Reconciliation to tier 1 capital:						
Non-cumulative perpetual preferred securities	<b>2,167</b>	2,142	2,170	<b>1,055</b>	1,035	1,044
Investment in insurance entities	<b>(4,321)</b>	(3,782)	(4,179)	<b>(13)</b>	(12)	(12)
Adjustments for goodwill, minority interests, disallowed unrealized gains on fair value measurement, own shares and dividend accruals	<b>(12,359)</b>	(11,224)	(13,761)	<b>(3,089)</b>	(2,282)	(6,257)
<b>Tier 1 capital</b>	<b>27,130</b>	26,018	26,348	<b>22,306</b>	21,247	20,563
Tier 1 ratio	<b>10.8%</b>	10.6%	11.3%	<b>9.5%</b>	9.4%	9.6%
Total capital	<b>33,269</b>	32,752	31,918	<b>33,235</b>	32,174	29,815
Total capital ratio	<b>13.2%</b>	13.4%	13.7%	<b>14.2%</b>	14.3%	14.0%

The Swiss Federal Banking Commission (EBK) has advised that Credit Suisse Group and Credit Suisse may continue to include as tier 1 capital CHF 2.2 billion and CHF 6.3 billion, respectively, as of September 30, 2006 (June 30, 2006: CHF 2.1 billion and CHF 6.2 billion, respectively and December 31, 2005: CHF 2.2 billion and CHF 6.5 billion, respectively) of equity from special purpose entities that are deconsolidated under FIN 46R.

#### Risk management

Credit Suisse Group's overall position risk, measured on the basis of Economic Risk Capital (ERC), increased 9% in the third quarter of 2006 compared with the second quarter of 2006. Average Value-at-Risk (VaR) for the Group's trading books decreased by 15% during the third quarter of 2006 to CHF 80 million, mainly due to reduced interest rate and credit spread VaR exposures. The loan portfolios across the Group continued to benefit from a favorable

credit environment, resulting in a net release of provisions for credit losses of CHF 40 million in the third quarter of 2006.

#### Economic Risk Capital trends

The Group assesses risk and economic capital adequacy using its ERC model. ERC is designed to measure all quantifiable risks associated with the Group's activities on a consistent and comprehensive basis. The Group assigns ERC for position risk, operational risk and expense risk. Position risk measures the potential annual economic loss associated with market, credit and insurance exposures that is exceeded with a given, small probability (1% for risk management purposes, 0.03% for capital management purposes). It is not a measure of the potential impact on reported earnings, as non-trading activities generally are not marked to market through earnings.

In the third quarter of 2006, the Group's one-year, 99% position risk ERC increased 9% compared to the second quarter of 2006, mainly due to increased commercial real estate loan originations and syndicated loan exposure.

The following table sets forth the Group's risk profile, using ERC as the common risk measure: <sup>1)</sup>

in CHF m	30.09.06	Change in % from 30.06.06	Change analysis: brief summary 30.09.06 vs 30.06.06
Interest rate ERC, Credit spread ERC, Foreign exchange rate ERC and Commodity ERC	<b>2,618</b>	(6%)	Reduced corporate bond, foreign exchange and commodity exposures in Investment Banking. Higher equity trading exposures in Investment Banking and increased investment exposures in Asset Management.
Equity investment ERC	<b>2,434</b>	10%	
Swiss corporate and retail lending ERC	<b>2,176</b>	2%	
International lending ERC & Counterparty ERC	<b>3,090</b>	6%	Due to increased syndication, bridge loan and counterparty exposures in Investment Banking.
Emerging markets ERC	<b>1,450</b>	(7%)	Reduced emerging market exposures in Investment Banking.
Real estate ERC & Structured asset ERC <sup>2)</sup>	<b>4,364</b>	33%	Increased commercial real estate loan originations and residential loan purchases in Investment Banking.
Insurance ERC	<b>88</b>	43%	Due to increased insurance exposures in Investment Banking.
<b>Simple sum across risk categories</b>	<b>16,220</b>	8%	
Diversification benefit	<b>(4,786)</b>	8%	
<b>Total Position Risk ERC - Group</b>	<b>11,434</b>	9%	

One-year, 99% position risk ERC, excluding foreign exchange translation risk. For an assessment of the total risk profile, operational risk ERC and business risk ERC must be considered. For a more detailed description of the Group's ERC model, please refer to Credit Suisse Group's Annual Report 2005, which is available on the website: [www.credit-suisse.com/annualreport2005](http://www.credit-suisse.com/annualreport2005). Prior period balances have been restated for methodology changes in order to maintain consistency over time.

1) Excluding Winterthur's position risks. 2) This category comprises the commercial and residential real estate and asset-backed securities exposure of the Investment Banking segment, real estate acquired at auction and real estate for own use in Switzerland.

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The following table sets forth the trading-related market risk exposure for Credit Suisse Group and Investment Banking, as measured by scaled one-day, 99% VaR:

	3Q 2006			2Q 2006			3Q 2005				
in CHF	Minimum	Maximum	Average	Minimum	Maximum	Average	Minimum	Maximum	Average		
<b>Credit Suisse Group</b>											
Interest rate & credit spread	43	63	51	<b>46</b>	49	79	67	58	47	73	6
Foreign exchange rate	11	30	20	<b>17</b>	10	38	19	14	6	17	
Equity	49	73	61	<b>60</b>	51	90	65	62	33	55	4
Commodity	15	9	<b>8</b>	6	13	8	9	7	16	1	
Diversification benefit	2)	2)	(61)	<b>(78)</b>	2)	2)	(64)	(52)	2)	2)	(59)
<b>Total</b>	<b>53</b>	<b>106</b>	<b>80</b>	<b>53</b>	<b>75</b>	<b>124</b>	<b>95</b>	<b>91</b>	<b>49</b>	<b>77</b>	<b>6</b>
<b>Investment Banking</b>											
Interest rate & credit spread	41	63	50	<b>43</b>	49	79	67	58	47	73	6
Foreign exchange rate	11	30	20	<b>17</b>	10	38	19	15	6	12	
Equity	49	73	61	<b>60</b>	51	90	65	62	33	54	4
Commodity	15	9	<b>8</b>	6	13	8	9	5	14	1	
Diversification benefit	2)	2)	(60)	<b>(75)</b>	2)	2)	(64)	(53)	2)	2)	(58)
<b>Total</b>	<b>53</b>	<b>106</b>	<b>80</b>	<b>53</b>	<b>75</b>	<b>125</b>	<b>95</b>	<b>91</b>	<b>49</b>	<b>77</b>	<b>6</b>

Represents 10-day VaR scaled to a one-day holding period.

1) The VaR estimates for Credit Suisse Group are performed on a monthly basis and the VaR statistics for Credit Suisse Group refer to monthly numbers. 2) As the minimum and maximum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.



### Trading risks

The Group primarily assumes trading risks through the trading activities of the Investment Banking segment. The other segments also engage in trading activities, but to a much lesser extent. Trading risks are measured using Value-at-Risk (VaR) as one of a range of risk measurement tools. VaR is the potential loss in fair value of trading positions due to adverse market movements over a defined time horizon and for a specified confidence level. In order to show the aggregate market risk in the Group's trading books, the table below shows the trading-related market risk on a consolidated basis, as measured by a 10-day VaR scaled to a one-day holding period and based on a 99% confidence level. This means that there is a 1-in-100 chance of incurring a daily mark-to-market trading loss that is at least as large as the reported VaR.

Credit Suisse Group's average one-day, 99% VaR in the third quarter of 2006 was CHF 80 million, compared to CHF 95 million during the second quarter of 2006. This was mainly due to reduced interest rate and credit spread VaR exposures and increased diversification between fixed income and equity risk types ..

Various techniques are used to assess the accuracy of the VaR model, including backtesting. Daily backtesting profit and loss is compared with VaR calculated using a one-day holding period. Backtesting profit and loss is a subset of actual trading revenue and includes only the profit and loss effects due to movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. An accurate one-day, 99% VaR model should have no more than four backtesting "exceptions" per year. A backtesting exception occurs when the daily loss exceeds the daily VaR estimate.

Credit Suisse Group had no backtesting exceptions during the third quarter of 2006 and four backtesting exceptions in the last twelve months after a period of two years with no exceptions. The four backtesting exceptions occurred during the second quarter of 2006 and were driven by equity and foreign exchange market volatility during May 2006. During this period, equity and foreign exchange market volatility was significantly larger than the volatility reflected in the VaR model, which uses historic data on a preceding two year rolling basis. The VaR model is also subject to continuous assessment and evaluation to ensure it remains accurate given current market conditions and positions.

The histogram entitled "Credit Suisse Group trading revenue" reflects the distribution of daily actual trading revenues (which includes the profit and loss associated with trading positions as well as the fees, commissions and provisions relating to trading activities) during the third quarter of 2006 and 2005. The width of this distribution provides another indication of the day-to-day risk in our trading activities.

### Loan exposure

The Group's total loan exposure increased 4% to CHF 206 billion as of September 30, 2006 compared to June 30, 2006, primarily due to increases in commercial and industrial loans, particularly in Investment Banking, as well as a slight increase in mortgages in Private Banking.

Compared to June 30, 2006, the Group's total non-performing loans declined 1% and total impaired loans declined 9% as of September 30, 2006. Private Banking and Investment Banking reported further reductions in total impaired loans during the third quarter.

In the third quarter of 2006, the Group recorded a net release of provisions for credit losses of CHF 40 million, compared to net new provisions of CHF 10 million in the second quarter of 2006. The additions, releases and recoveries included in determining the allowance for loan losses are presented in the following tables.

Coverage of total impaired loans by valuation allowances at the Group decreased slightly from 68% as of June 30 to 65% as of September 30, 2006 with a small increase in Investment Banking and a small decrease in Private Banking. Coverage of total non-performing loans declined slightly in Private Banking and more notably in Investment Banking, which was largely a result of the resolution of a potential problem loan.

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The following table sets forth the gross loan exposure for the Group and its primary lending segments:

	Investment Banking			Private Banking			Credit Suisse Group		
in CHF m	30.09.06	30.06.06	31.12.05	30.09.06	30.06.06	31.12.05	30.09.06	30.06.06	31.12.05 <sup>1)</sup>
<b>Consumer loans:</b>									
Mortgages	0	0	0	75,977	74,674	75,122	75,977	74,674	80,779
Loans collateralized by securities	0	0	0	16,846	15,809	17,203	16,846	15,809	17,207
Other	991	749	816	3,843	3,685	2,960	4,834	4,434	3,787
<b>Consumer loans</b>	<b>991</b>	<b>749</b>	<b>816</b>	<b>96,666</b>	<b>94,168</b>	<b>95,285</b>	<b>97,657</b>	<b>94,917</b>	<b>101,773</b>
<b>Corporate loans:</b>									
Real estate	497	493	508	25,265	25,290	24,728	25,762	25,783	26,597
Commercial & industrial loans	23,867	20,520	16,204	40,778	39,796	37,747	64,816	60,408	55,295
Loans to financial institutions	16,501	16,113	16,979	747	675	615	17,248	16,788	19,794
Governments and public institutions	771	749	784	1,251	1,348	1,380	2,022	2,097	4,389
<b>Corporate loans</b>	<b>41,636</b>	<b>37,875</b>	<b>34,475</b>	<b>68,041</b>	<b>67,109</b>	<b>64,470</b>	<b>109,848</b>	<b>105,076</b>	<b>106,075</b>
<b>Loans, gross</b>	<b>42,627</b>	<b>38,624</b>	<b>35,291</b>	<b>164,707</b>	<b>161,277</b>	<b>159,755</b>	<b>207,505</b>	<b>199,993</b>	<b>207,848</b>
(Unearned income)/deferred expenses, net	(63)	(58)	(64)	84	95	118	21	37	64
Allowance for loan losses	(255)	(376)	(465)	(1,271)	(1,359)	(1,726)	(1,527)	(1,736)	(2,241)
<b>Total loans, net</b>	<b>42,309</b>	<b>38,190</b>	<b>34,762</b>	<b>163,520</b>	<b>160,013</b>	<b>158,147</b>	<b>205,999</b>	<b>198,294</b>	<b>205,671</b>

This disclosure presents the lending exposure of the Group from a risk management perspective. This presentation differs from other disclosures in this document.

The following table sets forth the impaired loan portfolio for the Group and its primary lending segments:

	Investment Banking			Private Banking			Credit Suisse Group		
in CHF m	30.09.06	30.06.06	31.12.05	30.09.06	30.06.06	31.12.05	30.09.06	30.06.06	31.12.05 <sup>1)</sup>
Non-performing loans	207	198	143	1,002	993	1,157	1,209	1,192	1,323
Non-interest earning loans	10	10	11	570	604	830	580	614	845
<b>Total non-performing loans</b>	<b>217</b>	<b>208</b>	<b>154</b>	<b>1,572</b>	<b>1,597</b>	<b>1,987</b>	<b>1,789</b>	<b>1,806</b>	<b>2,168</b>
Restructured loans	0	14	55	21	7	21	21	21	77
Potential problem loans	36	160	303	492	574	726	529	733	1,074
<b>Total other impaired loans</b>	<b>36</b>	<b>174</b>	<b>358</b>	<b>513</b>	<b>581</b>	<b>747</b>	<b>550</b>	<b>754</b>	<b>1,151</b>
<b>Total impaired loans, gross</b>	<b>253</b>	<b>382</b>	<b>512</b>	<b>2,085</b>	<b>2,178</b>	<b>2,734</b>	<b>2,339</b>	<b>2,560</b>	<b>3,319</b>
<b>Valuation allowances as % of</b>									
	<b>118%</b>	<b>181%</b>	<b>302%</b>	<b>81%</b>	<b>85%</b>	<b>87%</b>	<b>85%</b>	<b>96%</b>	<b>103%</b>

Total non-performing loans	Total impaired loans	101%	98%	91%	61%	62%	63%	65%	68%	68%
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The following table sets forth the movements in the allowance for loan losses for the Group and its primary lending segments:

in CHF m	Investment Banking			Private Banking			Credit Suisse Group		
	3Q	2Q	3Q	3Q	2Q	3Q	3Q	2Q	3Q
	2006	2006	2005	2006	2006	2005	2006	2006	2005 <sup>1)</sup>
<b>Balance beginning of period</b>	<b>376</b>	442	562	<b>1,359</b>	1,561	2,112	<b>1,736</b>	2,054	2,733
Discontinued operations	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	(48)	0
Net additions charged to income statement	<b>(35)</b>	6	(51)	<b>(19)</b>	(4)	(6)	<b>(54)</b>	2	(60)
Gross write-offs	<b>(111)</b>	(78)	(117)	<b>(82)</b>	(199)	(135)	<b>(192)</b>	(278)	(255)
Recoveries	<b>2</b>	15	2	<b>7</b>	6	7	<b>10</b>	21	10
<b>Net write-offs</b>	<b>(109)</b>	(63)	(115)	<b>(75)</b>	(193)	(128)	<b>(182)</b>	(257)	(245)
Allowances acquired/(deconsolidated) and provisions for interest	<b>16</b>	18	18	<b>3</b>	2	(2)	<b>18</b>	20	16
Foreign currency translation impact and other adjustments, net	<b>7</b>	(27)	4	<b>3</b>	(7)	0	<b>9</b>	(35)	1
<b>Balance end of period</b>	<b>255</b>	376	418	<b>1,271</b>	1,359	1,976	<b>1,527</b>	1,736	2,445

Provision for credit losses disclosed in the Credit Suisse Group unaudited condensed consolidated statements of income also includes provisions for lending-related exposure of CHF 14 million, CHF 8 million and CHF 14 million for 3Q 2006, 2Q 2006 and 3Q 2005, respectively.

1) Not adjusted for discontinued operations.

Condensed consolidated financial statements

Consolidated statements of income (unaudited)

9 months

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in CHF m	3Q 2006	2Q 2006	3Q 2005	Change in % from 2Q 2006	Change in % from 3Q 2005	2006	2005	Change in % from 2005
Interest and dividend income	<b>12,825</b>	13,110	9,229	(2)	39	<b>37,252</b>	25,725	45
Interest expense	<b>(11,218)</b>	(11,244)	(7,602)	0	48	<b>(32,113)</b>	(20,113)	60
<b>Net interest income</b>	<b>1,607</b>	1,866	1,627	(14)	(1)	<b>5,139</b>	5,612	(8)
Commissions and fees	<b>3,919</b>	4,425	3,693	(11)	6	<b>12,578</b>	10,279	22
Trading revenues	<b>1,693</b>	1,371	2,023	23	(16)	<b>6,472</b>	4,348	49
Other revenues	<b>857</b>	1,126	780	(24)	10	<b>3,600</b>	2,684	34
<b>Total noninterest revenues</b>	<b>6,469</b>	6,922	6,496	(7)	0	<b>22,650</b>	17,311	31
<b>Net revenues</b>	<b>8,076</b>	8,788	8,123	(8)	(1)	<b>27,789</b>	22,923	21
<b>Provision for credit losses</b>	<b>(40)</b>	10	(46)	–	(13)	<b>(91)</b>	(110)	(17)
Compensation and benefits	<b>3,427</b>	3,697	3,595	(7)	(5)	<b>11,597</b>	9,990	16
Other expenses	<b>2,229</b>	1,903	2,036	17	9	<b>6,297</b>	6,701	(6)
<b>Total operating expenses</b>	<b>5,656</b>	5,600	5,631	1	0	<b>17,894</b>	16,691	7
<b>Income from continuing operations before taxes, minority interests, extraordinary items and cumulative effect of accounting changes</b>	<b>2,460</b>	3,178	2,538	(23)	(3)	<b>9,986</b>	6,342	57
Income tax expense	<b>367</b>	502	512	(27)	(28)	<b>1,584</b>	1,035	53
Minority interests	<b>625</b>	804	490	(22)	28	<b>2,720</b>	1,458	87
<b>Income from continuing operations before extraordinary items and cumulative effect of accounting changes</b>	<b>1,468</b>	1,872	1,536	(22)	(4)	<b>5,682</b>	3,849	48
Income from discontinued operations, net of tax	<b>424</b>	286	382	48	11	<b>996</b>	884	13
Extraordinary items, net of tax	<b>0</b>	0	0	–	–	<b>(24)</b>	0	–
Cumulative effect of accounting changes, net of tax	<b>0</b>	0	0	–	–	<b>0</b>	14	(100)
<b>Net income</b>	<b>1,892</b>	2,158	1,918	(12)	(1)	<b>6,654</b>	4,747	40

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

in CHF	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
<b>Basic earnings per share</b>					
Income from continuing operations before cumulative effect of accounting changes	<b>1.35</b>	1.68	1.33	<b>5.13</b>	3.36
	<b>0.39</b>	0.26	0.34	<b>0.89</b>	0.79

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Income from discontinued operations, net of tax					
Extraordinary items, net of tax	<b>0.00</b>	0.00	0.00	<b>(0.02)</b>	0.00
Cumulative effect of accounting changes, net of tax	<b>0.00</b>	0.00	0.00	<b>0.00</b>	0.01
<b>Net income available for common shares</b>	<b>1.74</b>	1.94	1.67	<b>6.00</b>	4.16
<b>Diluted earnings per share</b>					
Income from continuing operations before cumulative effect of accounting changes	<b>1.29</b>	1.61	1.31	<b>4.91</b>	3.30
Income from discontinued operations, net of tax	<b>0.38</b>	0.25	0.32	<b>0.86</b>	0.74
Extraordinary items, net of tax	<b>0.00</b>	0.00	0.00	<b>(0.02)</b>	0.00
Cumulative effect of accounting changes, net of tax	<b>0.00</b>	0.00	0.00	<b>0.00</b>	0.01
<b>Net income available for common shares</b>	<b>1.67</b>	1.86	1.63	<b>5.75</b>	4.05

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (unaudited)

in CHF m	30.09.06	30.06.06	31.12.05	Change in % from 30.06.06	Change in % from 31.12.05
<b>Assets</b>					
Cash and due from banks	<b>29,802</b>	32,879	27,577	(9)	8
Interest-bearing deposits with banks	<b>6,869</b>	6,103	6,143	13	12
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	<b>337,445</b>	328,155	352,281	3	(4)
Securities received as collateral	<b>38,145</b>	29,875	23,950	28	59
Trading assets (of which CHF 172,706 m, CHF 152,589 mand CHF 151,793 m encumbered)	<b>468,654</b>	439,119	435,250	7	8
Investment securities (of which CHF 54 m, CHF 102 m and CHF 2,456 m encumbered)	<b>21,802</b>	21,737	121,565	0	(82)
Other investments	<b>19,835</b>	19,405	20,736	2	(4)
Loans, net of allowance for loan losses of CHF 1,527 m, CHF 1,736 m and CHF 2,241 m	<b>205,999</b>	198,294	205,671	4	0
Premises and equipment	<b>5,890</b>	5,706	7,427	3	(21)

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Goodwill	11,220	10,977	12,932	2	(13)
Other intangible assets	522	521	3,091	0	(83)
Assets of discontinued operations held-for-sale	180,784	174,991	1,378	3	—
Other assets (of which CHF 34,112 m, CHF 28,955 m and CHF 4,860 m encumbered)	146,146	136,800	121,051	7	21
<b>Total assets</b>	<b>1,473,113</b>	<b>1,404,562</b>	<b>1,339,052</b>	<b>5</b>	<b>10</b>
<b>Liabilities and shareholders' equity</b>					
Deposits	390,437	377,344	364,238	3	7
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	314,531	282,701	309,803	11	2
Obligation to return securities received as collateral	38,145	29,875	23,950	28	59
Trading liabilities	212,942	212,465	194,225	0	10
Short-term borrowings (of which CHF 2,882 m reported at fair value as of September 30, 2006)	22,742	21,779	19,472	4	17
Provisions from the insurance business	0	0	145,039	—	(100)
Long-term debt (of which CHF 48,946 m reported at fair value as of September 30, 2006)	149,917	142,737	132,975	5	13
Liabilities of discontinued operations held-for-sale	171,838	168,058	1,330	2	—
Other liabilities	115,381	115,995	98,055	(1)	18
Minority interests	15,537	14,726	7,847	6	98
<b>Total liabilities</b>	<b>1,431,470</b>	<b>1,365,680</b>	<b>1,296,934</b>	<b>5</b>	<b>10</b>
Common shares	607	624	624	(3)	(3)
Additional paid-in capital	24,364	24,553	24,639	(1)	(1)
Retained earnings	27,652	27,080	24,584	2	12
Treasury shares, at cost	(7,759)	(9,018)	(5,823)	(14)	33
Accumulated other comprehensive income/(loss)	(3,221)	(4,357)	(1,906)	(26)	69
<b>Total shareholders' equity</b>	<b>41,643</b>	<b>38,882</b>	<b>42,118</b>	<b>7</b>	<b>(1)</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,473,113</b>	<b>1,404,562</b>	<b>1,339,052</b>	<b>5</b>	<b>10</b>

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in shareholders' equity (unaudited)

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9 months, in CHF m, except common shares outstanding	Common shares outstanding	Common shares	Additional paid-in capital	Retained earnings	Common shares in treasury at cost	Accumulated other compre- hensive income/(loss)	Total
Balance January 1, 2005	1,110,819,481	607	23,435	20,501	(4,547)	(3,723)	36,273
Net income				4,747			4,747
Other comprehensive income, net of tax						1,742	1,742
Issuance of common shares	171,374		4				4
Issuance of treasury shares	167,096,611		10		8,614		8,624
Repurchase of treasury shares	(226,838,313)				(11,730)		(11,730)
Share-based compensation	33,929,271		(859)		1,600		741
Cash dividends paid				(1,767)			(1,767)
Balance September 30, 2005	1,085,178,424	607	22,590	23,481	(6,063)	(1,981)	38,634
Balance January 1, 2006	1,125,360,183 <sup>1)</sup>	624	24,639	24,584	(5,823)	(1,906)	<b>42,118</b>
Net income				6,654			<b>6,654</b>
Cumulative effect of accounting changes, net of tax				60			<b>60</b>
Other comprehensive income, net of tax						(1,315)	<b>(1,315)</b>
Issuance of common shares	302,704		14				<b>14</b>
Cancellation of repurchased shares		(17)	(608)	(1,316)	1,941		<b>0</b>
Issuance of treasury shares	180,402,200		(73)		12,752		<b>12,679</b>
Repurchase of treasury shares	(245,829,686) <sup>2)</sup>				(17,340)		<b>(17,340)</b>
Share-based compensation	17,109,313		392		711		<b>1,103</b>
Cash dividends paid				(2,330)			<b>(2,330)</b>
<b>Balance September 30, 2006</b>	<b>1,077,344,714<sup>3)</sup></b>	<b>607</b>	<b>24,364</b>	<b>27,652</b>	<b>(7,759)</b>	<b>(3,221)</b>	<b>41,643</b>

1) At par value CHF 0.50 each, fully paid, net of 122,391,983 treasury shares. In addition to the treasury shares, a maximum of 217,698,047 unissued shares (conditional and authorized capital) were available for issuance without further approval of the shareholders. 2) Includes 36,557,800 shares repurchased in connection with Credit Suisse Group's share buyback program. 3) At par value CHF 0.50 each, fully paid, net of 136,710,156 treasury shares. 34,000,000 treasury shares which were approved for cancellation at the Annual General Meeting on April 28, 2006, were cancelled in the third quarter of 2006. In addition to the treasury shares, a maximum of 199,389,419 unissued shares (conditional and authorized capital) were available for issuance without further approval of the shareholders.

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

## Comprehensive income (unaudited)

in CHF m	3Q 2006	2Q 2006	3Q 2005	9 months	
				2006	2005
Net income	<b>1,892</b>	2,158	1,918	<b>6,654</b>	4,747
Other comprehensive income/(loss)	<b>1,136</b>	(1,748)	145	<b>(1,315)</b>	1,742
<b>Comprehensive income</b>	<b>3,028</b>	410	2,063	<b>5,339</b>	6,489

The accompanying notes to the unaudited condensed consolidated financial statements are an integral part of these statements.

## Consolidated statements of cash flows (unaudited)

in CHF m	9 months	
	2006	2005
<b>Operating activities of continuing operations</b>		
Net income	<b>6,654</b>	4,747
(Income)/loss from discontinued operations, net of tax	<b>(996)</b>	(884)
<b>Income from continuing operations</b>	<b>5,658</b>	3,863
<b>Adjustments to reconcile net income to net cash provided by/(used in) operating activities of continuing operations</b>		
Impairment, depreciation and amortization	<b>771</b>	685
Provision for credit losses	<b>(91)</b>	(110)
Deferred tax provision	<b>330</b>	(152)